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BASE PROSPECTUS

# BNG Bank N.V.

formerly, N.V. Bank Nederlandse Gemeenten

*(Incorporated in the Netherlands with limited liability and having its statutory domicile in The Hague)*

**Euro 100,000,000,000**

**Debt Issuance Programme**

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BNG Bank N.V. (formerly, N.V. Bank Nederlandse Gemeenten) (the "**Issuer**" or "**BNG Bank**") may from time to time offer debt instruments (the "**Notes**") pursuant to a programme of issuance established on 7 December 1993 (as amended) (the "**Programme**"). The sum of the aggregate principal amount of Notes outstanding at any time under the Programme will not exceed Euro 100,000,000,000 (or its equivalent in other currencies). The Programme amount may be increased from time to time subject to the preparation of a supplemental prospectus which shall be subject to the prior approval of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**").

The Notes will be issued on a continuing basis to one or more of the Dealers specified below and any additional Dealer appointed for the duration of the Programme or, with regard to an issue of a particular Tranche of Notes, for the purposes of that tranche (each a "**Dealer**" and together the "**Dealers**"). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the "**relevant Dealer**" in respect of those Notes. The Notes will be issued in series (each a "**Series**") each of which will comprise one or more tranches (each a "**Tranche**").

This document constitutes a base prospectus dated 25 May 2020 (the "**Base Prospectus**") within the meaning of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). The Base Prospectus is issued in replacement of a prospectus dated 23 May 2019, which does not affect any notes issued prior to the date of this Base Prospectus.

The Programme has been rated AAA by S&P Global Ratings Europe Limited ("**Standard & Poor's**"), AAA by Fitch Ratings Limited ("**Fitch**") and Aaa by Moody's France SAS ("**Moody's**"). Tranches (as defined herein) of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme or the Issuer. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The rating of a certain Series or Tranche of Notes may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union or the United Kingdom and registered under Regulation (EC) No. 1060/2009 of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") will be disclosed clearly and prominently in the Final Terms. Each of Standard & Poor's and Moody's is established in the European Union and registered under the CRA Regulation as of the date of this Base Prospectus. Fitch is established in the United Kingdom and registered under the CRA Regulation as of the date of this Base Prospectus.

This Base Prospectus has been approved by AFM, which is the Netherlands competent authority for the purpose of the Prospectus Regulation, as a base prospectus issued in compliance with the Prospectus Regulation in the Netherlands for the purpose of giving information with regard to the issue of Notes during the period of twelve months after the date hereof. This Base Prospectus shall be valid for use only by the Issuer or others who have obtained the Issuer's consent for a period of up to 12 months after its approval by the AFM and shall expire on 25 May 2021, at the latest. The obligation to supplement this Base Prospectus, in the event of any significant new factors, material mistakes or material inaccuracies relating to information included in this Base Prospectus which may affect the assessment of any Notes, shall cease to apply upon

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the expiry of the validity period of this Base Prospectus. The AFM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The AFM shall notify the European Securities and Markets Authority ("**ESMA**"), a European Supervisory Authority, of the approval of this Base Prospectus and any supplement hereto at the same time as such approval is notified to the Issuer. In addition, the AFM shall provide ESMA with a copy of this Base Prospectus and any supplement hereto.

Application may be made for Notes to be admitted to trading on Euronext in Amsterdam ("**Euronext Amsterdam**"), the regulated market of Euronext Amsterdam N.V., SIX Swiss Exchange Ltd and the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

The AFM has been requested by the Issuer to provide various competent authorities of the member states of the European Economic Area and the United Kingdom with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.

The information on the websites to which a hyperlink has been included in this Base Prospectus does not form part of this Base Prospectus and has not been scrutinised or approved by the AFM.

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 may be offered and sold (a) in bearer form or registered form outside the United States to non-U.S. persons in reliance on Regulation S and (b) in registered form within the United States to persons who are "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A ("**Rule 144A**") under the Securities Act. **Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Base Prospectus, see "Plan of Distribution" and "Transfer Restrictions". The Notes in bearer form are subject to United States tax law requirements.

**PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTION HEADED "RISK FACTORS" IN THIS BASE PROSPECTUS.**

This Base Prospectus 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 Issuer, https://www.bngbank.com/funding/issuance-programmes) and in relation to any Tranche of Notes, this Base Prospectus should be read and construed together with the applicable Final Terms.

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**") which is provided by the European Money Markets Institute ("**EMMI**"), the London Interbank Offered Rate ("**LIBOR**") which is provided by the ICE Benchmark Administration Limited ("**ICE**") or the euro short-term rate ("**€STR**") which is provided by the European Central Bank, or any other benchmark, in each case as specified in the applicable Final Terms. As at the date of this Base Prospectus, from the list of the above-named administrators, only EMMI and ICE are included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the "**BMR**"). However, Article 51 (*Transitional provisions*) of the BMR provides that index providers already providing a benchmark on 30 June 2016 have until 31 December 2021 to apply for authorisation or registration in accordance with Article 34 (*Authorisation and registration of an administrator*) of the BMR and may continue to provide such an existing benchmark until 31 December 2021 or, where the index provider submits an application for authorisation or registration, unless and until such authorisation or registration is refused. The applicable Final Terms may set out the name of the specific benchmark(s) (if

other than LIBOR or EURIBOR) and the relevant administrator. In such a case they will further specify if the relevant administrator appears or does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the BMR.

*Arranger*

**RBC Capital Markets**

*Principal Dealers*

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| **ABN AMRO** | **Barclays** |
| **BofA Securities** | **BNP PARIBAS** |
| **BMO Capital Markets** | **Citigroup** |
| **Commerzbank** | **Crédit Agricole CIB** |
| **Credit Suisse** | **Daiwa Capital Markets Europe** |
| **Deutsche Bank** | **DZ BANK AG** |
| **Goldman Sachs International** | **HSBC** |
| **ING** | **J.P. Morgan** |
| **Landesbank Baden-Württemberg** | **Mizuho Securities** |
| **Morgan Stanley** | **Natixis** |
| **NatWest Markets** | **Nomura** |
| **NORD/LB** | **Rabobank** |
| **RBC Capital Markets** | **Scotiabank** |
| **Société Générale Corporate & Investment Banking** | **TD Securities** |
| **UniCredit Bank** | |

The date of this Base Prospectus is 25 May 2020 and it replaces the Base Prospectus dated 23 May 2019.

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# OVERVIEW OF THE PROGRAMME

*This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980, and must be read as an introduction to this Base Prospectus. Any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including any amendment and/or supplement hereto and the documents incorporated by reference herein. The following overview does not purport to be complete and is taken from, and is qualified by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in the Terms and Conditions of the Notes or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.*

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| **Description** | Debt Issuance Programme |
| **Issuer** | BNG Bank N.V. (formerly, N.V. Bank Nederlandse Gemeenten) ("**BNG Bank**" or the "**Issuer**") |
| **Issuer Legal Entity Identifier (LEI)** | 529900GGYMNGRQTDOO93 |
| **Program** | The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency as may be agreed between the Issuer and the relevant Dealer. The aggregate nominal amount, any interest rate or interest calculation, the issue price and any other terms and conditions contained herein with respect to each Series of Notes will be determined at the time of issuance and set forth in the applicable final terms (the "**Final Terms**") |
| **Size** | Up to €100,000,000,000 aggregate principal amount of Notes (or its equivalent in any other currency calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the dealer agreement dated 25 May 2020 (as further amended and/or supplemented and/or restated from time to time, the "**Dealer Agreement**") |
| **Arranger** | RBC Europe Limited |
| **Dealers** | ABN AMRO Bank N.V.<br>Bank of Montreal, London Branch<br>Barclays Bank Ireland PLC<br>Barclays Bank PLC<br>BNG Bank N.V.<br>BNP Paribas<br>BNP Paribas (Suisse) SA<br>BofA Securities Europe SA<br>Citigroup Global Markets Europe AG<br>Citigroup Global Markets Limited<br>Commerzbank Aktiengesellschaft<br>Coöperatieve Rabobank U.A<br>Crédit Agricole Corporate and Investment Bank<br>Credit Suisse AG<br>Daiwa Capital Markets Europe Limited<br>Deutsche Bank AG, London Branch<br>Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Zurich Branch<br>DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main |

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| | Goldman Sachs International<br>HSBC Bank plc<br>ING Bank N.V.<br>J.P. Morgan Securities plc<br>Landesbank Baden-Württemberg<br>Merrill Lynch International<br>Mizuho International plc<br>Mizuho Securities Europe GmbH<br>Morgan Stanley & Co. International plc<br>Natixis<br>NatWest Markets plc<br>Nomura International plc<br>Norddeutsche Landesbank – Girozentrale<br>RBC Capital Markets, LLC<br>RBC Europe Limited<br>Scotiabank Europe plc<br>Société Générale<br>TD Global Finance unlimited company<br>The Toronto-Dominion Bank<br>UniCredit Bank AG<br><br>and any other Dealers appointed in accordance with the Dealer Agreement |
| **Paying Agents** | Deutsche Bank AG, London Branch<br>Deutsche Bank Trust Company Americas |
| **Non-U.S. Paying Agent** | ABN AMRO Bank N.V. and Deutsche Bank Luxembourg S.A., only with respect to Tranches (as defined on the cover page) of Notes which are solely offered and sold by the Issuer and/or the Dealers in bearer form outside the United States of America ("**U.S.**") to non-U.S. persons in reliance on Regulation S and only if so specified in the applicable Final Terms |
| **Distribution** | Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis |
| **Currencies** | Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, the Australian dollar, the Euro, the Japanese yen, the New Zealand dollar, the British pound, the Swiss franc and the United States dollar |
| **Redenomination** | The applicable Final Terms may provide that the Notes may be redenominated in Euro. The relevant provisions applicable to such redenomination are contained in Condition 10 of the Terms and Conditions of the Notes |
| **Alternative Currency** | If so specified in the relevant Final Terms, whenever the Issuer is due to make any payment in a currency in respect of any Notes and such currency (the "**Original Currency**") is not available on the foreign exchange markets due to the imposition of exchange controls or due to the Original Currency's replacement or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligation in respect of that payment by |

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| | making that payment in another currency (the "**Alternative Currency**"). The amount of the payment in the Alternative Currency and the applicable exchange rate will be determined by the Calculation Agent in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Any payment made by the Issuer under such circumstances in the Alternative Currency shall constitute valid payment and shall not constitute an Event of Default (as defined in Condition 7 of the Terms and Conditions of the Notes) |
| **Maturities** | Any maturity, subject to applicable laws, regulations and restrictions and subject to a minimum maturity of one month |
| **Issue Price:** | Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. The Issue Price will be disclosed in the Final Terms |
| **Issuance in Series** | The Notes will be issued in Series, each of which will comprise one or more Tranches. The Notes of each Series will all be subject to identical terms, except that the issue date, issue price and the date of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations |
| **Form of Notes** | The Notes will be issued in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**") as set out in the applicable Final Terms. Registered Notes will not be exchangeable for Bearer Notes and vice versa. No single Tranche may comprise both Bearer Notes and Registered Notes<br><br>*Bearer Notes*<br><br>Each Tranche of Bearer Notes will be sold outside the United States in 'offshore transactions' within the meaning of Regulation S. Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to U.S. persons, as defined under the Code and the U.S. Treasury regulations promulgated thereunder. Bearer Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a temporary bearer global Note (a "**Temporary Bearer Global Note**") which will be deposited on the relevant issue date either (i) if the Bearer Notes are intended to be issued in new global note ("**NGN**") form, with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or (ii) if the Bearer Notes are not intended to be issued in NGN form, with a common depositary for Euroclear and |

Clearstream, Luxembourg and/or any other agreed clearing system

Interests in the Temporary Bearer Global Note will be exchangeable as described therein for either interests in a permanent bearer global Note (a "**Permanent Bearer Global Note**" and together with the Temporary Bearer Global Notes, the "**Bearer Global Notes**") or Bearer Notes in definitive form ("**Definitive Bearer Notes**") from the 40th day after the date on which the Temporary Bearer Global Note is issued upon certain conditions including, in the case of a Temporary Bearer Global Note where the issue is subject to the TEFRA D Rules, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a Permanent Bearer Global Note is exchangeable for Definitive Bearer Notes either (i) upon not less than 30 days' notice or (ii) upon the occurrence of certain Exchange Events, as described in 'Form of the Notes' herein. Any interest in a Bearer Global Note will be transferable only in accordance with the rules and procedures for the time being of either Euroclear and/or Clearstream, Luxembourg as appropriate

*Registered Notes*

The Registered Notes of each Tranche offered and sold in 'offshore transactions' within the meaning of Regulation S will be sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form (a "**Regulation S Global Note**"). The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs and will initially be represented by a global note in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, the "**Registered Global Notes**" and together with Bearer Global Notes, "**Global Notes**")

Registered Global Notes will (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**") and/or (ii) be deposited with a common depositary or common safekeeper, as the case may be for Euroclear and/or Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper as specified in the applicable Final Terms

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see "*Plan of Distribution*" and "*Transfer Restrictions*"). In addition, no beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable

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| | procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable |
| **Fixed Rate Notes** | Interest on Fixed Rate Notes will be payable on the date or dates specified in the applicable Final Terms and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as specified in the applicable Final Terms) |
| **Floating Rate Notes** | Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation as specified in the applicable Final Terms. The Margin, if any, will be specified in the applicable Final Terms |
| **Zero Coupon Notes** | Zero Coupon Notes will be offered and sold at a discount to their principal amount or at par and will not bear any interest |
| **Dual Currency Interest Notes** | Payments by the Issuer of interest will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms. The Final Terms shall, in the instances where the minimum denomination of the Notes to be issued is less than EUR 100,000, include details of where past and future performance and volatility of the relevant rates can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the such relevant rates and the circumstances when the risks are most evident |
| **Dual Currency Redemption Notes** | Payments by the Issuer of principal will be made in such currency or currencies and based on such rates of exchange, as may be specified in the applicable Final Terms. The Final Terms shall, in the instances where the minimum denomination of the Notes to be issued is less than EUR 100,000, include details of where past and future performance and volatility of the relevant rates can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the such relevant rates and the circumstances when the risks are most evident |

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| **Reverse Floater Interest Notes** | The Issuer may issue Reverse Floater Interest Notes.<br><br>If "Fixed Rate Period" is specified to apply in the applicable Final Terms, such Notes will bear interest at a fixed rate of interest (being Rate of Interest(Fixed)(t)) during any Interest Period(t) falling within the Fixed Rate Interest Period<br><br>The Notes will bear interest at a variable Rate of Interest during any Variable Rate Interest Period, equal to the Fix(t), as specified in the applicable Final Terms, minus the Underlying Rate(t) (multiplied by a Multiplier(t) specified in the applicable Final Terms), which will be subject to market fluctuations<br><br>The Rate of Interest in respect of any Variable Rate Interest Period will be capped at the Cap(t), which is specified in the applicable Final Terms |
| **Step-Up Interest Notes and Step-Down Interest Notes** | The Issuer may issue Step-Up Interest Notes and/or Step-Down Interest Notes<br><br>If "Fixed Rate Period" is specified to apply in the applicable Final Terms, such Notes will bear interest at a fixed rate of interest (being Rate of Interest(Fixed)(t)) during any Interest Period(t) falling within the Fixed Rate Interest Period<br><br>The Notes will bear interest at a variable Rate of Interest during any Variable Rate Interest Period, which in the case of Step-Up Interest Notes increases periodically during the life of the Notes by the Step-Up(t) and which in the case of Step-Down Interest Notes decreases periodically during the life of the Notes by Step-Down(t), in each case as specified in the applicable Final Terms (other than if such Variable Rate Interest Period is the first Interest Period, for which the Notes will bear interest at a fixed Rate of Interest) |
| **CMS Linked Notes** | Payments in respect of interest on CMS London Linked Notes or CMS Brussels Linked Notes (as the case may be) will be calculated by reference to the difference between two separate notional constant maturity swaps, which are weighted in accordance with Multipliers as specified in the applicable Final Terms in relation to which a further Margin (if any) will be specified in the applicable Final Terms |
| **Other provisions in relation to interest-bearing Notes** | Notes may have a maximum interest rate, a minimum interest rate or both. Interest on Notes in respect of each Interest Period, as determined prior to issue by the relevant Issuer and the relevant Dealer (if any), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be determined by the relevant Issuer and the relevant Dealer (if any) |
| **Benchmark discontinuation:** | On the occurrence of a Benchmark Event or Benchmark Transition Event (as the case may be) the |

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| | Issuer may (subject to certain conditions and following consultation with a Rate Determination Agent or an Independent Adviser (as the case may be and as defined in "Terms and Conditions of the Notes")) determine a Replacement Reference Rate or a Benchmark Replacement (as the case may be) and, in either case, an adjustment spread, if any, and any amendments in accordance with Condition 5B.(9) or Condition 5B.(10) (as the case may be) |
| **Early Redemption** | The applicable Final Terms will indicate either (i) that the Notes cannot be redeemed prior to their stated maturity (other than in specified installments (see below), if applicable, or for taxation reasons (Condition 6(b) of the Terms and Conditions of the Notes) or following an Event of Default (as defined in Condition 7 of the Terms and Conditions of the Notes)) or (ii) that such Notes will be redeemable at the option of the Issuer ("**Issuer Call Option**") and/or the Noteholders ("**Investor Put Option**") upon giving irrevocable notice (as specified in the applicable Final Terms) to the Noteholders in the case of an Issuer Call Option or to the Issuer in the case of an Investor Put Option, on a date or dates specified prior to such stated maturity and at a price or prices as are specified in the applicable Final Terms. BNG Bank will be permitted to redeem all (but not some only) Notes if, as a result of any change in or amendment to applicable law (which change or amendment becomes effective on or after the Issue Date of the first Tranche of such Notes), BNG Bank determines that it would or will be required to pay additional amounts in accordance with Condition 8 with respect to payments relating to such Notes |
| **Installment Notes** | The applicable Final Terms may provide that Notes may be repayable in two or more installments in such amounts and on such dates as specified therein |
| **Denomination of Notes** | Notes will be in such denominations as may be specified in the relevant Final Terms save that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or the United Kingdom or offered to the public in a Member State of the European Economic Area or the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination shall be at least €100,000 (or its equivalent in any other currency as at the date of issue of such Notes) |
| **Taxation** | The Prospectus includes general summaries of certain tax considerations relating to an investment in the Notes. See the "Taxation" section of this Base Prospectus. Such summary may not apply to a particular holder of Notes or to a particular issue and does not cover all possible tax considerations. In addition, the tax treatment may change before the maturity, exercise or termination date of Notes. Any potential investor should consult his own tax adviser for more information about the tax consequences of |

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| | acquiring, owning and disposing of Notes in its particular circumstances<br><br>In addition, the Notes will not contain any provision that would oblige the Issuer to gross-up any amounts payable thereunder in respect of interest or principal in the event of any withholding or deduction for or on account of taxes levied in any jurisdiction |
| **ERISA Considerations:** | Unless otherwise stated in the relevant Final Terms, the Notes may be acquired by employee benefit plans or other plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended ("**Section 4975**") and by any entities or arrangements whose assets are treated for purposes of such provisions of law as assets of any such plans (such plans, entities and arrangements, "Benefit Plan Investors"); provided that such acquisition, holding and disposition of the Notes will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975. None of the Issuer, the Arranger, the Dealers, Stabilising Managers, or Calculation Agent, or any affiliate, employee, agent or representative thereof of any of the foregoing is intended to be or be treated as a fiduciary or to provide or undertake to provide investment advice within the meaning of Section 3(21) of ERISA as to the acquisition, holding or disposition of any Notes (or interest therein) by any Benefit Plan Investor, including, without limitation, by reason of the Prospectus or any supplement thereto, and each purchaser and transferee of a Note will be deemed to have made certain representations relating to ERISA and Section 4975. See "Certain ERISA and Other U.S. Considerations" |
| **Negative Pledge** | See Condition 4 of the Terms and Conditions of the Notes |
| **Cross Default** | None |
| **Status of the Notes** | The Notes of each Series constitute direct and unsecured 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 |
| **Rating** | The Programme has been rated "AAA" by Standard & Poor's, "AAA" by Fitch and "Aaa" by Moody's<br><br>Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. As of the date of this Base Prospectus, each |

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| | of Standard & Poor's and Moody's is established in the European Union and is registered under the CRA Regulation. Fitch is established in the United Kingdom and registered under the CRA Regulation as of the date of this Base Prospectus<br><br>The rating of a certain Series of Notes to be issued under the Program, if applicable will, be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to such Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed clearly and prominently in the applicable Final Terms |
| **Listing** | The Programme provides that Notes issued under the Programme may be admitted to listing, trading and/or quotation on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V., the SIX Swiss Exchange Limited and the regulated market of the Luxembourg Stock Exchange. The AFM has been requested by the Issuer to provide the CSSF, the with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. The applicable Final Terms will specify whether or not the Notes are to be listed and, if so, on which market |
| **Governing Law** | The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, the laws of the Netherlands |
| **Terms and Conditions** | The Terms and Conditions applicable to each Series will be agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Series, and will be specified in the applicable Final Terms. A form of the Final Terms is set out below (see "Form of Final Terms") |
| **Selling Restrictions** | For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in, *inter alia*, the United States of America, the EEA, the United Kingdom and the Netherlands (see "*Plan of Distribution*" below) |
| **Target Market** | Unless otherwise indicated in the applicable Final Terms, Eligible Counterparties and Professional Clients only as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); (all distribution channels) |
| **Transfer Restrictions** | Regulation S Category 2; Rule 144A; and TEFRA D/TEFRA C/TEFRA not applicable, as specified in the applicable Final Terms (see "Transfer Restrictions" below) |

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| | Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code ("**TEFRA D Rules**") unless (i) the applicable Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA C Rules**") or (ii) the Notes have a term of one year or less (taking into account any unilateral extension or rollover rights) |
| **Regulatory Matters** | Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale" below) |
| **Use of proceeds**: | The net proceeds from each issue of Notes will be applied by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms |

# RISK FACTORS

*Prospective investors should read the entire Base Prospectus (including any documents incorporated by reference herein).*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Such factors are factors which we consider to be material for the purpose of assessing the market risks associated with the Notes.*

*Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, financial condition, results of operations and prospects. The Issuer may face a number of these risks described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section*

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

*Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.*

**A. Risks related to the Issuer's business activities and industry**

*1. BNG Bank's business and results of operations may be negatively affected by actual or perceived local and global economic and financial market conditions.*

BNG Bank's business and results of operations are affected by local and global economic conditions, perceptions of those conditions and future economic prospects. After a period of economic expansion, updated forecasts indicate the outlook of the global economy in the near to medium-term has deteriorated and it is possible that in 2020 the global economy will experience its worst recession since the Great Depression, surpassing the downturn experienced during the global financial crisis a decade ago.[1].

BNG Bank's ability to generate revenues and expand its loan portfolio in the future largely depends on economic and market conditions in the Netherlands and Western Europe and in general these will continue to affect BNG Bank's results of operations. BNG Bank expects that lending to housing associations will slightly increase in the coming years due to increasing investments after a few years of declining investments (which decline was a result of changes in regulations and governmental housing policies). Long-term lending volumes have gradually recovered from the immediate post-global economic and financial crisis levels, driven by increased investment from local authorities and housing associations in particular, including for the purposes of residential construction and sustainability measures for existing real estate. However, it is unclear at this stage how heavily this uptick in activity will be negatively affected by a recession in the Netherlands in 2020 and, potentially, in the first two quarters in 2021. In 2019, new long-term lending provided to housing associations was higher than expected and increased to €5.7 billion. Net lending in this sector was nearly €300 million above the level in 2018. In addition, BNG Bank's overall loan portfolio grew slightly as a result of an increase in public sector lending. A number of factors resulted in slightly subdued lending volumes in the past few years based on principal amounts to local and regional authorities and housing associations, which continue to weigh on long-term lending volumes. These factors include budgetary constraints affecting local and regional authorities, a lower level of investments in housing as a result of amendments to the Dutch Housing Act (*Woningwet*) (the "**Housing Act**"), the decentralisation of certain tasks from the central government to the municipalities, increased competition

[1] Source: International Monetary Fund: World Economic Outlook 2020.

and the effects of both an expected recession in the Netherlands in 2020 and the direct effects on the COVID-19 pandemic on the construction industry in general. See "*Risks relating to COVID-19*" for more information.

The amendments to the Housing Act, which entered into force on 1 July 2015, limit the scope of business activities of housing associations. The amendments, together with the Landlord Levy, initially resulted in the delay of investments by housing associations. The legal conditions under which these investments must take place under the Housing Act have since been confirmed and accordingly, investments have re-commenced. Therefore, BNG Bank expects an increase in investments in the coming years. However, these expectations may prove inaccurate and conditions may worsen particularly in context of the COVID-19 pandemic. See "*BNG Bank N.V. - Products and Services - Housing Associations*" for more information. During 2019, although BNG Bank's lending to the healthcare sector decreased slightly to 8.4% of total lending by BNG Bank (2018: 8.5%). The healthcare sector continued to experience higher than expected financing requirements in 2019, mainly due to the ongoing effects of a substantial reform of the Dutch healthcare system, which incorporated de-institutionalisation (keeping patients outside healthcare institutions) and strong cost-cutting incentives for healthcare institutions. The insecurity caused by a large number of policy changes has made healthcare institutions hesitant to enter into long-term commitments. Mainly due to the higher financial risks in the healthcare sector, the Healthcare Sector Guarantee Fund (*Waarborgfonds voor de Zorgsector*, "**WfZ**") has become more restrictive in respect of providing guarantees, thereby limiting access to the guaranteed funding structure for BNG Bank's clients. In a reversal of previous efforts to decentralize and deregulate the healthcare sector, in mid-2020, the Dutch government is expected to present an outline policy memorandum that will set out the government's plans to reassume greater responsibility for many aspects of the coordination of healthcare.

While BNG Bank's position as a specialised lender to local and regional authorities as well as public sector institutions means it has a low-risk weighted portfolio, it also means that the diversification of its loan portfolio is limited. Accordingly, any reduction in BNG Bank's primary clients' financing requirements may in turn negatively affect BNG Bank's financial condition and results of operations.

BNG Bank's business and results of operations are also affected by financial and credit market conditions. The European markets have been negatively impacted by uncertainties surrounding the COVID-19 Pandemic and could be further affected by the exit of the United Kingdom and, potentially, other European Union member states. Such an exit could further negatively impact the European markets. See "*A weakening of economic growth in Europe may adversely affect BNG Bank's business and financial condition*" and "*Uncertainties surrounding the United Kingdom's exit from the European Union may adversely affect BNG Bank's business and results of operations* ".

The U.S. Federal Reserve ended its quantitative easing program in October 2014 and in December 2015 raised its target range for the federal funds rate for the first time since June 2006. In December 2016, the U.S. Federal Reserve raised its target range for the federal funds rate by 25 basis points, to a range of 0.50% to 0.75%, with further increases in each of March, June, September and December 2018. In response to slowing growth, however, the U.S. Federal Reserve reduced the federal funds rate in August, September and October 2019. In response to the impact of the COVID-19 outbreak significant decreases in the federal funds rate were made in March 2020. The target range for the federal funds rate after these cuts is forecast to be 0% to 0.25%. Further, both the U.S. Federal Reserve and the ECB have aggressively expanded asset purchase programmes. Globally, central banks have committed to new and expanded asset purchase programmes for as long as necessary to reinforce the accommodative impact of its policy rates.

Further market volatility may occur as interest rates are decreased in most major economies and markets respond to the expansion of quantitative easing ("**QE**") programmes by the U.S. Federal Reserve and the ECB. Reduced business confidence, higher levels of unemployment, adverse changes to levels of inflation, potentially lower or negative interest rates and falling property prices, and consequently an increase in delinquency rates and default rates among customers, notwithstanding extraordinarily accommodating fiscal and monetary policy will affect global economic recovery and growth. The resulting uncertainty in financial markets could create a somewhat difficult operating environment for financial institutions, including BNG Bank, as they place strain on funding needs and may continue to cause significant volatility to funding costs.

Should volatility in the financial and credit markets continue and a global recession materialise, BNG Bank may experience reductions in business activity, increased and volatile funding costs and funding pressures,

decreased asset values and/or lower profitability. As a result of changing market conditions and the influence of financial, economic and/or other cycles, BNG Bank's results of operations are subject to volatility that may be outside the control of BNG Bank. BNG Bank's financial condition and results of operations may, therefore, vary significantly from year to year depending on market and general economic conditions.

*2. The COVID-19 pandemic may adversely affect BNG Bank's business, results and financial condition.*

In late-2019, a highly-infectious novel coronavirus named COVID-19 ("**COVID-19**") was first identified in Wuhan, People's Republic of China ("**PRC**"). Spreading quickly to other regions of the world, COVID-19 was declared a global pandemic by the World Health Organization on 11 March 2020. Various countries and local governmental authorities across the world have introduced measures aimed at preventing the further spread of COVID-19, including amongst others, bans on public events which have more than a certain number of attendees, closures of places where large groups of people gather such as schools, sports facilities and bars and restaurants, lockdowns, border controls and travel and other restrictions. Such measures have disrupted the normal flow of business operations both globally and locally, including in those countries and regions where BNG Bank and its customers and counterparties operate, affected global supply chains, global manufacturing, tourism, consumer spending and asset prices, and resulted in volatility and uncertainty across the global economy and financial markets.

The negative economic impact of the COVID-19 pandemic are expected to put direct pressure on BNG Bank's results in a number or ways. For example, disruptions to staff and technology may negatively impact BNG Bank's efforts to improve operational efficiency. For example, if employees are unable to work due to illness or are forced to work remotely under conditions in which they cannot operate as effectively and efficiently as they would on site, that may adversely affect BNG Bank's business. BNG Bank also expects to be affected by the COVID-19 pandemic through its direct and indirect impact on the financial condition of its customers or other counterparties, including increasing the risk of impairments or defaults by customers and counterparties under loans and other contractual arrangements. If the businesses of customers or other counterparties are affected by a global decrease in economic activity, that may adversely affect their ability to meet their obligations towards BNG Bank, which in turn may affect BNG Bank's results and financial condition. BNG Bank's business, results and financial condition are also expected to be affected by measures taken by various countries across the world to curb the further spread of the virus as mentioned above, and by measures taken by governments, regulators and central banks to support the economy and financial markets, as described below. The nature and impact of such support measures remain uncertain, and any potential positive impacts from such measures may not fully mitigate or compensate for the negative impacts on BNG Bank's business and operations from the COVID-19 pandemic and related economic impacts.

The COVID-19 pandemic is expected to weigh heavily on global economic prospects. Major central banks have taken swift and significant action and central bank rates have declined or are expected to decline in the near term. Notwithstanding looser monetary policy, equity valuations have generally declined and optimism about earnings prospects has decreased as a result of the COVID-19 pandemic. The outlook for the economy in the Netherlands remains modest with growth rates continuing to taper off. Gross domestic product ("**GDP**") in the Netherlands increased by 1.8% in 2019 driven mainly by domestic spending and exports. Due to the COVID-19 pandemic, the Dutch government has decided to implement a series of unprecedented economic measures. The measures are designed not only to protect the health of its citizens, but also to curb unemployment and to minimise the impact on self-employed people, small and medium-sized enterprises and major companies. Under the newly announced measures, the fiscus is taking substantial measures to mitigate the effects of the COVID-19 pandemic on the economy.[2]

However, the COVID-19 pandemic is expected to result in a decline in GDP in 2020 within a range of -1.2% and -7.3% depending on the measures taken by authorities to support the economy through fiscal and monetary policy initiatives coupled with public health measures and restrictions imposed to contain and manage the spread of the COVID-19 virus.[3] The average number of people unemployed in the Netherlands decreased to 3.4% of the working population in 2019 from 3.8% in 2018 (2017: 4.9%).[4] Projections suggest that employment will be affected by the COVID-19 pandemic with unemployment being only slight

[2] Source: The Government of the Netherlands.

[3] Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).

[4] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

affected in a best-case scenario (i.e. limited period of contact restrictions imposed to manage the spread of COVID-19 and sufficient fiscal and monetary measures to support the economy and furloughed/retrenched workers). Under a worst-case scenario (i.e. prolonged period of contract restrictions for a year and ineffective or insufficient efforts to support the economy and furloughed/retrenched workers), forecasts suggest an increase in unemployment rate in the Dutch working population to 9% in 2020. Inflation in the Netherlands was approximately 2.7% in 2019[5], and projections suggest it is set to decrease to approximately 1.2% in 2020 as the effect of the increase in the reduced VAT tariff from 6% to 9% will have filtered through.[6] However, these forecasts may prove inaccurate and conditions may worsen, including if any of the risks described herein or other risks materialize. The International Monetary Fund (the "**IMF**") is forecasting a decline in real GDP in the Netherlands of 7.5% in 2020 with an expectation that growth will rebound to 3.1% in 2021.[7]

The exact ramifications of the COVID-19 pandemic and measures taken in response are highly uncertain and, as of the date of this Base Prospectus, it is difficult to predict the further spread or duration of the pandemic and the economic effects thereof, or the effect of current or any future measures aimed at preventing further spread of the virus and at limiting damage to the economy and financial markets, whether direct or indirect, such as by increasing sovereign debt of certain countries which may result in increased volatility and widening credit spreads, which could in turn have a material adverse effect on BNG Bank's business, results and financial condition and ability to access capital and liquidity on financial terms acceptable to BNG Bank.

The impact of the COVID-19 pandemic has called into question the actions and commercial soundness of other financial institutions and has highlighted the potential impact to market liquidity. The adverse impact on the credit quality of BNG Bank's customers and counterparties, coupled with a decline in collateral values, could lead to a reduction in recoverability and value of BNG Bank's assets and higher levels of impairment allowances, which could have an adverse effect on BNG Bank's prospects, financial condition and results of operations.

*3. A weakening of economic growth in Europe may adversely affect BNG Bank's business and financial condition.*

Growth forecasts for some of the largest European economies were in the process of being significantly revised at the start of 2020. The forecasts for the three largest economies in the Eurozone, and the Eurozone are now expected to be severely affected by a prolonged disruption and lockdown caused by the COVID-19 pandemic. The IMF is expecting real GDP in Germany, France, Italy and Spain to contract by 7.0%, 7.2%, 9.1% and 8.0%, respectively.[8] Germany was set to suffer weaker industrial production following global trade disputes and disruptions to supply chains. Italy has been facing a slowing business investment and a softening labour market and France has been experiencing lower public and private investment and slower growth in private consumption. The potential impact of a sovereign default on the Eurozone countries, including the possibility that some Member States could leave the Eurozone (either voluntarily or involuntarily), continues to raise concerns about the ongoing viability of the euro currency and the EMU. In an attempt to mitigate the economic fallout caused by the COVID-19 pandemic, various fiscal initiatives as well as an expanded QE program of the ECB have been implemented. These measures are designed to improve confidence in Eurozone equities and encourage private bank lending however there remains considerable uncertainty as to whether such measures, will be sufficient to ensure economic recovery or avert the threat of sovereign default.

*4. Uncertainties surrounding the United Kingdom's exit from the European Union may adversely affect BNG Bank's business and results of operations.*

The implications of the UK's exit from the European Union on 31 January 2020 ("**Brexit**") remain uncertain and could have an adverse impact with respect to the European integration process, the relationship between the UK and the EU, and economies and businesses in the EU and the UK. BNG Bank could be adversely impacted by related market developments such as increased exchange rate movements of the pound sterling versus the euro and higher financial market volatility in general due to increased uncertainty, any of which

[5] Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).

[6] Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).

[7] Source: IMF: World Economic Outlook 2020.

[8] Source: IMF: World Economic Outlook 2020.

could affect the results of BNG Bank's operations in the EU or the UK. BNG Bank could also be adversely impacted should a Brexit result in the UK moving away from agreed and implemented EU legislation.

The full effects on the Dutch, European and global economies of Brexit, an exit of one or more Member States from the EMU, or a potential dissolution of the EMU and a consequential re-introduction of individual currencies in one or more EMU Member States, are impossible to predict. However, if any such event were to occur it would likely:

- result in significant market dislocation;
- result in significant volatility in the value of the euro against other currencies;
- heighten counterparty risk;
- result in downgrades of credit ratings for European borrowers, giving rise to increases in credit spreads and decreases in security values;
- disrupt and adversely affect the economic activity of the Dutch and other European markets; and
- adversely affect the management of market risk and in particular asset and liability management due, in part, to the redenomination of financial assets and liabilities and the potential for mismatch.

The occurrence of any of these events could have a material adverse effect on BNG Bank's prospects, financial condition and results of operations.

**B. Risks related to the Issuer's financial situation**

*1. BNG Bank has significant counterparty risk exposure, which could negatively affect BNG Bank's financial condition and results of operations.*

BNG Bank is subject to general credit risks, including counterparty risks of borrowers. Third parties that owe BNG Bank money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans issued by BNG Bank, the issuers whose securities BNG Bank holds, customers, trading counterparties, counterparties under swap and credit and other derivative contracts, clearing agents and central clearing houses, exchanges and other financial intermediaries. These parties may default on their obligations to BNG Bank due to bankruptcy, lack of liquidity, downturns in the economy, operational failure, systemic failure or for other reasons. Any such default(s), whether on an individual basis (in the instances of a material exposure) or when aggregated with other defaults (such as during an economic downturn), could lead to losses for BNG Bank which could have a material adverse effect on BNG Bank's financial condition and results of operations.

*2. BNG Bank is subject to liquidity risks and adverse capital and credit market conditions may impact BNG Bank's ability to access liquidity as well as the cost of credit.*

Liquidity risk is the risk that BNG Bank, although solvent, is at any given moment unable to meet its payment obligations due to insufficient financial resources or can only secure such financial resources at excessive cost. BNG Bank requires liquidity in its day-to-day business activities primarily to replace or repay its maturing liabilities, pay interest on its debt and pay its operating expenses. The principal source of liquidity for BNG Bank is the wholesale lending markets, although further liquidity is available through deposits and entrusted funds and cash flow from its investment portfolio and assets, consisting mainly of cash or assets that are readily convertible into cash, by using it as collateral for lending from the ECB.

During the global economic and financial crisis credit markets worldwide experienced severe reductions in the availability of financing for prolonged periods. Following a period of relative stability and growth in the period after the crisis, global financial market prices have shown high volatility over the last few months, reflecting evolving perceptions of the mix of data and policy news. Market conditions including high indebtedness, the impact of the COVID-19 pandemic, trade tensions and policy uncertainty have given rise to pessimism in the market regarding global growth. On the back of the re-assessment of the underlying global economic outlook and more dovish messages from key central banks, investors shifted from riskier assets to safer ones, driving equity markets and sovereign bond yields lower. Volatility in the global credit

markets could have a material adverse impact on the availability of funding and the cost of obtaining such funding.

In addition, the market perception of counterparty risk between banks changed significantly as a result of the global economic and financial crisis. Uncertainty regarding the market perception of credit risk across financial institutions may lead to reductions in access to traditional sources of funding, such as the wholesale lending markets, or increases in the costs of accessing such funding. During 2019, BNG Bank's total long-term funding decreased to €17.5 billion (2018: €17.8 billion).

The availability and cost of financing depend on a variety of factors such as the market conditions referred to above, as well as the general availability of credit, the volume of trading activities, the availability of credit to the financial services industry, counterparty risk, an issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of an issuer's long- or short-term financial prospects. BNG Bank's access to funds and the cost of obtaining such funds is significantly influenced by the views of rating agencies. If BNG Bank's access to the capital markets were to decline or the cost of accessing such markets should increase significantly or if BNG Bank is unable to attract other sources of financing, these developments could have an adverse effect on BNG Bank's liquidity position and its financial condition and results of operations.

*3. Volatility in interest rates, credit spreads and markets may adversely affect BNG Bank's prospects, financial condition and results of operations.*

BNG Bank's exposure to fluctuations in interest rates arises from differences in interest rates and terms between lending and borrowing. In a period of changing interest rates (and volatile spreads), interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease interest income, BNG Bank's primary source of revenue. In addition, changes in interest rates may negatively affect the value of BNG Bank's assets and its ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect profit. Changes in interest rates may also result in unrealized losses that may be required to be recognized in the income statement or in equity on the balance sheet. Furthermore, an increase in interest rates (or spreads) may decrease the demand for loans. Accordingly, changes in prevailing interest rates and/or widening of liquidity and credit spreads may negatively affect BNG Bank's prospects, financial condition and results of operations. See "*BNG Bank's business and results of operations may be negatively affected by actual or perceived local and global economic and financial market conditions*" as to how the effects of such volatility and an expansionary monetary policy can impact on BNG Bank and the business and economic environment in which it operates

BNG Bank's revenues and exposure to interest rate risk also depend on its ability to properly identify any mark-to-market changes in the value of financial instruments caused by changes in market prices, rates and spreads. The volatile market conditions over the past several years have resulted in significant changes in the value of mark-to-market assets. Although BNG Bank recorded a (unrealised) positive market value adjustment in 2019, 2018, 2017 and 2016, it recorded (unrealised) negative market value adjustments in 2015 due to changes in credit and liquidity spreads.

*4. Rating downgrades could have an adverse impact on BNG Bank's operations and financial condition.*

Ratings are important to BNG Bank's business for a number of reasons. Among these reasons are BNG Bank's ability to issue debt instruments and the risk weighting of certain assets held by BNG Bank. BNG Bank has credit ratings from Standard & Poor's, Fitch and Moody's. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade BNG Bank at any time, including as a result in a change to its methodology.

On 24 November 2015, Standard & Poor's upgraded BNG Bank's rating from "AA+" to "AAA", with a stable outlook. The upgrade reflected a similar action on the credit rating of the State of Netherlands on 20 November 2015. On 1 February 2019, Standard & Poor's affirmed such AAA rating and stable outlook. In accordance with Standard & Poor's criteria for rating government-related entities, they believe that there is an "almost certain" likelihood that BNG Bank as a government-related entity would receive sufficient extraordinary support from the Dutch government in the event of financial distress. As a result, Standard & Poor's has equalised BNG Bank's long-term ratings with that of the Netherlands. Standard & Poor's opinion of an "almost certain" likelihood of government support for BNG Bank reflects its view that BNG Bank

plays a "critical role" for the Dutch government through its key public policy mandate and has an "integral" link with the Dutch government as Standard & Poor's considers BNG Bank as an extension of the government.

On 17 March 2015, Moody's changed the outlook on BNG Bank's long-term rating from negative to stable following Moody's final assessment of the Bank Recovery and Resolution Directive ("**BRRD**") (adopted by the European Parliament and Council in May 2014) and the Single Resolution Mechanism regulation (approved by the European Parliament in April 2014) (Regulation 806/2014, "**SRM Regulation**") and the application of its new methodology for banks. On 22 November 2019, Moody's affirmed BNG Bank's Aaa long-term rating and stable outlook.

On 28 March 2019, Fitch revised BNG Bank's AA+ rating to AAA and its outlook remained unchanged at stable, following finalisation of BNG Bank's resolution strategy and the approval by the SRB of a simplified obligations plan for BNG Bank. Fitch believes that the adoption of the simplified obligations plan for BNG Bank reduces the risk of losses for senior creditors in a resolution because it substantially decreases the likelihood of a resolution being triggered. Fitch continues to factor in Dutch state support for BNG Bank.

Notwithstanding any rating agency's view that BNG Bank is a "government-related entity", investors should note that BNG Bank is not a government entity and its debt (including the Notes) are not direct or indirect obligations of the State of the Netherlands or guaranteed in any way by the State of the Netherlands.

Any rating action taken by a rating agency with respect to the State of the Netherlands would be expected to impact BNG Bank's ratings. In the event of a downgrade or a notice of a possible downgrade or negative outlook with respect to BNG Bank or if BNG Bank is placed on credit watch, BNG Bank's cost of issuing debt instruments might increase, having an adverse effect on net profit and potentially impacting BNG Bank's competitive position with its clients in the public sector and its financial condition.

**C. Internal control risk**

*1. BNG Bank may be unable to manage its risks successfully through derivatives.*

BNG Bank employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments and the impact of interest rate and credit and liquidity spread changes as well as other factors described in this section. BNG Bank seeks to mitigate these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts. To limit the volatility in year-on-year earnings, BNG Bank uses micro and macro fair value hedging under IFRS as well as economic activities hedging. From 1 January 2018, IFRS 9 incorporated new hedge accounting rules, which BNG Bank has applied, with the exception of the macro hedge accounting rules, in lieu of which BNG Bank continues to apply IAS 39 rules. In 2019, BNG recognised an increase of €3 million (2018: decrease of €9 million) as effective value adjustment of hedging instruments in equity (cash flow hedge reserve) by virtue of cash flow hedging. As a result of applying IFRS 9, a shift in the forward looking consensus view of economic conditions may cause more volatility in, or higher levels of, loan loss provisions which can negatively impact the costs of managing its risk through derivatives.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate BNG Bank from all risks associated with market fluctuations and market stresses. BNG Bank's hedging strategies inevitably rely on assumptions and projections regarding its assets and liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, BNG Bank's hedging activities may not have the desired beneficial impact on its financial condition, results of operations or in limiting volatility in earnings. Poorly designed strategies or improperly executed transactions could actually increase BNG Bank's risks and lead to financial losses. If BNG Bank terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. BNG Bank's hedging strategies and the derivatives that it uses and may use may not adequately mitigate or offset the risk of interest rate and currency volatility, and BNG Bank's hedging transactions may result in losses.

*2. BNG Bank's risk management methods may leave it exposed to unidentified, unanticipated, or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.*

In the course of its business activities, BNG Bank is exposed to a variety of risks, the most significant of which are market risk, interest rate risk, liquidity risk, volatility risk, credit and counterparty risk, model risk, funding risk and operational risk. BNG Bank's revenues and interest rate risk are dependent upon its ability to properly identify changes in the value of financial instruments caused by changes in market prices, rates and spreads. BNG Bank's earnings are dependent upon the effectiveness of BNG Bank's management of migrations in credit quality and risk concentrations, the accuracy of BNG Bank's valuation models and critical accounting estimates. Extreme market volatility could make it difficult, or in some cases impossible, to value some of the financial instruments that BNG Bank holds. Market volatility may also result in significant unrealized losses or impairment losses on such financial instruments. Although BNG Bank believes it has implemented, and will continue to implement, appropriate policies, systems and processes to control and mitigate these risks, including to manage fluctuations in fair value, investors should note that any failure to adequately control these risks could result in adverse effects on BNG Bank's financial condition, results of operations and reputation.

BNG Bank devotes significant resources to developing risk management policies, procedures and assessment methods for its banking business. BNG Bank analyses the susceptibility to interest rate fluctuation per time interval (delta analysis) and rating models as well as unexpected loss models for credit risk. It also makes use of other risk assessment methods, such as scenario analysis and stress testing. BNG Bank’s models are listed in a model inventory and subject to a model governance policy and a model validation policy. Risk characteristics of financial instrument are identified in a product approval process. Together, these risk assessment methods provide a basis for ensuring the transparency and manageability of risks. Regarding its active interest rate position, BNG Bank makes use of a benchmark that restricts these risks in relation to the return that would be gained from that benchmark. Nonetheless, such risk management techniques and strategies may not be fully effective in mitigating risk exposure in all economic market environments or against all types of risk, including risks that BNG Bank fails to identify or anticipate. Some of BNG Bank's qualitative tools and metrics for managing risk are based upon the use of observed historical market behaviour. BNG Bank applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict or may incorrectly predict future risk exposures. Moreover, these observations or information may not be accurate, complete, up-to-date or properly evaluated in all cases. Thus, BNG Bank's losses could be significantly greater than such measures would indicate. In addition, BNG Bank's quantified modelling does not take all risks into account. BNG Bank's more qualitative approach to managing risks takes into account a broader set of risks, but is less precise than quantified modelling and could prove insufficient. In addition, certain risks could be greater than BNG Bank's empirical data would otherwise indicate. There can, therefore, be no assurance that BNG Bank's risk management and internal control policies and procedures will adequately control, or protect BNG Bank against, all credit and other risks. Unanticipated or incorrectly quantified risk exposures could result in material losses for BNG Bank.

*3. Although BNG Bank manages its operational risks, these risks remain an inherent part of BNG Bank's businesses and failure to manage these risks could harm BNG Bank's business and reputation.*

BNG Bank's business inherently generates operational risks. Its business is dependent on processing a large number of complex transactions across numerous and diverse products, and is subject to a number of different legal and regulatory regimes.

The operational risks that BNG Bank faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, including inadequate compliance with internal and external laws, errors resulting from faulty computer or telecommunications systems, employee misconduct and associated integrity risk, and external events such as fraud. These events could result in financial loss and harm BNG Bank's reputation. Additionally, the loss of key personnel could adversely affect BNG Bank's operations and results. The requirement for various personnel to work remotely as a result of COVID-19 containment measures raises the likelihood of the foregoing risks arising

Although BNG Bank has devoted substantial resources to developing its operational risk management policies and procedures, and expects to continue to do so in the future, there can be no assurance that these will be adequate or effective. Any material deficiency in BNG Bank's operational risk management or other internal control policies or procedures may expose BNG Bank to significant credit, liquidity, or market risks, which may in turn have a material adverse effect on BNG Bank's business, results of operations and financial condition.

*4. The IT and other systems on which BNG Bank depends for its day-to-day operations may fail for a variety of reasons that may be outside BNG Bank's control and there is an increasing risk of cyber-attacks.*

BNG Bank's operations are highly dependent on its ability to process and monitor, on a daily basis, a large number of transactions, some of which are complex, while complying with applicable laws and regulations. BNG Bank's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled, which may have an adverse effect on BNG Bank's ability to process transactions or provide services. Other factors which could cause BNG Bank's operating systems to fail or not operate properly include a deterioration in the quality of IT development, support and operations processes and, in particular, high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations. The risk of an operating system failing or not operating properly is exacerbated by requirements to work remotely during the COVID-19 pandemic. Critical system failure and/or prolonged loss of service could cause serious damage to BNG Bank's ability to service its clients and could cause long-term damage to BNG Bank's business and reputation. For example, any breach in security of BNG Bank's systems from increasingly sophisticated attacks by cybercrime groups, could have a significant negative effect on BNG Bank's reputation, result in the disclosure of confidential information, and create potential financial and legal exposure. In this regard, BNG Bank has noted a generally increasing number of attempted electronic intrusions in the industry in recent years, some of which have resulted in severe disruptions of the IT systems of other Dutch financial institutions, particularly Dutch commercial banks. Despite BNG Bank's significant expenditures on its IT systems, there can be no assurance that these expenditures will be sufficient or that its IT systems will function as planned. Any disruption in, or any breach in security of, BNG Bank's or other third-party service provider's IT or other systems may have a material adverse effect on its business, financial condition or results of operations.

*5. BNG Bank is reliant on third parties to which it has outsourced certain functions and interruption of services and/or failures by such third parties may adversely affect BNG Bank's business, reputation results of operations or financial condition.*

BNG Bank relies on third-party providers for substantial parts of its IT services. Any interruption in the services of its current, or any future, third party or deterioration in its performance of the outsourced services could impair the timing and quality of BNG Bank's services to its clients. Furthermore, if the contracts with one or more of its third-party providers are terminated (or with any third-party provider or providers of critical services in the future), BNG Bank may not find alternative service providers on a timely basis or on as favourable terms or may suffer disruption as a result of the transition of functions to the new services provider. The occurrence of any of these events could adversely affect BNG Bank's business, reputation, results of operations or financial condition.

**D. Legal and regulatory risk**

*1. BNG Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of BNG Bank's regulators could have a material adverse effect on BNG Bank's operations or profitability.*

BNG Bank is subject to detailed banking and other financial services laws and government regulation in the Netherlands. De Nederlandsche Bank N.V. ("**DNB**") and the AFM have broad administrative powers over many aspects of the financial services business, permitted investments, ethical issues, anti-money laundering, privacy, record keeping, and marketing and selling practices.

Requirements with respect to capital adequacy and liquidity, as proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**")`have been implemented in the European Union through, among others, the Capital Requirements Directive (Directive 2013/36/EU, "**CRD IV Directive**") and the Capital Requirements Regulation (Regulation 575/2013 as amended, "**CRR**", together with the CRD IV Directive, "**CRD IV**") while the finalised Basel III reforms (the "**Basel III Reforms**") (informally referred to as Basel IV) were published on 7 December 2017.

Following negotiations between the European Commission, the European Parliament and the European Council, the final legislation implementing these proposals was published in the EU banking package adopted in May 2019 (the '**EU Banking Reforms**') and the Official Journal on 7 June 2019. The legislation consists of Regulation (EU) No. 2019/876, Directive (EU) No. 2019/878, Directive (EU) No. 2019/879 and

Regulation (EU) No. 2019/877 and came into force on 27 June 2019 (the "**EU Banking Reforms**"), with certain provisions applying from 27 June 2019 and other provisions gradually being phased in and/or being subject to national implementation.

The EU Banking Reforms covers multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, the MREL framework and the integration of the Financial Stability Board's proposed minimum total loss-absorbing capacity into EU legislation.

Although BNG Bank currently expects that neither the EU Banking Reforms nor the Basel III Reforms will materially negatively affect its ongoing compliance with the requirements laid down therein, further changes to regulatory capital requirements may have an adverse effect on BNG Bank's business.

The EU Banking Reforms are wide-ranging and cover multiple areas, including a binding 3% leverage ratio, the introduction of a binding detailed net stable funding ratio ("**NSFR**"), permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of 'non-preferred' senior debt total loss-absorbing capacity ("**TLAC**") standard, an amendment of the minimum requirement for own funds and eligible liabilities ("**MREL**") framework to align it with the TLAC standard and the transposition of the fundamental review of the trading book ("**FRTB**") conclusions into EU legislation.

Conditional on certain criteria, the provisions for the 3% binding leverage ratio allows an institution to deduct certain exposures from the exposure measure. One such deduction is the deduction of exposures arising from assets that constitute claims on central governments, regional government, local authorities or public sector entities in relation to public sector investments and promotional loans under the condition that the institution is a public development credit institution. BNG Bank expects that it meets the criteria of a public development credit institution and is as such allowed to make the deductions stated, however, the EU Banking Reforms are still subject (in part) to further implementation in EU and national laws and it is, therefore, uncertain how such binding leverage ratio will ultimately affect BNG Bank or Noteholders.

IFRS 9 'Financial Instruments' became effective as per 1 January 2018 and results in loan loss provisions that may be recognised earlier, on a more forward looking basis and on a broader scope of financial instruments than was previously the case under IAS 39. BNG Bank has applied the classification, measurement and impairments requirements retrospectively by adjusting the opening balance sheet and opening equity as at 1 January 2018. As a result of applying IFRS 9, a shift in the forward looking consensus view of economic conditions may materially impact the models used to calculate loan loss provisions under IFRS 9 and cause more volatility in, or higher levels of, loan loss provisions, any of which could adversely affect BNG Bank's results, financial condition or regulatory capital position.

In response to these accounting changes BNG Bank has made and may need to continue to make adjustments to its risk management processes which in turn may require additional investment in systems and additional staff.

In addition, the introduction of, and changes to, taxes, levies or fees applicable to BNG Bank's operations (such as the introduction of a bank levy and a 'thin capitalisation rule' (as further described under " *Risk related to the Dutch thin capitalisation rule*" below) and the imposition of a financial transaction tax (as further described under "Financial Transaction Tax" below)) has had and may in the future have an adverse effect on its business and/or results of operations. For example, in 2012 a Dutch bank levy was introduced, which, at an amount of €30 million for 2019 (2018: €31 million and 2017: €36 million), had a significant adverse impact on BNG Bank's results of operations in recent years. Furthermore, pursuant to the BRRD and SRM Regulation, BNG Bank is required make contributions to the single resolution fund ("**SRF**"). In 2019, BNG Bank contributed €8 million (2018: €12 million) to the SRF and expects to contribute €8 million again in 2020. These contributions present a significant financial burden to BNG Bank.

Although scheduled implementation deadlines are commonly not met, no reversals of proposed new laws and regulations should be expected. Nearly all of the proposals will increase, either directly or indirectly, the burden on financial institutions. In addition to the implementation costs, measures such as the bank levy, the obligation to centrally clear swap transactions imposed by EU Regulation 648/2012 on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories (commonly known as the European Market Infrastructure Regulation, or "**EMIR**"), contributions to the SRF and the significant increase in disclosure requirements will result in permanently higher costs.

In April 2020, the European Commission adopted a banking package to facilitate bank lending to households and businesses throughout the European Union and mitigate the significant economic impact of the COVID-19 pandemic. The banking package is intended to encourage banks to make full use of the flexibility embedded in the EU's existing prudential and accounting framework and provides market participants with a uniform interpretation of this flexibility. The banking package also proposed amendments to the CRR to inter alia (i) extend current transitional arrangements regarding the application of international accounting standards on banks' capital for two years, (ii) postpone the date of the new leverage ratio buffer requirement on Globally Systemically Important Institutions ("**G-SIIs**") by one year to 1 January 2023 and (iii) extend existing preferential treatment given to non-performing loans that are guaranteed by the public sector. The European Commission has requested that the European Parliament and the Council expedite the discussion of its proposals in order to adopt the targeted amendments to the CRR by June 2020.

Although it is difficult to predict what impact the recent regulatory changes, developments and heightened levels of scrutiny will have on BNG Bank, the enactment of legislation and regulations in the Netherlands, changes in other regulatory requirements and the transition to direct supervision by the ECB, have resulted in increased capital and liquidity requirements, changes in the level of contributions to resolution funds, and/or increased operating costs and have impacted, and are expected to continue to impact, BNG Bank's business.

*2. Risks related to the Dutch Intervention Act, BRRD and SRM Regulation*

The Bank Recovery and Resolution Directive ("**BRRD**") and the Single Resolution Mechanism Regulation ("**SRM Regulation**") provide for the European framework for the recovery and resolution of (amongst others) ailing banks, certain investment firms and certain of their group entities.

The BRRD has been transposed into Dutch law pursuant to the Act implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*), which entered into force on 26 November 2015. BNG Bank is subject to the BRRD as implemented in Dutch law. On 7 June 2019, the BRRD was amended with effect from 27 June 2019 by a further directive ("**BRRD II**") as part of the EU Banking Reforms in order to implement, amongst other things, the TLAC standard by adapting the existing regime relating to MREL. BRRD II must be transposed into national law no later than 28 December 2020 with national regulators having until 1 January 2024 at the latest to impose full MREL requirements on firms.

The SRM Regulation applies to banks subject to the single supervisory mechanism ("**SSM**") pursuant to Council Regulation (EU) No 1024/2013 and Regulation (EU) No 1022/2013, such as BNG Bank, and provides for a single resolution framework ("**SRM**") in respect of such banks. This includes both significant and less significant banks. The SRM Regulation has been fully applicable since 1 January 2016 and prevails over the implementation in national law of the BRRD where it concerns the resolution of such banks. The SRM Regulation also provides for the establishment of a European Single Resolution Board ("**SRB**"), which will be responsible for the effective and consistent functioning of the SRM. The SRB acts as the competent resolution authority for (inter alia) significant banks under the SSM, such as BNG Bank, and is in that capacity responsible for adopting resolution decisions in respect of such banks.

The BRRD, as implemented in Dutch law, provides DNB in its capacity as competent national resolution authority with the powers necessary to implement the resolution decisions taken by the SRB in respect of significant banks in the Netherlands, such as BNG Bank. In addition, the ECB, as the competent supervisory authority in respect of significant banks, is allowed to take certain recovery measures in the event the financial condition of a bank is deteriorating (subject to further conditions). Such measures could pertain, amongst others, to a change of the legal or operational structure, the removal of (individuals within) senior management or the management body and the appointment of a temporary administrator.

To support bail-in, a minimum requirement for own funds and eligible liabilities ("**MREL**") applies under the BRRD and SRM Regulation. The MREL is subject to ongoing change, and is expected to become more stringent. If BNG Bank were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the business, financial position and results of operations of BNG Bank.

If BNG Bank is deemed no longer viable (or one or more other conditions apply) the SRB may decide to write-down, cancel or convert relevant capital instruments of BNG Bank, independently or in combination with a resolution action. The SRB shall ensure that DNB will exercise the write-down and conversion powers pursuant to the BRRD, as implemented in Dutch law, in order to write-down, cancel or convert the relevant capital instruments into shares or other instruments of ownership, and in accordance with a certain order of priority.

If BNG Bank is deemed to be failing or likely to fail and the other resolution conditions would also be met, the SRB may decide to place BNG Bank under resolution. As part of the resolution scheme to be adopted by the SRB, it may decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation. These resolution tools include the sale of the business tool, the bridge institution tool and the asset separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the SRM provides for the bail-in tool. The bail-in tool may be applied to absorb losses recapitalise BNG Bank or convert to equity or reduce the principal amount of claims or debt instruments (such as the Notes) of BNG Bank that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than the relevant capital instruments of BNG Bank, and may also result in the write-down or conversion of eligible liabilities of BNG Bank (such as the Notes) in accordance with a certain order of priority. In order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a MREL which may be subject to the bail-in tool.

According to the SRM Regulation, the national resolution authorities shall take the necessary action to implement decisions of the SRB. They shall exercise their powers granted to them under the BRRD, as implemented in national law. In addition to the resolution powers described above, DNB has been granted certain other resolution and ancillary powers to implement any resolution decision by the SRB in respect of BNG Bank. It may for instance decide to terminate or amend any agreement (including a debt instrument) to which BNG Bank is a party or replace BNG Bank as a party thereto. Furthermore, DNB may, subject to certain conditions, suspend the exercise of certain rights of counterparties vis-à-vis BNG Bank or suspend the performance of payment or delivery obligations of BNG Bank. In addition, pursuant to Dutch law, certain counterparty rights may be excluded in the event such rights come into existence or become enforceable as a result of any recovery or resolution measure or any event in connection therewith (subject to further conditions).

The EU Banking Reforms (as described above under "*BNG Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of BNG Bank's regulators could have a material adverse effect on BNG Bank's operations or profitability*") include various amendments to the BRRD and SRM framework. Among others, the EU Banking Reforms implement the TLAC standard as well as an amendment of the MREL framework to integrate the TLAC standard. The TLAC standard adopted by the Financial Stability Board aims to ensure that G-SIBs have sufficient loss-absorbing and recapitalisation capacity available in resolution. To maintain coherence between the MREL rules (which apply to both G-SIBs and non-G-SIBs) and the TLAC standards, the EU Banking Reforms also include a number of changes to the MREL rules applicable to non-G-SIBs, such as BNG Bank, including (without limitation) the criteria for eligibility of liabilities for MREL. The EU Banking Reforms further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes. Furthermore, the EU Banking Reforms also include Directive (EU) 2017/2399 (Bank Creditor Hierarchy) which entered into force on 28 December 2017 amending the BRRD (the "**BRRD Amendment Directive**"). The BRRD Amendment Directive provides for an EU-harmonised approach on bank creditors' insolvency ranking that enables banks to issue debt in a new statutory category of unsecured debt, ranking just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category. The EU Banking Reforms also contains a moratorium tool allowing for the suspension of certain contractual obligations for a short period of time in resolution as well as in the early intervention phase. As such, the EU Banking Reforms may affect BNG Bank (including with regard to the MREL it must maintain in the future (as described in more detail under "*Bank Recovery and Resolution Directive and Bail-in Tool*" above)) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in, which risk is however not expected to become lower or higher, respectively). The BRRD Amendment Directive had to be implemented by each Member State by 29 December 2018 and was implemented into Dutch law on 14 December 2018.

On 27 February 2019, the SRB announced that simplified obligations apply to BNG Bank. This means that the preferred resolution strategy is normal insolvency law. No explicit MREL has been included in the decision. Based on the current SRB guidelines, an MREL requirement equal to the Loss Absorption Amount, consisting of pillar 1 and pillar 2 requirements plus the combined buffer requirement applies. Hence, BNG Bank's current capitalisation is sufficient to meet the MREL requirements. In two years, the SRB will evaluate the decision taken in accordance with legislation. It is uncertain how any future decisions of the SRB will affect BNG Bank or Noteholders but it cannot be excluded that any future decision may negatively impact BNG Bank's financial condition and results of operations.

Finally, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen or Interventiewet*) provides the Dutch Minister of Finance with certain powers to intervene in a bank or its parent undertaking established in the Netherlands, such as BNG Bank, if the Dutch Minister of Finance deems that the stability of the financial system is in serious and immediate danger due to the situation that bank is in. These powers may result in the expropriation by the Dutch State of assets or liabilities of BNG Bank, claims against it, and securities (such as the Notes) issued by or with the cooperation of BNG Bank. Also, the Dutch Minister of Finance may take certain immediate measures which may deviate from statutory provisions or from the articles of association of BNG Bank. As a result of the entry into force of the SRM and the implementation of the BRRD, the foregoing powers have been referred to by the Dutch legislator as constituting state emergency regulations and it is expected that these will only be applied if the SRM and BRRD regime would not be effective. The exclusion of certain rights against BNG Bank, as discussed above, applies similarly in this context.

*3. Risk related to the Dutch thin capitalisation rule*

The Dutch Tax Plan 2020 introduced, amongst others, a thin capitalisation rule for banks and insurers restricting deductibility of interest as of 1 January 2020. In short, the rule applies to licensed banks and insurance companies and limits the interest deduction if the licenced bank's leverage ratio or licenced insurance company's own funds ratio is less than 8 per cent. (to be determined on the basis of a set of specific provisions that refer, amongst others, to the Capital Requirements Regulation (EU) No. 575/2013 and Solvency II 2009/138/EG and (EU) No. 2015/35). This new thin capitalisation rule may have an adverse impact on the amount of interest the Issuer can deduct for Dutch corporate income tax purposes and thus on its financial position and its ability to perform its obligations under the Notes, with the expectation of an additional tax burden on BNG Bank in the amount of EUR 37 million in 2020.

**E. Risks related to the admission of the securities to trading on a regulated market**

*1. Liquidity risk: Notes may have no established trading market when issued, and one may never develop, which may have a material adverse effect on the market value of the Notes.*

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. Liquidity could be affected by a number of factors, including the introduction of a financial transaction tax. 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.

*2. Exchange rate risk and exchange controls can result in adverse effects on yield, principle payable and the market value of the Notes.*

Unless the Issuer makes use of the exceptions stated in Conditions 9(m), 9(m.1) and 9(n), the Issuer will pay principal and interest on the Notes in the currency specified in the applicable Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An

appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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

Payment of principal and/or interest on the Notes may be made in a currency other than the Specified Currency, in accordance with Conditions 9(m), 9(m.1) and 9(n), if:

(i) the Notes are denominated in Renminbi ("**Renminbi Notes**"): The Issuer may settle payments due in Renminbi (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar equivalent of any such Renminbi amount. See also "*Risks relating to Renminbi Notes*" below;

(ii) non-U.S. dollar Notes held through Depositary Trust Company ("**DTC**") and represented by the Restricted Global Note Certificate: Payments of principal and interest in respect of such Notes will be made in U.S. dollars unless the holder of such Notes elects to receive payments in the Specified Currency; or

(iii) the Notes are non-Euro denominated: If so specified in the applicable Final Terms, the Issuer may settle any payment due in respect of such Notes in a currency other than the Specified Currency on the due date for such payment if the Specified Currency is not available on the foreign exchange markets due to (i) the imposition of exchange controls, (ii) the Specified Currency's replacement or disuse, or (iii) other circumstances beyond the Issuer's control.

If any of the above events occurs, a prospective investor should be aware that payment of principal and/or interest may occur in a different currency than expected. As a result, investors may need to convert payments made in such a different currency into the Specified Currency for hedging purposes or if the investor's financial activities are denominated principally in the Specified Currency.

*3. Fixed Rate Notes may be adversely affected by increases in market interest rates*

Investment in Fixed Rate Notes involves the risk that if market interest rates increase above the interest rate paid on the Fixed Rate Notes this may adversely affect the value of the Fixed Rate Notes as an equivalent investment issued at the then current market interest rates may be more attractive.

*4. Credit or corporate ratings may not reflect the potential impact of all of the risks which may affect the value of any Tranche of the Notes*

As of the date of this Base Prospectus, the Programme has been rated AAA by Standard & Poor's, AAA by Fitch and Aaa by Moody's. Tranches of Notes that may be issued under the Programme can be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Such ratings will not necessarily be the same as the rating(s) assigned to the Programme, the Issuer or to Notes already issued. One or more independent credit rating agencies may also assign credit ratings to the Notes and/or BNG Bank.

Credit or corporate ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of any Tranche of Notes. In addition, any negative change in the credit rating of BNG Bank could adversely affect the trading price of the Notes. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In the event a rating assigned to the Notes and/or BNG Bank is lowered for any reason, the market value of the Notes may be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

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

*1. Notes subject to optional redemption by the Issuer are likely to have a lower market value than Notes which are not subject to optional redemption by the Issuer.*

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*2. Dual Currency Interest Notes are subject to additional risks when compared to conventional debt instruments.*

The Issuer may issue Notes with interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Prospective investors should be aware that:

(i) the market price of such Notes may be very volatile;

(ii) they may receive no interest; and

(iii) payment of interest may occur at a different time or in a different currency than expected.

*3. Dual Currency Redemption Notes are subject to additional risks when compared to conventional debt instruments.*

The Issuer may issue Notes with principal payable in one or more currencies which may be different from the currency in which the Notes are denominated. Prospective investors should be aware that:

(i) payment of principal may occur at a different time or in a different currency than expected; and

(ii) they may lose all or a substantial portion of their principal.

*4. Variable Interest Rate Notes with a multiplier or other leverage factor are subject to additional risks when compared to conventional debt instruments.*

The Issuer may issue Notes with variable interest rates. Such Notes can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for Notes that do not include those features.

*5. Reverse Floater Interest Notes are subject to additional risks when compared to conventional debt instruments.*

The Issuer may issue Reverse Floater Interest Notes. If "Fixed Rate Period" is specified as being "Applicable" in the applicable Final Terms, such Notes will bear interest at a fixed rate of interest as specified in the applicable Final Terms (being Rate of Interest(Fixed)(t)) during any interest period specified in the applicable Final Terms (being Interest Period(t)) falling within the Fixed Rate Interest Period. During such Fixed Rate Interest Period, any increases in market interest rates may adversely affect the value of the Notes.

The Notes will bear interest at a variable Rate of Interest during any Variable Rate Interest Period, equal to the Fix(t), as specified in the applicable Final Terms, minus the Underlying Rate(t) (multiplied by a Multiplier(t) specified in the applicable Final Terms), which will be subject to market fluctuations. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms) as the

Underlying Rate(t). Reverse Floater Interest Notes are more volatile because an increase in the Underlying Rate(t) not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

As a Multiplier(t) is applied to the Underlying Rate(t), if the Multiplier(t) is higher than 100 per cent. the positive performance of the Underlying Rate(t) will be magnified, thereby reducing the interest rate of the Notes even further. If the Multiplier(t) is higher than 100 per cent. the negative performance of the Underlying Rate(t) will also be magnified, meaning that the interest rate of the Notes will be lower than if such negative performance of the Underlying Rate(t) was multiplied by a Multiplier(t) equal to 100 per cent. If the Multiplier(t) is less than 100 per cent. any positive performance and negative performance of the Underlying Rate(t) will be scaled down. Following positive performance of the Underlying Rate(t), it is possible that investors will only receive a Rate of Interest equal to the Floor(t) (to the extent that a Floor is applicable). Finally, the Rate of Interest in respect of any Variable Rate Interest Period will be capped at the Cap(t), which is specified in the applicable Final Terms. To the extent the difference when the Underlying Rate(t) (multiplied by the Multiplier(t)) is subtracted from the Fix(t) is greater than the Cap(t), investors may not benefit from the full extent of any negative performance of the Underlying Rate(t) as the Rate of Interest will be capped.

*6. Step-Up Interest Notes are subject to additional risks when compared to conventional debt instruments.*

The Issuer may issue Step-Up Interest Notes. If "Fixed Rate Period" is specified as being "Applicable" in the applicable Final Terms, such Notes will bear interest at a fixed rate of interest as specified in the applicable Final Terms (being Rate of Interest(Fixed)(t)) during any interest period specified in the applicable Final Terms (being Interest Period(t)) falling within the Fixed Rate Interest Period. During such Fixed Rate Interest Period, any increases in market interest rates may adversely affect the value of the Notes.

The Notes will pay interest at fixed rates during any Variable Rate Interest Period, which increase periodically during the life of the Notes by the Step-Up(t), as specified in the applicable Final Terms. Any investors holding these Notes will be subject to the risk that any periodic increases in the Rate of Interest for the Notes may not keep pace with any increase in market interest rates, with the consequence that the real return on the Notes (and the value of the Notes) will fall.

*7. Step-Down Interest Notes are subject to additional risks when compared to conventional debt instruments.*

The Issuer may issue Step-Down Interest Notes. If "Fixed Rate Period" is specified as being "Applicable" in the applicable Final Terms, such Notes will bear interest at a fixed rate of interest as specified in the applicable Final Terms (being Rate of Interest(Fixed)(t)) during any interest period specified in the applicable Final Terms (being Interest Period(t)) falling within the Fixed Rate Interest Period. During such Fixed Rate Interest Period, any increases in market interest rates may adversely affect the value of the Notes.

The Notes will pay interest at fixed rates during any Variable Rate Interest Period, which decrease periodically during the life of the Notes by the Step-Down(t), as specified in the applicable Final Terms. Any investors holding these Notes will be subject to the risk that any periodic decreases in the Rate of Interest for the Notes may not keep pace with any decrease in market interest rates, with the consequence that the real return on the Notes (and the value of the Notes) will fall.

*8. The market continues to develop in relation to the Sterling Overnight Index Average ("SONIA"), the Secured Overnight Financing Rate ("SOFR") and the euro short-term rate ("€STR") as reference rates for Floating Rate Notes.*

On 29 November 2017, the Bank of England and the United Kingdom's Financial Conduct Authority (the "**FCA**") announced that the Bank of England's Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to the SONIA over the following four years across sterling bond, loan and derivatives markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling

LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions as applicable to Notes referencing a SONIA rate that are issued under this Base Prospectus. Furthermore the Issuer may in the future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA referenced-Notes issued by it under the Programme. The development of SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Notes issued under the Programme from time to time.

In June 2017, the Federal Reserve Bank of New York's Alternative Reference Rates Committee (the "**ARRC**") announced SOFR as its recommended alternative to U.S. dollar LIBOR. However, the composition and characteristics of SOFR are not the same as those of U.S. dollar LIBOR. SOFR is a broad Treasury repo financing rate that represents overnight secured funding transactions and is not the economic equivalent of U.S. dollar LIBOR. While SOFR is a secured rate, U.S. dollar LIBOR is an unsecured rate. And, while SOFR is currently only an overnight rate, U.S. dollar LIBOR is a forward-looking rate that represents interbank funding for a specified term.

As a result, there can be no assurance that SOFR will perform in the same way as U.S. dollar LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. For the same reasons, SOFR is not expected to be a comparable replacement for U.S. dollar LIBOR.

SOFR is published by the Federal Reserve Bank of New York (the "**Federal Reserve**") and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities. The Federal Reserve notes on its publication page for SOFR that the Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. Because SOFR is published by the Federal Reserve based on data received from other sources, the Issuer has no control over its determination, calculation or publication. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Notes linked to SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes. The Federal Reserve began to publish SOFR in April 2018. The Federal Reserve has also begun publishing historical indicative SOFR rates going back to 2014. Investors should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR. The Federal Reserve began publishing the SOFR Index on 3 March 2020.

Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as, for example, U.S. dollar LIBOR, during corresponding periods, and SOFR may bear little or no relation to the historical actual or historical indicative data. In addition, although changes in Term SOFR and Compounded Daily SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of the relevant Notes may fluctuate more than other securities that are linked to less volatile rates.

According to the ARRC, SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider SOFR a suitable replacement or successor for all of the purposes for which U.S. dollar LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SOFR. Any failure of SOFR to gain market acceptance could adversely affect the return on and value of the relevant Notes and the price at which investors can sell such Notes in the secondary market.

SOFR is a relatively new rate, and the Federal Reserve (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to

the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on the relevant Notes, which may adversely affect the trading prices of such Notes. The administrator of SOFR may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SOFR in its sole discretion and without notice and has no obligation to consider the interests of Holders in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended €STR as the new risk-free rate for the euro area. Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation (Regulation (EU) 2016/1011), it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The European Central Bank began to publish €STR (as defined in the Terms and Conditions of the Notes) on 2 October 2019, intended to reflect trading activity on 1 October 2019. The European Central Bank notes on its publication page for €STR that use of €STR is subject to important disclaimers. The European Central Bank also published pre-€STR up to 30 September 2019. Investors should not rely on any trends in the pre-€STR as an indicator of future changes in €STR.

Prospective investors in Floating Rate Notes linked to €STR should be aware that the market continues to develop in relation such risk free rate as reference rates in the capital markets. If the manner in which Compounded Daily €STR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes. Accordingly, an investment in Floating Rate Notes using €STR as a reference rate may entail significant risks not associated with similar investments in conventional debt securities. Prospective investors should consider these matters when making their investment decision with respect to Notes which reference Compounded Daily €STR.

Furthermore, interest on Notes which reference SONIA, Compounded Daily SOFR, the SOFR Average or €STR are only capable of being determined at the end of the relevant Observation Period or Interest Period (as applicable) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SONIA, Compounded Daily SOFR, the SOFR Average or €STR to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to, for example, EURIBOR or LIBOR-based Notes, if Notes referencing SONIA, Compounded Daily SOFR, the SOFR Average or €STR become due and payable as a result of an event of default under Condition 7 (Events of Default), the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined on the date on which the Notes become due and payable and shall not be reset thereafter.

In addition, the manner of adoption or application of SONIA reference rates, SOFR reference rates or €STR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA, SOFR or €STR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates, SOFR reference rates or €STR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA, Compounded Daily SOFR, the SOFR Average or €STR.

If any of SOFR, SONIA or €STR do not prove to be widely used as a benchmark in securities that are similar or comparable to the relevant Notes, the trading price of such Notes may be lower than those of securities that are linked to rates that are more widely used. Similarly, market terms for securities that are linked to SOFR, SONIA or €STR, including, but not limited to, the spread over the reference rate reflected in the interest rate provisions, may evolve over time, and as a result, trading prices of the relevant Notes may be lower than those of later-issued securities that are based on SOFR, SONIA or €STR. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

*9. Risks relating to SOFR benchmark transition.*

If Condition 5B.(10) is also specified to be applicable in the applicable Final Terms for Floating Rate Notes, and the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Issuer will appoint an Independent Adviser (as defined in Condition 5B.(10)) to determine (in consultation with the Issuer) the Benchmark Replacement in accordance with the benchmark transition provisions described in Condition 5B.(10). After such an event, interest on the relevant Notes will no longer be determined by reference to the Benchmark, but instead will be determined in accordance with the benchmark transition provisions described in Condition 5B.(10).

The selection of a Benchmark Replacement, and any decisions, determinations or elections made by the Issuer in connection with implementing a Benchmark Replacement with respect to the relevant Notes in accordance with the benchmark transition provisions, including with respect to Benchmark Replacement Conforming Changes, could adversely affect the rate of interest on such Notes, which could adversely affect the return on, value of and market for such Notes. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the Benchmark, or that any Benchmark Replacement will produce the economic equivalent of the Benchmark as a reference rate for interest on such Notes.

The Terms and Conditions of the Notes, as further described in Condition 5B.(10), provides for a "waterfall" of alternative rates to be used to determine the rate of interest on the relevant Notes if a Benchmark Transition Event and related Benchmark Replacement Date occur. The first alternative rate in the waterfall for U.S. dollar LIBOR is Term SOFR, a forward-looking rate which will be based on SOFR. However, Term SOFR does not exist as of the date of this Base Prospectus, and there is no guarantee that Term SOFR will exist prior to a Benchmark Transition Event and related Benchmark Replacement Date. Even if Term SOFR is developed, it is unclear whether it will be a suitable replacement or successor for U.S. dollar LIBOR. Assuming Term SOFR does not exist at the time of a Benchmark Transition Event and related Benchmark Replacement Date, the second alternative rate in the waterfall for U.S. dollar LIBOR is Compounded Daily SOFR. Compounded Daily SOFR is the compounded average of daily SOFR rates that is expected to be calculated in arrears, while U.S. dollar LIBOR is a forward-looking rate. However, there currently is no uniform market convention with respect to the calculation of Compounded Daily SOFR. Uncertainty surrounding the establishment of market conventions related to the calculation of Term SOFR and Compounded Daily SOFR and whether either alternative reference rate is a suitable replacement or successor for U.S. dollar LIBOR may adversely affect the value of and return on the relevant Notes.

In addition, the future performance of SOFR cannot be predicted based on the limited historical performance. Levels of SOFR following the occurrence of a Benchmark Transition Event and related Benchmark Replacement Date may bear little or no relation to the historical actual or historical indicative data. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR, such as correlations, may change in the future. While, as at the date of this Base Prospectus, some pre-publication historical data have been released by the Federal Reserve Bank of New York, such analysis inherently involves assumptions, estimates and approximations. The future performance of SOFR is impossible to predict and therefore no future performance of SOFR may be inferred from any of the historical actual or historical indicative data. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR.

The additional alternative rates referenced in the definition of "Benchmark Replacement" in Condition 5B.(10) also are uncertain. In particular, the ISDA Fallback Rate, which is the rate referenced in the ISDA Definitions at the time of a Benchmark Transition Event and related Benchmark Replacement Date, has not been established as of the date of this Base Prospectus. Even after the ISDA Fallback Rate is initially determined, ISDA Definitions and the ISDA Fallback Rate may change over time. If each alternative rate referenced in the definition of "Benchmark Replacement" is unavailable or indeterminable, the Independent Adviser, in consultation with the Issuer, will determine the Benchmark Replacement that will apply to the relevant Notes. The substitution of a Benchmark Replacement for U.S. dollar LIBOR may adversely affect the value of and return on the relevant Notes

*10. Notes issued as green, social or sustainable bonds may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets. Any failure to use the net proceeds of any Series of Notes designed as ESG Bonds (as defined below) in connection with green, social or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with*

*respect to such Notes may affect the value and/or trading price of the Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green, social or sustainable assets.*

The Issuer may issue Notes under the Programme where the use of proceeds is specified in the applicable Final Terms to be for the financing and/or refinancing of specified "green", "social" or "sustainability" projects of the Issuer or any of its subsidiaries, in accordance with certain prescribed eligibility criteria as in such case shall be set out in item 4(i) of Part B (*Reasons for the offer*) of the applicable Final Terms (any Notes which have such a specified use of proceeds are referred to as "**ESG Bonds**").

In connection with an issue of ESG Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue an independent opinion (a "**Compliance Opinion**") confirming that any ESG Bonds are in compliance with the Green Bond Principles, the Social Bond Principles or the Sustainability Bond Guidelines, each as prepared and published by the International Capital Market Association (the "**ICMA Principles**"). The ICMA Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green, social and sustainability bond market.

Potential investors should be aware that any Compliance Opinion will not be incorporated into, and will not form part of, the Prospectus or the applicable Final Terms. Any such Compliance Opinion may not reflect the potential impact of all risks related to the structure of the relevant Series of ESG Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the ESG Bonds. Any such Compliance Opinion is not a recommendation to buy, sell or hold securities and is only current as of its date of issue.

While the ICMA Principles do provide a high level framework, still there is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable", and therefore no assurance can be provided to potential investors that the green, social or sustainable projects to be specified in the applicable Final Terms will meet all investors' expectations regarding sustainability performance or continue to meet the relevant eligibility criteria. Although applicable green, social and sustainability projects are expected to be selected in accordance with the categories recognised by the ICMA Principles, and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green, social or sustainable projects. Where any negative impacts are insufficiently mitigated, green, social or sustainable projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

Further, although the Issuer may agree at the Issue Date of any ESG Bonds to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of green or sustainable projects (as specified in the applicable Final Terms), it would not be an event of default under the ESG Bonds if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the applicable Final Terms and/or (ii) the Compliance Opinion were to be withdrawn. Although it is BNG Bank's intention to use the net proceeds of ESG Bonds for green, social or sustainability purposes, any failure to use the net proceeds of any Series of ESG Bonds in connection with green, social or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such ESG Bonds may affect the value and/or trading price of the ESG Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green, social or sustainable assets which may cause one or more of such investors to dispose of the ESG Bonds held by them which may affect the value, trading price and/or liquidity of the relevant Series of ESG Bonds and/or may have consequences for certain investors with portfolio mandates to invest in ESG assets.

Neither the Issuer nor the Dealers make any representation as to the suitability for any purpose of any Compliance Opinion or whether any ESG Bonds fulfil the relevant environmental and sustainability criteria. Prospective investors should have regard to the eligible green, social or sustainable bond projects and eligibility criteria described in the applicable Final Terms. Each potential purchaser of any Series of ESG Bonds should determine for itself the relevance of the information contained in this Base Prospectus and in the applicable Final Terms regarding the use of proceeds and its purchase of any ESG Bonds should be based upon such investigation as it deems necessary. No assurance is given by the Issuer or the Dealers that the use of the proceeds of any Series of ESG Bonds will satisfy, whether in whole or in part, any present

or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

**F. Risks related to Notes generally**

*1. Modification and waiver provisions set out in the Terms and Conditions of the Notes, if invoked, can result in modifications and/or waivers, the result of which may, in certain circumstances, be adverse to one or more of the Noteholders*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority in respect of the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes).

Any such modification may be contrary to the interest of one or more Noteholders and as a result the Notes may no longer meet the requirements or investment objectives of a Noteholder.

*2. Notes held in global form are subject to the procedures of the applicable clearing system which could restrict transferability of the Notes*

A holder of a beneficial interest in a Note in global form must rely on the procedures of Euroclear, Clearstream, Luxembourg and/or DTC to receive payments under the relevant Notes.

In relation to any issue of notes held in bearer form which have denominations consisting of a minimum Specified Denomination (as defined in the Terms and Conditions of the Notes) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination (a "**Stub Amount**") may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination. As long as the Stub Amount is held in the relevant clearing system, the Noteholder will be unable to transfer this Stub Amount.

Notes which are represented by a Global Note or a Global Note Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be.

*3. The Notes are, or may be, subject to restrictions on transfer which may restrict investors' investment strategy in respect of such Notes*

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. The Notes and the Issuing and Paying Agency Agreement (as defined in the Terms and Conditions) will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions under the Securities Act. In addition, any offer, sale or transfer of Notes into the United States may be made only to QIBs. Investors must ensure that their offers and sales of the Notes within the United States and other countries comply with all applicable laws, including securities laws. Bearer Notes are subject to United States tax law requirements. Bearer Notes may generally not be offered, sold or delivered within the United States or to United States persons, 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. See "*Plan of Distribution*" and "*Transfer Restrictions*". Investors must ensure that their offers and sales of the Notes within the United States and other countries comply with all applicable laws, including, amongst others, the laws mentioned above. If offers and sales of Notes do not comply with all

applicable laws in relevant jurisdictions, Notes may not be able to be sold, transferred or delivered to certain investors and investors may not be able to sell, transfer and deliver Notes to third parties who are residents, citizens or holders of securities accounts in such jurisdictions.

*4. Nominee arrangements may result in investors being exposed to credit risk and default risk in respect of such nominee*

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 Series of Notes through accounts with a clearing system (such as Euroclear, Clearstream, Luxembourg or DTC), 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 clearing system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or clearing system to distribute all payments attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as the Issuer.

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

In addition, such a Noteholder 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.

*5. Notes issued in New Global Note form are not assured of being recognised as eligible collateral of Eurosystem*

The New Global Note ("**NGN**") form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

*6. A change of law and jurisdiction may adversely affect the value of the Notes*

The conditions of the Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by Dutch law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Dutch, European or any other applicable laws, regulations or administrative practices after the date of this Base Prospectus. Such changes in laws may include, but are not limited to, amendments to a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by BNG Bank, including the Notes, or requirements with respect to the minimum levels of own funds and eligible liabilities to be maintained by BNG Bank. Any such change could materially adversely impact the value of any Notes affected by it. Prospective investors should note that the courts of the Netherlands shall have jurisdiction in respect of any disputes involving any Series of Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any court of competent jurisdiction. The laws of the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

*7. The rights of the holders of the Notes may be directly or indirectly affected as a result of the exercise by the competent authority of the bail-in tool or other recovery or resolution power in respect of BNG Bank and there are limited rights of holders to challenge such rights. Future bank recovery and resolution regimes may affect the rights of holders of the Notes even further*

With the implementation of the BRRD into Dutch law, the entry into force of the SRM Regulation and the Dutch Intervention Act, the competent authority or resolution authority may decide to take certain measures and exercise certain powers thereunder, including the bail-in tool or other recovery or resolution power, in such a manner that could result in debt instruments or other liabilities of BNG Bank, including the Notes, absorbing losses. The taking of such measures and the exercise of such powers could negatively affect the rights of the holders of the Notes or the enforcement thereof, and could result in losses being incurred by the holders of the Notes to the extent that the holder of the Notes could lose part or all of its investment in the Notes, including any accrued but unpaid interest. The taking of any recovery or resolution measures or exercise of any power pursuant thereto could also indirectly negatively affect the position of the holders of the Notes. Even if no measures are taken or powers are exercised directly in respect of the Notes, any remedies by the holders of the Notes may be restricted, the market value of the Notes may be affected and the powers could increase BNG Bank's cost of funding and thereby have an adverse impact on BNG Bank's financial position.

In addition, whether all or part of the principal amount of the Notes will be subject to the bail-in tool is unpredictable and may depend on a number of factors which may be outside BNG Bank's control. Trading behaviour in respect of Notes which are subject to the bail-in tool is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication herein that the Notes may become subject to the bail-in tool could have an adverse effect on the market price of the relevant Notes.

Holders of the Notes may have limited rights to challenge, to demand compensation for losses, seek a suspension or nullification of any decision of the competent authority or resolution authority to take certain recovery or resolution measures, and exercise the bail-in tool or other recovery or resolution powers to implement such measures, to have that decision reviewed by a judicial or administrative process or otherwise, or to exercise any other remedy in this context.

It is possible that under the BRRD, the SRM Regulation, the Dutch Intervention Act, the EU Banking Reforms or any other future similar proposals, any new resolution powers granted by way of statute to the SRB, DNB, the ECB, the Dutch Minister of Finance and/or any other relevant authority could be used in such a way as to result in the debt instruments of BNG Bank, such as the Notes, absorbing losses or otherwise affecting the rights of Noteholders in the course of any resolution of BNG Bank.

Despite there being certain conditions for the taking of recovery or resolution measures, and the exercise of any powers to implement such measures, there is uncertainty regarding the specific factors which the competent authority or resolution authority would consider in deciding whether to take any recovery or resolution measure, and how to implement such measure, with respect to BNG Bank and its assets or liabilities, such as the Notes. The criteria that the competent authority or resolution authority would consider provide it with considerable discretion. Holders of the Notes may not be able to refer to publicly available criteria in order to anticipate a potential taking of any recovery or resolution measure or the exercise of any power pursuant thereto, and consequently its potential effect on BNG Bank and the Notes. In addition, it is uncertain how any decision of the SRB will affect BNG Bank or Noteholders and it cannot be excluded that any future decision (in relation to the preferred resolution of strategy of BNG Bank – which is currently normal insolvency law) may negatively impact BNG Bank's financial condition or the Notes.

*8. The regulation and reform of 'benchmarks' may affect the value or payment of interest or principal under the Notes linked to such 'benchmarks'.*

Various benchmarks (including interest rate benchmarks such as the London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and the Euro Overnight Index Average ("**EONIA**")) and other interest rates or other types of rates and indices which are deemed to be 'benchmarks' are the subject of ongoing national and international regulatory reform. Some of these reforms are already effective, such as the Benchmarks Regulation (Regulation (EU) 2016/1011) (the "**Benchmarks Regulation**"), whilst others are still to be implemented. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform or

be calculated differently than in the past, or benchmarks could cease to exist entirely, or there could be other consequences which cannot be predicted. Under the Programme, the interest payable on the Notes can be determined by reference to such benchmarks.

In addition, as the Issuer is a supervised entity for the purposes of the Benchmarks Regulation, the Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in circumstances where an index which is a benchmark could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as being subject to an equivalent regime or otherwise recognised or endorsed. This could potentially lead to such Notes being de-listed, adjusted, redeemed early or otherwise affected depending on the particular benchmark and the relevant terms of such Notes.

Under the Benchmarks Regulation, new requirements apply with respect to the provision of a wide range of benchmarks (including LIBOR, EURIBOR and EONIA), the contribution of input data to a benchmark and the use of a benchmark within the European Union..

These reforms and other pressures (including from regulatory authorities) may cause one or more benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Moreover, any significant change to the setting or existence of LIBOR, EURIBOR, EONIA or any other relevant benchmark could affect the ability of BNG Bank to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and amounts payable under, the Notes linked to a 'benchmark'.

*9. Future discontinuance of LIBOR and any other benchmark may adversely affect the value of Notes which reference LIBOR or such other benchmark*

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the EU. The Benchmarks Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or other benchmarks, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of, the published rate or level, of the benchmark. In addition, the Benchmarks Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. Although, as far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation continue to apply, there is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmarks Regulation and other applicable regulations and reforms, and the risks associated therewith.

An example of such benchmark reform was the announcement on 27 July 2017 by the Chief Executive of the FCA, which regulates LIBOR, stating that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted. In addition, on 29 November 2017, the Bank of England and the FCA announced that the Working Group on Sterling Risk Free Rates would, as of January 2018, have an extended mandate to catalyse a transition to SONIA over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams have also been undertaken to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). A working group on euro risk-free rates was established to identify and recommend risk-free rates that could serve as an alternative to current benchmarks used in a variety of

financial instruments and contracts in the euro area, such as EONIA and EURIBOR. The working group recommended on 13 September 2018 that €STR be used as the risk-free rate for the euro area and is now focused on supporting the market with transitioning. €STR has been published by the ECB from October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

At this time, it is not possible to predict what the effect of these developments will be or what the impact on the value of the Notes will be. These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely or to perform differently and may dissuade market participants from using certain benchmarks such as LIBOR or EURIBOR or to continue to administer or participate in such benchmarks. More generally, any of the above changes or any other consequential changes to LIBOR, EURIBOR or any other benchmark as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the liquidity and value of, and return on, any Notes based on or linked to a benchmark.

The potential elimination of, or the potential changes in the manner of administration of, a benchmark, or such benchmark not or no longer complying with the terms of the Benchmarks Regulation, could require an adjustment to the Terms and Conditions of the Notes to reference an alternative benchmark, or result in other consequences, including those which cannot be predicted, in respect of any Notes linked to such benchmark. Investors should be aware that if LIBOR or any other benchmark were discontinued, the rate of interest on Notes which reference LIBOR or any other benchmark will be determined for the relevant period by the discontinuation provisions set out in Condition 5B.(9) or Condition 5B.(10) applicable to such Notes. If (i) the Calculation Agent and BNG Bank (in consultation with each other), or BNG Bank, acting alone, determines at any time prior to, on or following any Interest Determination Date, that the relevant EURIBOR Rate, LIBOR Rate or Reference Rate (as specified in the applicable Final Terms) has been discontinued when any Rate of Interest (or relevant part thereof) remains to be determined by such EURIBOR Rate, LIBOR Rate or Reference Rate then, BNG Bank will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date) appoint a Rate Determination Agent (as defined in Condition 5B.(9)) which will determine in its sole discretion, acting in good faith and in a commercially reasonable manner, whether a substitute or successor rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate (as defined in Condition 5B.(9)), including any adjustment factor needed to make such Replacement Reference Rate an appropriate substitute or successor rate to the relevant EURIBOR Rate, LIBOR Rate or Reference Rate. See Condition 5B.(9) for more information; or (ii) the Issuer determines that a Benchmark Transition Event (as defined in Condition 5B.(10)) and its related Benchmark Replacement Date (as defined in Condition 5B.(10)) have occurred with respect to the then-current Benchmark (as defined in Condition 5B.(10)) (including any daily published component used in the calculation thereof), the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint an Independent Adviser (as defined in Condition 5B.(10)) which will determine (in consultation with the Issuer) the Benchmark Replacement which will replace the then-current Benchmark (or such component) for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent Interest Determination Dates and in connection with the implementation of any Benchmark Replacement (as defined in Condition 5B.(10)), the Independent Adviser, in consultation with the Issuer, will have the right to make Benchmark Replacement Conforming Changes (as defined in Condition 5B.(10)) from time to time. See Condition 5B.(10) for more information.

It is possible that BNG Bank may itself act as Rate Determination Agent and determine a Replacement Reference Rate. In such case, the BNG Bank will make such determinations and adjustments as it deems appropriate, and acting in good faith and in a commercially reasonable manner, in accordance with the Terms and Conditions of the Notes. In making such determinations and adjustments, the BNG Bank may be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. BNG Bank and/or any of its affiliates may have existing or future business relationships and business interests and may pursue actions and take steps that they or it deems necessary or appropriate to protect its and/or their interests arising therefrom without taking into account the consequences for a Noteholder. There is no guarantee that any Replacement Reference Rate will produce the same yield as the rate that was discontinued and the price of the affected Notes may be adversely affected by such determination.

In addition, the application of the fallback provisions contained in Condition 5B.(9) and/or Condition 5B.(10) (as applicable) may lead to a conflict of interests of the Issuer, the Rate Determination Agent (as defined in Condition 5.B(9)) or an Independent Adviser (as defined in Condition 5B(10)) and Noteholders with respect to certain determinations and judgments that the Independent Advisor and/or the Rate Determination Agent may make pursuant to Condition 5B.(9) and/or Condition 5B.(10) (as applicable) (such as determining an adjustment spread, if any). As the Rate Determination Agent or the Independent Adviser (as the case may be) would be appointed and paid for by BNG Bank, there is a risk that the Rate Determination Agent or the Independent Adviser would provide determinations and judgments in favour of BNG Bank for this reason and thereby ultimately influence the amount receivable under the Notes.

The Rate Determination Agent may be considered an 'administrator' under the Benchmarks Regulation. This is the case if it is considered to be in control over the provision of the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a discontinuation scenario. This would mean that the Rate Determination Agent (i) administers the arrangements for determining such rate, (ii) collects, analyses, or processes input data for the purposes of determining such rate and (iii) determines such rate through the application of a method of calculation or by an assessment of input data for that purpose. Furthermore, for the Rate Determination Agent to be considered an 'administrator' under the Benchmarks Regulation, the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a discontinuation scenario should be a benchmark (index) within the meaning of the Benchmarks Regulation. This may be the case if the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a discontinuation scenario, is published or made available to the public and regularly determined by application of a method of calculation or by an assessment, and on the basis of certain values or surveys.

The Benchmarks Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmarks Regulation. There is a risk that administrators (which may include the Rate Determination Agent in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark.

The Replacement Reference Rate or Benchmark Replacement will (in the absence of manifest error) be final and binding, and will apply to the relevant Notes without any requirement that BNG Bank obtain consent of any Noteholders. If BNG Bank is unable to appoint a Rate Determination Agent or the Independent Adviser (as the case may be) or the Rate Determination Agent or the Independent Adviser (as the case may be) is unable to or otherwise does not determine a Replacement Reference Rate under Condition 5B.(9) or a Benchmark Replacement under Condition 5B.(10) this could result under Conditions 5B.(3), (4), (5), (6), (7) or (8) in the effective application of a fixed rate to what was previously a Floating Rate Note based on the rate which applied in the previous period when the relevant EURIBOR Rate, LIBOR Rate or Reference Rate was available (as stated in the Final Terms in respect of a series of Notes). The effective application of a fixed rate to what was previously a Floating Rate Note could have a material adverse effect on the value of and return on any such Notes.

In addition, due to the uncertainty concerning the availability of successor rates and substitute reference rates and the involvement of a Rate Determination Agent, the relevant discontinuation provisions may not operate as intended at the relevant time. In addition, the Replacement Reference Rate may perform differently from the discontinued benchmark. For example, there are currently proposals to replace LIBOR (which generally has a term of one, three or six months) with an overnight rate. Similarly, proposals have been made to use a rate on highly rated government obligations to replace LIBOR, which is currently based on interbank lending rates and carries an implicit element of credit risk of the banking sector. Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of BNG Bank to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

If the Issuer or the Calculation Agent, as the case may be, determines that the EURIBOR Rate, LIBOR Rate or Reference Rate (as specified in the applicable Final Terms) has been discontinued or, as the case may be, a Benchmark Transition Event and related Benchmark Replacement Date occur with respect to U.S. dollar LIBOR, the rate of interest on the relevant Notes may thereafter be determined by reference to a successor rate or the Benchmark Replacement, as the case may be. A Benchmark Transition Event includes, among other things, a public statement or publication of information by the regulatory supervisor for the administrator of U.S. dollar LIBOR announcing that U.S. dollar LIBOR is no longer representative. In such case, the rate of interest on the relevant Notes may therefore cease to be determined by reference to U.S. dollar LIBOR, and instead be determined by reference to a successor rate or the Benchmark Replacement as the case may be, even if the original Reference Rate or, as the case may be, U.S. dollar LIBOR continues to be published. Such rate may be lower than the original Reference Rate or, as the case may be, U.S. dollar LIBOR for so long as the original Reference Rate or, as the case may be, U.S. dollar LIBOR continues to be published, and the value of and return on the relevant Notes may be adversely affected.

**G. Risks related to Renminbi Notes**

Renminbi Notes may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including:

*1. Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes.*

Renminbi is not freely convertible at present. The government of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan, the "**PRC**") (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital amount items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although starting from 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and the People's Bank of China (the "**PBoC**") has implemented policies in 2018 improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

*2. There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes.*

As a result of the restrictions by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While the PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Terms and Conditions applicable to Renminbi Notes, the Issuer can make payments in U.S. dollars.

*3. Investment in Renminbi Notes is subject to exchange rate risks.*

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In 2015, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in foreign currencies may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

*4. Investment in the Renminbi Notes is subject to interest rate risks.*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

*5. Investment in the Renminbi Notes may be subject to PRC tax.*

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws (including without limitation the PRC enterprise income tax or PRC individual income tax) to their particular situations. The value of the investment made by a holder of the Renminbi Notes may be materially and adversely affected if such holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

# IMPORTANT NOTICES

This Base Prospectus has been approved by the AFM as competent authority under the Prospectus Regulation. The AFM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Base Prospectus shall be valid for use only by the Issuer or others who have obtained the Issuer's consent for a period of up to 12 months after its approval by the AFM and shall expire on 25 May 2021, at the latest. The obligation to supplement this Base Prospectus, in the event of any significant new factors, material mistakes or material inaccuracies relating to information included in this Base Prospectus which may affect the assessment of any Notes, shall cease to apply upon the expiry of the validity period of this Base Prospectus. This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*") and shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus. In addition, this Base Prospectus should, in relation to any Series (as defined in the applicable Final Terms and the Terms and Conditions of the Notes) of Notes, be read and construed together with the applicable Final Terms.

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

The Issuer has confirmed that this Base Prospectus contains all information regarding the Issuer, the Programme and (subject to being completed by any final terms (each the "**Final Terms**") as referred to on page 115 hereof) the Notes which is (in the context of the Programme and the issue of the Notes) material and such information is true and accurate in all respects and is not misleading.

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect the import of such information.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so:

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer, or

(ii) in the circumstances described under "*Non-exempt Offers of Non-exempt Offer Notes in the European Economic Area*" below.

Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended or superseded).

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained or incorporated by reference in this Base Prospectus or any Final Terms or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Dealers.

Neither the Agents or the Dealers nor any of their respective affiliates (excluding the Issuer) have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus nor do the Agents or the Dealers or any of their respective directors, affiliates, advisers or agents take any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. The delivery of this Base Prospectus or any Final Terms 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 financial situation of the Issuer since the date hereof or, as the case may be, the date upon which the Base Prospectus 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 or financial position of the Issuer since the date hereof or, if later, the date upon which this Base Prospectus 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 distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer 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 Base Prospectus and other offering material relating to the Notes see "*Plan of Distribution*" below.

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. Bearer Notes are subject to United States tax law requirements. Bearer Notes may generally not be offered, sold or delivered within the United States or to United States persons, as those terms are defined in the Code, and by the U.S. Treasury Regulations thereunder.

The Notes may be offered and sold (A) in bearer form outside the United States to non-U.S. persons in reliance on Regulation S and (B) in registered form within the United States to QIBs in reliance on Rule 144A and/or outside the United States to non-U.S. persons in reliance on Regulation S. **Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A**. For a description of these and certain further restrictions on offers, sales and transfers of Notes, see "*Plan of Distribution*" and "*Transfer Restrictions*".

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 Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

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

The Issuer has given undertakings in connection with the listing of the Notes on the regulated market of the Luxembourg Stock Exchange and Euronext Amsterdam to the effect that, so long as any Note remains outstanding and listed on the regulated market of the Luxembourg Stock Exchange or Euronext Amsterdam (as the case may be), in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Base Prospectus or if a significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which may affect the assessment of any Notes, the Issuer will prepare a supplement to the Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes to be listed on the regulated market of the Luxembourg Stock Exchange or Euronext Amsterdam (as the case may be). If the terms of the Programme

are modified or amended in a manner which would make the Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus or a supplement to the Base Prospectus will be prepared.

**STABILISATION**

In connection with the issue of Notes under the Programme, the Dealer or Dealers (if any) specified in the Final Terms as the Stabilising Manager(s) (or any person acting for the Stabilising Manager(s)) in relation to the relevant series of Notes may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of such Series at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on any Stabilising Manager (or any agent of a Stabilising Manager) to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Such stabilising or over-allotment shall be in compliance with all applicable laws, regulations and rules.

**IMPORTANT – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** - If the Final Terms in respect of any Notes includes a legend entitled 'Prohibition of Sales to EEA and UK Retail Investors', the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU, as amended or superseded ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**IMPORTANT - NOTICE TO INVESTORS IN BELGIUM**: If the 'Prohibition of Sales to Belgian Consumers' is specified as applicable in the applicable 'Final Terms', the Notes are not intended to be offered, sold or resold, transferred or delivered or otherwise made available to and should not be offered sold or resold, transferred or delivered or otherwise made available to any individual in Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht / Code de droit économique*), as amended from time to time.

**MiFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Notes will include a legend entitled 'MiFID II Product Governance' which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**BENCHMARKS REGULATION**

Interest and/or other amounts payable under the Notes may be calculated by reference to EURIBOR which is provided by the EMMI, LIBOR which is provided by the ICE, EONIA which is provided by the EMMI, or any other benchmark, in each case as specified in the applicable Final Terms. As at the date of this Base Prospectus, EMMI and ICE is included in the register of administrators and benchmarks established and

maintained by ESMA pursuant to Article 36 Register of administrators and benchmarks of the Benchmarks Regulation. However, Article 51 (*Transitional provisions*) of the BMR provides that index providers already providing a benchmark on 30 June 2016 have until 31 December 2021 to apply for authorisation or registration in accordance with Article 34 (*Authorisation and registration of an administrator*) of the BMR and may continue to provide such an existing benchmark until 31 December 2021 or, where the index provider submits an application for authorisation or registration, unless and until such authorisation or registration is refused. The applicable Final Terms may set out the name of the specific benchmark(s) (if other than LIBOR or EURIBOR) and the relevant administrator. In such a case they will further specify if the relevant administrator appears or does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the BMR.

If any such reference rate (other than LIBOR, EONIA or EURIBOR), does constitute such a benchmark under the Benchmarks Regulation, the relevant Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation. Not every reference rate will fall within the scope of the Benchmarks Regulation. Furthermore, transitional provisions in the Benchmarks Regulation may have the result that an administrator and/or a benchmark is not required to appear in the register of administers and benchmarks at the date of the relevant Final Terms. The registration status of any administrator or benchmark under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Final Terms to reflect any change in the registration status of the administrator.

**BANK RECOVERY AND RESOLUTION DIRECTIVE**

The Bank Recovery and Resolution Directive ("**BRRD**") and the Single Resolution Mechanism Regulation ("**SRM Regulation**") provide for the European framework for the recovery and resolution of (amongst others) ailing banks, certain investment firms and certain of their group entities.

The BRRD has been transposed into Dutch law pursuant to the Act implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*), which entered into force on 26 November 2015. BNG Bank is subject to the BRRD as implemented in Dutch law.

On 7 June 2019, the BRRD was amended with effect from 27 June 2019 by a further directive ("**BRRD II**"). BRRD II must be transposed into national law no later than 28 December 2020.

The BRRD, as implemented in Dutch law, provides DNB in its capacity as competent national resolution authority with the powers necessary to implement the resolution decisions taken by the European Single Resolution Board ("**SRB**") in respect of significant banks in the Netherlands, such as BNG Bank. In addition, the European Central Bank, as the competent supervisory authority in respect of significant banks, is allowed to take certain recovery measures in the event the financial condition of a bank is deteriorating (subject to further conditions). Such measures could pertain, amongst others, to a change of the legal or operational structure, the removal of (individuals within) senior management or the management body and the appointment of a temporary administrator.

Investors should be aware that if BNG Bank would be deemed no longer viable (or one or more other conditions apply) the SRB may decide to write-down, cancel or convert relevant capital instruments of BNG Bank (such as the Notes), independently or in combination with a resolution action. For more details as to the current requirements imposed on BNG Bank and the risks associated therewith, please see "*Risks related to the Dutch Intervention Act, BRRD and SRM Regulation*" above.

**AVAILABLE INFORMATION**

The Issuer has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to each holder of such Notes in connection with any resale thereof and to any prospective purchaser of such Notes from such holder, in

each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

**INFORMED ASSESSMENT**

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 potential Investor's Currency;

(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.

**LEGAL INVESTMENT CONSIDERATIONS MAY RESTRICT CERTAIN INVESTMENTS**

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

## NON-EXEMPT OFFERS OF NON-EXEMPT OFFER NOTES IN THE EUROPEAN ECONOMIC AREA

Certain Tranches of Notes with a denomination of less than EUR 100,000 ("**Non-exempt Offer Notes**") may, subject as provided below, be offered in a Relevant State in circumstances where there is no exemption from the obligation under Article 1(4) of the Prospectus Regulation to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "**Non-exempt Offer**".

This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Non-exempt Offer Notes in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom (together, the "**Non-exempt Offer Jurisdictions**"). Any person making or intending to make a Non-exempt Offer of Non-exempt Offer Notes in a Non-exempt Offer Jurisdiction on the basis of this Base Prospectus must do so only with the Issuer's consent - see "*Consent given in accordance with Article 5.1 of the Prospectus Regulation*" below.

If the Issuer intends to make or authorise any Non-exempt Offer of Non-exempt Offer Notes to be made in one or more Relevant States other than in a Non-exempt Offer Jurisdiction, it will prepare a supplement to this Base Prospectus specifying such Relevant State(s) and any additional information required by the Prospectus Regulation in respect thereof. Such supplement will also set out provisions relating to the Issuer's consent to use this Base Prospectus in connection with any such Non-exempt Offer.

Save as provided above, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for either the Issuer or any Dealer to publish or supplement a prospectus for such offer.

**Consent given in accordance with Article 5.1 of the Prospectus Regulation**

In the context of any Non-exempt Offer of Non-exempt Offer Notes in a Non-exempt Offer Jurisdiction, the Issuer accepts responsibility, in each of the Non-exempt Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Non-exempt Offer Notes by a Dealer and also with respect to subsequent resale or final placement of securities by any financial intermediary which was given consent to use this Base Prospectus (an "**Authorised Offeror**"), where the offer is made in compliance with all conditions attached to the giving of the consent. Such consent and conditions are described below under "Consent" and "Common conditions to consent". Neither the Issuer nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Non-exempt Offer.

**Save as provided below, neither the Issuer nor any Dealer (other than the Swiss Dealers) has authorised the making of any Non-exempt Offer and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Non-exempt Offer Notes in any jurisdiction. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer**. If, in the context of a Non-exempt Offer, an Investor to whom an offer of any Non-exempt Offer Notes is made is offered Non-exempt Offer Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of Article 1 of the Prospectus Regulation in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

The Issuer will publish information with respect to Authorised Offerors unknown at the time of the approval of the Base Prospectus or the filing of the applicable Final Terms, as the case may be, on its website.

**Consent**

Subject to the conditions set out below under "*Common conditions to consent*":

A. the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Non-exempt Offer Notes in any Non-exempt Offer Jurisdiction by:

(i) the Dealer(s) specified in the relevant Final Terms;

(ii) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and

(iii) any financial intermediary appointed after the date of the applicable Final Terms and whose name and address is published on the Issuer's website and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer; and

B. if (and only if) Part A of the relevant Final Terms specifies "*General Consent*" as "*Applicable*", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Non-exempt Offer Notes in a Non-exempt Offer Jurisdiction by any financial intermediary which satisfies the following conditions:

(i) it is authorised to make such offers under the legislation implementing the MiFID (as defined below) as applicable in each relevant jurisdiction; and

(ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information):

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Non-exempt Offer Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by BNG Bank N.V. (the "Issuer"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom] (the "Non-exempt Offer") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Non-exempt Offer accordingly."*

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

(I) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer(s) that it will, at all times in connection with the relevant Non-exempt Offer:

(a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") from time to time including, without limitation, Rules relating to both the appropriateness or suitability of any investment in the Non-exempt Offer Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Dealer(s) if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(b) comply with the restrictions set out under "*Plan of Distribution*" in this Base Prospectus which would apply as if it were a Dealer;

(c) comply with the target market and distribution channels identified under the "MiFID II product governance" legend set out in the applicable Final Terms;

(d) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Non-exempt

Offer Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

(e) hold all licenses, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Non-exempt Offer Notes under the Rules;

(f) comply with and take appropriate steps in relation to, applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Non-exempt Offer Notes by the Investor), and will not permit any application for Non-exempt Offer Notes in circumstances where the financial intermediary has any suspicions as to the source of the application moneys;

(g) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so required and permitted, make such records available to the relevant Dealer(s) and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer(s) in order to enable the Issuer and/or the relevant Dealer(s) to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the relevant Dealer(s);

(h) ensure that no holder of Non-exempt Offer Notes or potential Investor in Non-exempt Offer Notes shall become an indirect or direct client of the Issuer or the relevant Dealer(s) for the purposes of any applicable Rules from time to time, and, to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(i) cooperate with the Issuer and the relevant Dealer(s) in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Dealer(s) as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Dealer(s):

(i) in connection with any request or investigation by the AFM and/or any relevant regulator of competent jurisdiction in relation to the Non-exempt Offer Notes, the Issuer or the relevant Dealer(s); and/or

(ii) in connection with any complaints received by the Issuer and/or the relevant Dealer(s) relating to the Issuer and/or the relevant Dealer(s) or another Authorised Offeror, including, without limitation, complaints as defined in rules published by the AFM and/or any relevant regulator of competent jurisdiction from time to time: and/or

(iii) which the Issuer or the relevant Dealer(s) may reasonably require from time to time in relation to the Non-exempt Offer Notes and/or as to allow the Issuer or the relevant Dealer(s) fully to comply within its own legal tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any timeframe set by any such regulator or regulatory process;

(j) during the primary distribution period of the Non-exempt Offer Notes: (i) not sell the Non-exempt Offer Notes at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer(s)); (ii) not sell the Non-exempt Offer Notes otherwise than for the settlement on the Issue

Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer(s) and the Issuer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Non-exempt Offer Notes (unless otherwise agreed with the relevant Dealer(s)); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer(s).

(k) either (i) obtain from each potential Investor an executed application for the Non-exempt Offer Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case, prior to making any order for the Non-exempt Offer Notes on their behalf, and, in each case, maintain the same on its files for so long as is required by any applicable Rules;

(l) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer(s) to breach any Rule or subject the Issuer or the relevant Dealer(s) to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(m) comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements relevant to the Non-exempt Offer as specified in the applicable Final Terms;

(n) make available to each potential Investor in the Non-exempt Offer Notes the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus; and

(o) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purpose of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (i) is fair, clear and not misleading and complies with the Rules, (ii) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer nor the relevant Dealer(s) accept any responsibility for such communication and (iii) does not, without the prior written consent of the Issuer or the relevant Dealer(s) (as applicable), use the legal or publicity names of the Issuer or, respectively, the relevant Dealer(s) or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Non-exempt Offer Notes on the basis set out in this Base Prospectus;

(II) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer(s) (in each case, on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation of defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe an of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it or any information which has not been authorised for such purposes by the Issuer or the relevant Dealer(s); and

(III) agrees and accepts that;

(a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Non-exempt Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, the laws of the Netherlands; and

(b) the competent courts of The Hague, the Netherlands are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of such courts.

**Any financial intermediary falling within sub-paragraph (B) above who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (B)(ii) above.**

**Common conditions to consent**

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (B) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

(a) is only valid in respect of the relevant Tranche of Non-exempt Offer Notes;

(b) is only valid during the Offer Period specified in the relevant Final Terms; and

(c) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Non-exempt Offer Notes in one or more of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom, as specified in the applicable Final Terms.

**ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS**

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NON-EXEMPT OFFER NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH NON-EXEMPT OFFER NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NON-EXEMPT OFFER NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK AT THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. NEITHER THE ISSUER NOR ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OF LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

**Non-exempt Offers: Issue Price and Offer Price**

Non-exempt Offer Notes to be offered pursuant to a Non-exempt Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of the relevant Non-exempt Offer and will depend, amongst other things, on the interest rate applicable to the Non-exempt Offer Notes and prevailing market conditions at any time. The offer price of such Non-exempt Offer Notes will be the Issue Price or such other

price as may be agreed between an Investor and the Authorised Offeror making the offer of the Non-exempt Offer Notes to such Investor. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Non-exempt Offer Notes to such Investor.

## ENFORCEMENT OF FOREIGN JUDGMENTS

The Issuer is a limited liability company incorporated under the laws of the Netherlands. All of the officers and directors named herein reside outside of the United States and all or a substantial portion of the assets of the Issuer and its officers and directors are located outside the United States. As a result, prospective investors may have difficulties effecting service of process in the United States upon the Issuer or such persons in connection with any lawsuits related to the Notes, including actions arising under the federal securities laws of the United States. In addition, investors may have difficulties in enforcing original actions brought in courts in jurisdictions outside the United States, liabilities predicated upon U.S. securities laws.

In the absence of an enforcement treaty between the Netherlands and the United States, a judgment of a United States court cannot be enforced in the Netherlands. In order to obtain a judgment that can be enforced in the Netherlands against the Issuer, the dispute will have to be re-litigated before the competent Netherlands court. The basic premise is that a final judgment for payment given by a court in the United States will, in principle, be recognised and given effect to by a Dutch court if (i) the jurisdiction of the U.S. court is based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*), (iii) the judgment of the U.S. court is not contrary to Dutch public policy (*openbare orde*), and (iv) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies to be recognised and given effect to in the Netherlands. Moreover, even if a judgment by a U.S. court satisfies the above requirements, a Dutch court may still deny a claim for a judgment if such U.S. court judgment is not, not yet or no longer, formally enforceable according to the relevant U.S. State and Federal laws. Dutch courts may deny the recognition and enforcement of punitive damages or other similar awards. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognise damages only to the extent that they are necessary to compensate actual losses or damages. In addition, there is doubt as to whether a Dutch court would impose civil liability on the Issuer, its officers or directors or any experts named in this Base Prospectus in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in the Netherlands against the Issuer or such directors or experts, respectively.

## FORWARD LOOKING STATEMENTS

This Base Prospectus includes "forward-looking statements". All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references to assumptions.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results to be materially different from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following:

- economic and financial market conditions, in particular, the Dutch and European economies;
- negative occurrences in the markets in which the Issuer's loan portfolio is concentrated;
- volatility in interest rates;
- a downgrade in the Dutch State's or the Issuer's credit ratings;
- perceived risk of sovereign default in the European Union and associated risks relating to the Euro, the uncertainties surrounding the United Kingdom's exit from the European Union and the possible exit of certain countries from the Eurozone;
- operational risk;
- credit and counterparty risk;
- liquidity risk and adverse capital and credit market conditions;
- the Issuer's inability to manage risks through derivatives;
- the occurrence of catastrophic events, terrorist attacks and similar events;
- significant adverse regulatory developments;
- an interruption, failure or breach of the Issuer's operational system including the Issuer's IT systems and other systems on which it depends;
- the ineffectiveness of the Issuer's risk management policies and procedures; and
- failure to deliver by third parties to which the Issuer has outsourced certain functions.

The Issuer's risks are more specifically described under "*Risk Factors*". If one or more of these risks or uncertainties materialise, or if underlying assumptions prove incorrect, the Issuer's actual results, performance or achievements or industry results may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as of the date of this Base Prospectus (or any supplement hereto) or as of such earlier date at which such statements are expressed to be given. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein (or in any supplement) to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the AFM and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- The annual reports of the Issuer for the years ended 31 December 2017, 31 December 2018 and 31 December 2019, that include the audited financial statements (including the notes) and the audit reports of PricewaterhouseCoopers on the following pages:

| Annual Report | Audit report | Financial Statements (including the Notes) | Hyperlink |
|---|---|---|---|
| 2017 | Pages 267-281 | Pages 102-265 | https://www.bngbank.com/Documents/Investors/Annual%20Report%202017/Annual%20Report%20BNG%20Bank%202017.PDF |
| 2018 | Pages 250-268 | Pages 76-248 | https://www.bngbank.com/Documents/Investors/Annual%20report%202018/Annual%20report%20BNG%20Bank%202018.pdf |
| 2019 | Pages 269-287 | Pages 108-268 | https://www.bngbank.com/Documents/Investors/Annual%20Report%202019/BNG%20Bank%20Annual%20Report%202019.pdf |

- The Articles of Association of the Issuer of the Issuer as they read after a deed of amendment dated 14 May 2019, taking effect on 15 May 2019 (available at: https://www.bngbank.com/Documents/About%20BNG%20Bank/BNG_Bank_Statuten_ENG_2019_3.pdf).

- The terms and conditions as referred to on pages 62 up to and including 97 of the base prospectus of the Issuer relating to the Programme, dated 24 May 2017 (the "**2017 Terms and Conditions**") (available at: https://www.bngbank.com/Documents//Investors/Issuance%20Programmes/Terms%20and%20Conditions%202017.pdf).

- The terms and conditions as referred to on pages 65 up to and including 101 of the base prospectus of the Issuer relating to the Programme, dated 24 May 2018 (the "**2018 Terms and Conditions**") (available at: https://www.bngbank.com/Documents/Investors/Issuance%20Programmes/Terms-and-conditions-2018.pdf).

- The terms and conditions as referred to on pages 71 up to and including 110 of the base prospectus of the Issuer relating to the Programme, dated 23 May 2019 (the "**2019 Terms and Conditions**") (available at: https://www.bngbank.com/Documents/Investors/Issuance%20Programmes/Terms-and-conditions-2019.pdf).

Any other information which is contained in any document mentioned above but not specifically stated as being incorporated by reference is either not relevant for investors or covered elsewhere in the Base Prospectus.

The Issuer will, at the specified offices of the Paying Agents for the Notes, provide, without charge, to any person, upon the oral or written request of such person, a copy of any or all of the documents incorporated herein by reference as well as the Issuing and Paying Agency Agreement and a copy of this Base Prospectus and, where appropriate, English translations of any or all such documents (i.e. Deutsche Bank London (phone number: +44 20 754 58000, department: Trust and Securities Services), ABN AMRO Bank N.V., e-mail address: corporate.broking@nl.abnamro.com, or Deutsche Bank Luxembourg (phone number: +35 24 212 2639, e-mail address: ctas.pricings@db.com, department: CTAS Paying Agency). Written or oral requests for such documents should be directed to the specified office of any Paying Agent or, in the case of Notes listed on the regulated market of the Luxembourg Stock Exchange or Euronext Amsterdam, the specified office of the Listing Agent in Luxembourg or the Listing Agent in Amsterdam, respectively.

Documents incorporated by reference may also be found on the investor relations section of the BNG Bank website.

# FORMS OF NOTES

The Notes will either be issued as Global Notes, without interest coupons attached, or Global Note Certificates, without interest coupons attached. Bearer Notes will be issued outside the United States to non-U.S. persons in reliance on Regulation S and Registered Notes may be issued outside the United States to non-U.S. persons in reliance on Regulation S and/or within the United States to QIBs in reliance on Rule 144A.

**Bearer Notes**

Each Tranche of Bearer Notes will (unless otherwise specified in the applicable Final Terms) be initially represented by a Temporary Global Note (or, if so specified in the applicable Final Terms, a Permanent Global Note), without receipts, interest coupons or talons. Each Global Note which is intended to be issued in CGN form, as specified in the applicable Final Terms, will be delivered to a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing systems and each Global Note which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

The applicable Final Terms will specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the "**C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the "**D Rules**") are applicable in relation to the Notes.

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

On and after the date (the "**Exchange Date**") which will be 40 days after the date on which the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge) upon request as described therein, either for interests in a Permanent Global Note without receipts, interest coupons or talons, or for Definitive Notes (as specified in the applicable Final Terms) in each case (if the Bearer Notes are subject to the D Rules) against certification as to non-U.S. beneficial ownership unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment due on or after the Exchange Date unless, upon due certification, exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Bearer Notes is improperly withheld or refused.

If the applicable Final Terms specifies the form of Bearer Notes as being "Temporary Global Note exchangeable for Definitive Bearer Notes" and also specifies that the C Rules are applicable, then the Bearer Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Bearer Notes from 40 days after the issue date of the relevant Tranche of Notes.

If the applicable Final Terms specifies the form of Bearer Notes as being "Temporary Global Note exchangeable for Definitive Bearer Notes" and also specifies that the D Rules are applicable, then the Bearer Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Bearer Notes from 40 days after the issue date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. Payments in respect of Bearer Notes to which the D Rules apply cannot be collected without such certification of non-U.S. beneficial ownership.

In case of Bearer Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Bearer Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. So long as such Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, these Bearer Notes will be tradable only in the minimum Specified Denomination increased with integral multiples of such a smaller amount, notwithstanding that Definitive Notes shall only be issued up to, but excluding, twice the minimum Specified Denomination.

Definitive Notes will be in the standard euromarket form.

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Global Note to or to the order of any Paying Agent at its office outside the United States without any requirement for certification. A Permanent Global Note will be exchangeable in whole but not in part for Definitive Notes (i) if Euroclear and/or Clearstream, Luxembourg or any other agreed clearing system, as applicable, has informed the Issuer that it has or they have, as the case may be, ceased or will cease to act as the clearing system(s) in respect of the relevant Permanent Global Note or (ii) if any of the events referred to in Condition 6 of the Terms and Conditions of the Notes takes place, unless such event is remedied within seven days of its occurrence, except that in each case a Permanent Global Note which forms part of a securities deposit *(girodepot*) with Euroclear Netherlands shall only be exchangeable within the limited circumstances as described in the Netherlands Securities Giro Act (*Wet giraal effectenverkeer*) and such exchange will be made in accordance therewith, the Euroclear Netherlands' terms and conditions and operational documents. In order to make a request in the case of (iii) above the Holder must, not less than forty-five days before the date on which delivery of Definitive Notes is required, deposit the relevant Permanent Global Note with the Issuing and Paying Agent at its specified office outside the United States for the purposes of the Notes with the form of exchange notice endorsed thereon duly completed. In the event that the relevant Permanent Global Note is not, in the case of (i) or (ii) above, duly exchanged for Definitive Notes or, in the case of (iii) above, duly exchanged for Definitive Notes by 6:00 p.m. (London time) on the thirtieth day after the time at which the preconditions to such exchange are first satisfied then the terms of such Permanent Global Note provide for relevant account holders with Euroclear and Clearstream, Luxembourg and any other agreed clearing system as applicable, to be able to enforce against the Issuer all rights which they would have had if they had been holding Definitive Notes to the relevant value at the time of such event. Payments by the Issuer to the relevant account holders will be considered as payments to the relevant Noteholder and operate as full and final discharge to the Issuer in this respect.

The following legend will appear on all Global Notes, Definitive Notes and interest coupons (including talons) which are issued in compliance with the D Rules:

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

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

A Bearer Note may be accelerated by the Holder thereof, amongst others in certain circumstances described in Condition 7 of the Terms and Conditions of the Notes. In such circumstances, where any Bearer Note is still represented by a Global Note and a holder of an interest in such Bearer Note so represented and credited to his account with the relevant clearing system(s) gives notice that it wishes to accelerate such Bearer Note, unless within a period of 15 days from the giving of such notice payment has been made in full of

the amount due in accordance with the terms of such Global Note, holders of interests in such Global Note credited to their accounts with the relevant clearing system(s) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) on and subject to the terms of the relevant Global Note.

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 and Clearstream, Luxembourg and/or another relevant clearing system as specified in the applicable Final Terms.

**Registered Notes**

Registered Notes will be represented by either:

(i) Individual Note Certificates; or

(ii) one or more Unrestricted Global Note Certificate(s) in the case of Regulation S Notes and/or one or more Restricted Global Note Certificate(s) in the case of Rule 144A Notes,

in each case as specified in the applicable Final Terms, and references in this Base Prospectus to "**Global Note Certificates**" shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

In a press release dated 22 October 2008, "Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations", the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under such structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of a Certificate which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg, registered in the name of Cede & Co. as nominee for DTC if such Unrestricted Global Note Certificate will be held for the benefit of Euroclear and/or Clearstream through DTC and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depositary or such other nominee or custodian; or (b) in the case of an Unrestricted Global Note Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Note represented by a Restricted Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and the relevant Restricted Global Note Certificate will be deposited on or about the issue date with the custodian for DTC (the "**DTC Custodian**"). Save as otherwise specified in the applicable Final Terms, beneficial interests in Notes represented by a Restricted Global Note Certificate may only be held through DTC at any time.

If the applicable Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the applicable Final Terms specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(i) on the expiry of such period of notice as may be specified in the applicable Final Terms;

(ii) at any time, if so specified in the applicable Final Terms ; or

(iii) if the applicable Final Terms specifies "in the limited circumstances described in the Global Note Certificate", then:

a. in the case of any Global Note Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;

b. in the case of any Global Note Certificate held by or on behalf of Euroclear, Clearstream Luxembourg or any other relevant clearing system, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

c. in any case, if any of the circumstances described in Condition 7 of the Terms and Conditions of the Notes occurs.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the Issuer and the relevant Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Note Certificate must provide the relevant Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under "Transfer Restrictions".

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the relevant Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the relevant Registrar.

Such exchange will be effected in accordance with the provisions of the Issuing and Paying Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Issuing and Paying Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the Terms and Conditions of the Notes and the provisions of the applicable Final Terms which supplement, amend and/or replace the Terms and Conditions of the Notes.

A Registered Note may be accelerated by the Holder thereof, amongst others in certain circumstances described in Condition 7 of the Terms and Conditions of the Notes. In such circumstances, where any Registered Note represented by a Global Note Certificate is not timely exchanged, whether in whole or in

part, for Individual Note Certificates, holders of interests in such Global Note Certificates will be able to enforce against the Issuer all rights which the Noteholder in question would have had if it had been the holder of Individual Note Certificates issued on the issue date of the Global Note Certificate.

**Summary of Provisions relating to the Notes while in Global Form**

*Clearing System Accountholders*

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the holder of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Note Certificates, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Note Certificate held by or on behalf of DTC, will be Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC; and (b) in the case of any Unrestricted Global Note Certificate which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Note Certificate (each an "**Accountholder**") must look solely to DTC, Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Note Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Note Certificate.

*Transfers of Interests in Global Notes and Global Note Certificates*

Transfers of interests in Global Notes and Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Registrars, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Note Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", transfers between DTC participants, on the one hand, and Euroclear or Clearstream,

Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the relevant Registrar and the Issuing and Paying Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Note Certificates will be effected through the Issuing and Paying Agent, the DTC Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Note Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent or the relevant Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see "*Plan of Distribution*" and "*Transfer Restrictions*".

Upon the issue of a Restricted Global Note Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the account of DTC participants. Ownership of beneficial interests in such Global Note Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Global Note Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes represented by a Global Note Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Global Note Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Global Note Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Global Note Certificate for Individual Note Certificates (which will bear the relevant legends set out in "*Transfer Restrictions*").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Registrars, the Dealers or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Note Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Individual Note Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

## USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used by the Issuer for general corporate purposes. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be specified in the applicable Final Terms.

The Issuer may, for example, issue ESG Bonds. The net proceeds from the issue of each ESG Bond will be used for lending to the best-in-class sustainable municipalities and/or housing associations in the Netherlands or lending for renewable energy projects and energy transition purposes in line with the Issuer's sustainability policy (which is accessible at: https://www.bngbank.com/Documents/Investors/BNG%20Bank%202020%20Sustainability%20policy.pdf, as further specified in the applicable Final Terms. Progress reports and impact assessment reports in respect of each ESG Bond can be found at: https://www.bngbank.com/funding/sustainability-bond and https://www.bngbank.com/funding/sustainability-bond-social-housing

Any information contained in or accessible through any website, including https://www.bngbank.com/Documents/Investors/BNG%20Bank%202020%20Sustainability%20policy.pdf, https://www.bngbank.com/funding/sustainability-bond and https://www.bngbank.com/funding/sustainability-bond-social-housing, does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus or in any supplement thereto or in any document incorporated or deemed to be incorporated by reference therein that all or any portion of such information is to be incorporated by reference in the Base Prospectus.

No representation or assurance is to be given by the Issuer, the Arranger or any Dealer appointed under the Programme that the listing or the admission of the Notes as green, social or sustainable may be maintained during the maturity life of any ESG Bonds and that such listing and admission of the ESG Bonds satisfies any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations.

# TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to completion) will be attached to or incorporated by reference into each Global Note and each Global Note Certificate and which will be attached to or endorsed upon each definitive Note and each Individual Note Certificate. The applicable Final Terms will be endorsed or incorporated by reference into or attached to each Global Note, each Global Note Certificate and each definitive Note, and will be applicable to each Individual Note Certificate.*

The Notes are issued in accordance with an amended and restated issuing and paying agency agreement (the "**Issuing and Paying Agency Agreement**", which expression shall include any supplement thereto) dated 7 December 1993 and most recently amended and restated on 25 May 2020 and made between BNG Bank N.V. (the "**Issuer**"), Deutsche Bank AG, London Branch (Winchester House, 1 Great Winchester Street, London EC2N 2DB, England), in its capacity as issuing and paying agent (the "**Issuing and Paying Agent**", which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such), Deutsche Bank Trust Company Americas as U.S. registrar (the "**U.S. Registrar**", which expression shall include any successor U.S. registrar appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as non-U.S. registrar (the "**Non-U.S. Registrar**", which expression shall include any successor non-U.S. registrar appointed from time to time in connection with the Notes, and together with the U.S. Registrar, the "Registrars" and each a "Registrar"), the paying agents named therein (the "**Paying Agents**", which expression shall include the Issuing and Paying Agent and any substitute or additional paying agents appointed in accordance with the Issuing and Paying Agency Agreement) and the transfer agents named therein (together with the Registrars, the "**Transfer Agents**", which expression shall include any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Terms and Conditions, references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them. A copy of the Issuing and Paying Agency Agreement is available for inspection at the specified office of each of the Paying Agents. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of and to be bound by all of the provisions of the Issuing and Paying Agency Agreement insofar as they relate to the relevant Notes.

For the purposes of Notes denominated in Swiss francs (the "**Swiss Franc Notes**"), the Issuer will, together with the Issuing and Paying Agent and the Swiss paying agent specified in the Final Terms relating to the relevant issue of Notes as principal Swiss paying agent (the "**Principal Swiss Paying Agent**"), enter into a supplemental issuing and paying agency agreement. In addition, all references in the Terms and Conditions of the Notes to the "Issuing and Paying Agent" and the "Paying Agents" shall, so far as the context permits, be construed as references only to the relevant Swiss paying agents, as set out in Part B of the Final Terms and references in the Terms and Conditions of the Notes to "Euroclear" and/or "Clearstream, Luxembourg" shall be construed as including references to SIX SIS Ltd, the Swiss securities services corporation in Olten, Switzerland ("**SIS**"), which expression shall include any other clearing institution recognised by SIX Swiss Exchange Ltd with which the Permanent Global Note may be deposited from time to time), which shall be considered an additional or alternative clearing system for the purposes of the final paragraph of Condition 1(d) of the Terms and Conditions of the Notes.

The Notes are issued in series (each a "**Series**"), and each Series will be the subject of the final terms (each, the "**Final Terms**") prepared by or on behalf of the Issuer, a copy of which will be available free of charge at the specified office of each of the Paying Agents and:

(i) a copy of which will, in the case of a Series in relation to which application has been made for admission to the regulated market of the Luxembourg Stock Exchange, be lodged with the Luxembourg Stock Exchange; or

(ii) a copy of which will, in the case of a Series in relation to which application has been made for admission to Euronext in Amsterdam ("**Euronext Amsterdam**"), the regulated market of Euronext Amsterdam N.V., be lodged with Euronext Amsterdam N.V.; or

(iii) a copy of which will, in the case of a Series in relation to which application has not been made for admission to any such listing, be attached to or incorporated by reference into each Note of such Series.

1. **FORM AND DENOMINATION**

(a) The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single series or Tranche may comprise both Bearer Notes and Registered Notes. A Note may be a Note bearing interest on a fixed rate basis ("Fixed Rate Note"), a Note bearing interest on a floating rate basis ("**Floating Rate Note**"), a Note issued on a non-interest bearing basis ("**Zero Coupon Note**"), a Note in respect of which interest is determined on another basis ("**Variable Interest Rate Note**") or a Note in respect of which interest is or may be payable in one or more currencies other than the Specified Currency in which it is denominated ("**Dual Currency Interest Note**") depending on the Interest Basis specified in the applicable Final Terms. A Note may be a Note redeemable in installments ("**Installment Note**"), a Note in respect of which principal is or may be payable in one or more currencies other than the Specified Currency in which it is denominated ("**Dual Currency Redemption Note**") depending on the Redemption/Payment Basis specified in the applicable Final Terms. All payments in respect of such Note shall, without prejudice to Article 8.1 of Council Regulation no. 974/98 of 3 May 1998, be made in the currency shown on its face unless it is stated on its face to be a Dual Currency Interest Note, a Dual Currency Redemption Note or a Note where Condition 10 has been applied, in which case payments shall be made on the basis stated in the applicable Final Terms.

(b) Notes may be denominated in any currency (including, without limitation, the Australian dollar, the Euro, the Japanese yen, the New Zealand dollar, the British pound, the Swiss franc and the United States dollar) subject to compliance with all applicable legal or regulatory requirements.

*Bearer Notes*

Paragraphs (c) to (j) of this Condition 1 shall apply to Bearer Notes only.

(c) Bearer Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form for purposes of Section 4701 of the Code (the "**D Rules**"), unless the applicable Final Terms specify that the 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 for purposes of Section 4701 of the Code (the "**C Rules**"), or, in the case of Bearer Notes with a term of one year or less (including unilateral rights to roll over or extend), that neither the C Rules nor D Rules apply. Unless otherwise specified in the Final Terms, Bearer Notes will be represented upon issue by a temporary global note (a "**Temporary Global Note**") in substantially the form (subject to amendment and completion) scheduled to the Issuing and Paying Agency Agreement. On or after the date (the "**Exchange Date**") which will be 40 days after the original issue date of the Notes of the relevant Series and provided, in the case of Notes issued in accordance with the D Rules, that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in the form set out in the Temporary Global Note) has been received, interests in the Temporary Global Note may be exchanged for:

(i) interests in a permanent global note (a "**Permanent Global Note**") representing the Notes in that Series of Bearer Notes and in substantially the relevant form (subject to amendment and completion) scheduled to the Issuing and Paying Agency Agreement; or

(ii) if so specified in the applicable Final Terms, definitive Bearer Notes ("**Definitive Notes**") in substantially the form (subject to amendment and completion) scheduled to the Issuing and Paying Agency Agreement.

(d) If any date on which a payment is due on the Bearer Notes of a Series occurs whilst any of the Notes of that Series are represented by the Temporary Global Note, the related payment will, in the case of Notes issued in accordance with the D Rules, be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in the form set out in the Temporary Global Note) has been received by Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any other agreed clearing system, as applicable, and based on such certification, the relevant clearing system has issued a like certification to the Issuing and Paying Agent.

Payments of principal or interest (if any) on a Permanent Global Note will be made without any requirement for certification. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

(e) The Permanent Global Note will be exchangeable in whole but not in part for Definitive Notes (i) if Euroclear and/or Clearstream, Luxembourg or any other agreed clearing system, as applicable, has informed the Issuer that it has or they have, as the case may be, ceased or will cease to act as the clearing system(s) in respect of the relevant Permanent Global Note or, (ii) if any of the events referred to in Condition 7 takes place, unless such event is remedied within seven days of its occurrence, or (iii) if so specified in the applicable Final Terms at any time at the request of the Holder of the relevant Permanent Global Note, except that in each case a Permanent Global Note which forms part of a securities deposit (*girodepot*) with Euroclear Netherlands shall only be exchangeable within the limited circumstances as described in the Netherlands Securities Giro Act (*Wet giraal effectenverkeer*) and such exchange will be made in accordance therewith, the Euroclear Netherlands' terms and conditions and operational documents. In order to make such request the Holder must, not less than forty-five days before the date on which delivery of Definitive Notes is required, deposit the relevant Permanent Global Note with the Issuing and Paying Agent at its specified office for the purposes of the Notes with the form of exchange notice endorsed thereon duly completed. In the event that the relevant Permanent Global Note is not, in the case of (i) or (ii) above, duly exchanged for Definitive Notes or, in the case of (iii) above, duly exchanged for Definitive Notes by 6:00 p.m. (London time) on the thirtieth day after the time at which the preconditions to such exchange are first satisfied then the terms of such Permanent Global Note provide for relevant account holders (which, for purposes hereof, shall be deemed to be the Holder of the relevant Note as referred to in Condition 7 below) with Euroclear and Clearstream, Luxembourg and any other agreed clearing system as applicable, to be able to enforce against the Issuer all rights which they would have had if they had been holding Definitive Notes to the relevant value at the time of such event. Payments by the Issuer to the relevant account holders will be considered as payments to the relevant Noteholder and operate as full and final discharge to the Issuer in this respect.

(f) If so specified in the Final Terms, the Bearer Notes may be represented upon issue by one or more Permanent Global Notes.

(g) Swiss Franc Notes will be issued in bearer form and will be represented exclusively by a Permanent Global Note, issued in compliance with the C Rules if such Notes have a term of more than 365 days (taking into account any unilateral right to extend or rollover) which shall be deposited with SIS or such other depositary as may be approved by the Regulatory Board of SIX Swiss Exchange Ltd. The Permanent Global Note will be exchangeable for Definitive Notes only if (i) Euroclear and/or Clearstream, Luxembourg and/or SIS and/or any other agreed clearing system, as applicable, has informed the Issuer that it has or they have, as the case may be, ceased or will cease to act as the clearing system(s) in respect of the Permanent Global Note, or (ii) any of the events referred to in Condition 7 (*Events of Default*) takes place, unless such event is remedied within seven days of its occurrence but not at the request of the Holder of the Permanent Global Note, or (iii) the principal Swiss paying agent considers, after consultation with the Issuer, the printing of Definitive Notes to be necessary or useful, or (iv) the presentation of Definitive Notes and Coupons is required by Swiss or other applicable laws or regulations in connection with the enforcement of rights of noteholders, or (v) such exchange is required by the Issuer as a result of changes to the tax regime in the United States of America, except that in each case a Permanent Global Note which forms part of a securities deposit (*girodepot*) with Euroclear Netherlands shall only be exchangeable within the limited circumstances as described in the Netherlands Securities Giro Act (*Wet giraal effectenverkeer*) and such exchange will be made in accordance therewith, the Euroclear Netherlands' terms and conditions and operational documents. Holders of Swiss Franc Notes will not have the right to request delivery of definitive notes.

(h) Interest-bearing Definitive Notes will, if so specified in the applicable Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Definitive Notes will be in the standard euromarket form. Definitive Notes and Global Notes will be bearer instruments.

(i) Bearer Notes will be in the denomination or denominations (each of which denominations must be integrally divisible by each smaller denomination) specified in the applicable Final Terms ("**Specified Denomination**"). Bearer Notes will be issued in such denominations as may be specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Bearer Notes of any other denomination.

(j) For the purposes of these Terms and Conditions, references to Notes shall, as the context may require, be deemed to be to Temporary Global Notes, Permanent Global Notes, interests in Temporary Global Notes, interests in Permanent Global Notes or, as the case may be, Definitive Notes.

*Registered Notes*

Paragraphs (k) to (m) of this Condition 1 shall apply to Registered Notes only.

(k) Each Tranche of Registered Notes will be represented by either:

(i) individual Note Certificates in registered form ("**Individual Note Certificates**"); or

(ii) one or more global note certificates (each a "**Global Note Certificate**"),

in each case as specified in the applicable Final Terms.

(l) If the applicable Final Terms specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(i) on the expiry of such period of notice as may be specified in the applicable Final Terms;

(ii) at any time, if so specified in the applicable Final Terms ; or

(iii) if the applicable Final Terms specifies "in the limited circumstances described in the Global Note Certificate", then:

(A) in the case of any Global Note Certificate held by or on behalf of The Depositary Trust Company ("**DTC**"), if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or DTC ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended or if at any time DTC is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;

(B) in the case of any Global Note Certificate held by or on behalf of Euroclear, Clearstream, Luxembourg or any other relevant clearing system, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

(C) in any case, if any of the circumstances described in Condition 7 (Events of Default) occurs.

(m) Registered Notes will be in such Specified Denomination(s), specified in the applicable Final Terms and which may include a minimum denomination specified in the applicable Final Terms and higher integral multiples of a smaller amount specified in the applicable Final Terms.

2. **TITLE AND TRANSFER**

(a) The Holder (as defined below) of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

*Bearer Notes*

Paragraph (b) of this Condition 2 shall apply to Bearer Notes only.

(b) Subject as set out below, title to Bearer Notes and Coupons passes inter alia by delivery. In the case of Bearer Notes, references herein to the "**Holders**" of Notes or of Coupons or "**Noteholders**" or "**Couponholders**" signify the bearers of such Notes or such Coupons.

*Registered Notes*

Paragraphs (c) to (i) of this Condition 2 shall apply to Registered Notes only.

(c) A Registrar will maintain a register (the "**Register**") in respect of each Series of Registered Notes in accordance with the provisions of the Issuing and Paying Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(d) Transfers of beneficial interests in Global Note Certificates will be effected by Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, and in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Note Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Individual Note Certificates or for a beneficial interest in another Global Note Certificate only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Issuing and Paying Agency Agreement.

(e) Subject to paragraphs (h) and (i) of this Condition 2, Registered Notes represented by an Individual Note Certificate may be transferred upon surrender of the relevant Individual Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the relevant Registrar or any Transfer Agent, together with such evidence as such Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Individual Note Certificate are the subject of the transfer, a new Individual Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(f) Within five business days of the surrender of a Note Certificate in accordance with paragraph (e) of this Condition 2, the relevant Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph,

"**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the relevant Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(g) The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or either Registrar or any Transfer Agent but against such indemnity as the relevant Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(h) Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(i) All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Noteholder who requests in writing a copy of such regulations.

## 3. STATUS

The Notes of each Series constitute direct and unsecured 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.

## 4. NEGATIVE PLEDGE

So long as any Notes remain outstanding the Issuer will not secure any other loan or indebtedness represented by bonds, notes or any other publicly issued debt securities which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or similar securities market without securing the Notes equally and rateably with such other loan or indebtedness.

## 5. INTEREST

### 5A. Interest on Fixed Rate Notes

5A.(1) Fixed Rate Notes shall bear interest from their Issue Date (as specified in the applicable Final Terms) at the rate or rates per annum specified in the applicable Final Terms. Such interest will be payable in arrear on each Interest Payment Date as specified in the applicable Final Terms. Each Note will cease to bear interest from the due date for final redemption 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 5 (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 Noteholder and (ii) the day which is seven days after the Issuing and Paying Agent has notified the Noteholders 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).

The amount of interest payable for any Interest Period shall be the relevant Fixed Coupon Amount specified in the applicable Final Terms or, if so specified in the applicable Final Terms, the Broken Amount. A Fixed Coupon Amount or Broken Amount payable in respect of any Series of Notes may be specified in the applicable Final Terms as an amount payable per Calculation Amount or as an amount payable in respect of all the Notes outstanding at the relevant time.

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Fixed Rate of Interest to the Calculation Amount in respect of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose

a "sub-unit" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

5A.(2) This Condition 5A.(2) shall apply to Renminbi Notes which are Fixed Rate Notes only where the Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment. The relevant Fixed Coupon Amount for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Interest Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards. The Calculation Agent shall cause the relevant Fixed Coupon Amount and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents, the Registrars (in the case of Registered Notes) and the Holders in accordance with Condition 15 (Notices) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth London Business Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

5B. **Interest on Floating Rate Notes**

5B.(1) Floating Rate Notes shall bear interest at the rates per annum determined in accordance with this Condition 5B.

5B.(2) Such Notes shall bear interest from their Issue Date (as specified in the applicable Final Terms). Such interest will be payable on each Interest Payment Date. Each Note will cease to bear interest from the due date for final redemption 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 5B (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 Noteholder and (ii) the day which is seven days after the Issuing and Paying Agent has notified the Noteholders 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).

5B.(3) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined (the "**Rate of Interest**") and the Reference Rate is specified in the applicable Final Terms as being a Reference Rate other than SONIA, Compounded Daily SOFR, SOFR Average and €STR, the Rate of Interest for each Interest Period will (subject to Condition 5B.(9)), subject as provided below, be either:

(i) the offered quotation for the Reference Rate (if there is only one quotation on the Relevant Screen Page); or

(ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate

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

If the Relevant Screen Page is not available or if no such offered quotation appears, in each case as at the time specified in the preceding paragraph, the Issuer or a third party (with appropriate experience in the international debt capital markets) on its behalf shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation

(expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time (as defined below) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Relevant Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall:

(i) if the Reference Rate is EURIBOR, LIBOR or EONIA, be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Reference Rate is EURIBOR or EONIA) plus or minus (as appropriate) the Relevant Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone interbank market (if the Reference Rate is EURIBOR or EONIA) plus or minus (as appropriate) the Relevant Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period, in place of the Relevant Margin relating to that last preceding Interest Period); and

(ii) if the Reference Rate is CMS Brussels or CMS London, a rate determined on the basis of the mid-market annual swap rate as selected by the Calculation Agent in its sole discretion on the Interest Determination Date at approximately the Specified Time. The mid-market annual swap rate as referred to in the preceding sentence 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 interest rate swap transaction denominated in EUR with respect to CMS Brussels and GBP with respect to CMS London with a maturity equal to the Designated Maturity for in an amount that is representative for a single transaction in the relevant market commencing on the first day of the Interest Period with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to 6 months.

In this Condition 5B.(3) the expression "**Reference Banks**" means, in the case of a determination of LIBOR or CMS London, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, EONIA or CMS Brussels, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent; and the expression "**Specified Time**" means 11.00 a.m. (London time, in the case of a determination of LIBOR or CMS London, or Brussels time, in the case of a determination of EURIBOR, EONIA or CMS Brussels).

5B.(4) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being SONIA, the Rate of Interest for each Interest Period will (subject to this

Condition 5B.(4) and Condition 5B.(9)) be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Margin.

"**Compounded Daily SONIA**" will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONIA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**d**" means, for any Observation Period, the number of calendar days in such Observation Period;

"**$d_o$**" means, for any Observation Period, the number of London Banking Days in such Observation Period;

"**i**" means, for any Observation Period, a series of whole numbers from one to $d_o$, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Observation Period to, and including, the last London Banking Day in such Observation Period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes are due and payable);

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**$n_i$**" for any London Banking Day "i", in the relevant Observation Period means the number of calendar days from and including such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date which is "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period, means the number of London Banking Days specified in the applicable Final Terms and which shall not be as less than five without the prior written consent of the Calculation Agent;

"**SONIA Reference Rate**", in respect of any London Banking Day, is a Reference Rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"**$SONIA_i$**" means, in respect of any London Banking Day "i" falling in the relevant Observation Period, the SONIA Reference Rate for that day "i".

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding*

If, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be:

(a) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(b) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

Notwithstanding the paragraph above, if the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the relevant Series of Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

If the relevant Series of Notes become due and payable in accordance with Condition 7 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remains outstanding, be that determined on such date.

5B.(5) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR, the Rate of Interest for each Interest Period will (subject to this Condition 5B.(5) and Condition 5B.(10)) be Compounded Daily SOFR plus or minus (as indicated in the applicable Final Terms) the Margin.

*Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded Daily SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days in the Observation Period will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.*

*If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded Daily SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 5B.(10) below will apply.*

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period

(or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

"**Business Day**" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Observation Period**" in respect of each Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period;

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(ii) if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**Compounded Daily SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right] \times \frac{360}{d}$$

where:

"$\mathbf{d_o}$," means, for any Observation Period, the number of U.S. Government Securities Business Days in such Observation Period;

"**i**" means, for any Observation Period, a series of whole numbers from one to $d_o$, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in such Observation Period to, and including, the last U.S. Government Securities Business Day in such Observation Period;

"**p**" for any Interest Period, means the number of U.S. Government Securities Business Days specified in the applicable Final Terms and which shall not be as less than five without the prior written consent of the Calculation Agent;

"**SOFR$_i$**" for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is equal to SOFR in respect of that day "i";

"**$n_i$**" for any U.S. Government Securities Business Day "i" in the relevant Observation Period, means the number of calendar days from, and including, such U.S. Government Securities Business Day "i" up to, but excluding, the following U.S. Government Securities Business Day ("**i +1**"); and

"**d**" is the number of calendar days in the Observation Period.

5B.(6) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being SOFR Average, the Rate of Interest for each Interest Period will (subject to this Condition 5B.(6) and Condition 5B.(10) be SOFR Average plus or minus (as indicated in the applicable Final Terms) the Margin.

"**SOFR Average**" means, in respect of an Interest Period, the rate calculated by the Calculation Agent, on the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place of a percentage point, with 0.000005 being rounded upwards:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

where:

"***SOFR Index$_{Start}$***" means the SOFR Index value on the day which is "p" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period (an "**Index Determination Start Date**");

"***SOFR Index$_{End}$***" means the SOFR Index value on the day which is "p" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date) (an "**Index Determination End Date**");

"**p**" means the whole number specified in the applicable Final Terms, such number representing a number of U.S. Government Securities Business Days and which shall not be specified in the applicable Final Terms as less than five without the prior written consent of the Calculation Agent;

"**$d_c$**" means the number of calendar days from (and including) SOFR Index$_{Start}$ to (but excluding) SOFR Index$_{End}$

**Interest Determination Date**" has the meaning ascribed to it in Condition 5B.(5) above;

"**Index Determination Date**" means an Index Determination Start Date or an Index Determination End Date, as the case may be;

"**SOFR Administrator**" has the meaning ascribed to it in Condition 5B.(5) above;

"**SOFR Administrators Website**" has the meaning ascribed to it in Condition 5B.(5) above;

"**SOFR Determination Time**" has the meaning ascribed to it in Condition 5B.(5) above;

The "**SOFR Index**" in relation to any U.S. Government Securities Business Day shall be the value as published by the SOFR Administrator on the SOFR Administrator's Website at the SOFR Determination Time; and

"**U.S. Government Securities Business Day**" has the meaning ascribed to it in Condition 5B.(5);

Subject as set out in Condition 5B.(10) below, if the SOFR Index is not published on any relevant Index Determination Date, and a Benchmark Transition Event and related Benchmark Replacement Date have not occurred, "**SOFR Average**" means, for an Interest Determination Date

with respect to an Interest Period, USD-SOFR-COMPOUND, i.e., the daily compound interest investment (it being understood that the reference rate for the calculation of such interest is the Secured Overnight Financing Rate (SOFR)), calculated in accordance with only the formula and definitions required for such formula set forth in USD-SOFR-COMPOUND of Supplement number 57 (for the avoidance of doubt, without applying any fallbacks included therein) to the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.), as published on 16 May 2018 (and for the purposes of such provisions, references to "**Calculation Period**" shall mean, the period from and including the date which is "**p**" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period to, but excluding, the date which is "**p**" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date) (or if the Notes become due and payable in accordance with Condition 7 (*Events of Default*), the date on which the Notes become due and payable (or, if such date is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such date) and references to "**SOFR Index Cessation Event**" shall mean Benchmark Transition Event (as defined below)).

If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred during such Interest Period, the provisions below under Condition 5B.(10)) shall apply to such Interest Period and any future Interest Periods (subject to the occurrence of any future Benchmark Transition Event).

5B.(7) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being €STR, the Rate of Interest for each Interest Period will (subject to this Condition 5B.(7) and Condition 5B.(9)) be Compounded Daily €STR plus or minus (as indicated in the applicable Final Terms) the Margin.

"**Compounded Daily €STR**" will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{[i=1]}^{d_o}\left(1+\frac{€\text{STR}_i \times n_i}{360}\right)-1\right] x \frac{360}{d}$$

"**d**" means, for any Observation Period, the number of calendar days in such Observation Period;

"**$d_o$**" means, for any Observation Period, the number of TARGET Business Days in such Observation Period;

"**i**" means, for any Observation Period, a series of whole numbers from one to $d_o$, each representing the relevant TARGET Business Days in chronological order from, and including, the first TARGET Business Day in such Observation Period to, and including, the last TARGET Business Day in such Observation Period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**$n_i$**" for any TARGET Business Day "i" in the relevant Observation Period the number of calendar days from, and including, such TARGET Business Day "i" up to, but excluding, the following TARGET Business Day;

"**p**" for any Interest Period, means the number of TARGET Business Days specified in the applicable Final Terms and which shall not be less than five without the prior written consent of the Calculation Agent;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date which is "**p**" TARGET Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding the date which is "p" TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**TARGET Business Day**" means any day on which the TARGET System is open;

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

"**€STR Reference Rate**" means, in respect of any TARGET Business Day, a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank initially at http://www.ecb.europa.eu, or any successor website officially designated by the European Central Bank (the "**ECB's Website**") (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines on the TARGET Business Day immediately following such TARGET Business Day); and

"**€STR$_i$**" means, in respect of any TARGET Business Day "i" falling in the relevant Observation Period, the €STR Reference Rate for that day "i".

If the €STR Reference Rate is not published on a TARGET Business Day as specified above, unless both an €STR Index Cessation Event and an €STR Index Cessation Effective Date (each as defined below) have occurred, the €STR Reference Rate for such TARGET Business Day shall be a rate equal to €STR in respect of the last TARGET Business Day for which such rate was published on the ECB's Website.

If the €STR Reference Rate is not published on a TARGET Business Day as specified above, and the Issuer has confirmed to the Calculation Agent that both an €STR Index Cessation Event and an €STR Index Cessation Effective Date have occurred, the rate for each TARGET Business Day in the relevant Observation Period occurring on or after such €STR Index Cessation Effective Date will be determined as if references to €STR were references to the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for €STR by the European Central Bank (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by the European Central Bank (or any successor administrator of €STR) for the purpose of recommending a replacement for €STR (which rate may be produced by the European Central Bank or another administrator) (the "**ECB Recommended Rate**"), provided that, if no such rate has been recommended before the end of the first TARGET Business Day following the date on which the €STR Index Cessation Event occurs, then the rate for each TARGET Business Day in the relevant Observation Period occurring on or after such €STR Index Cessation Effective Date will be determined as if, references to "€STR" were references to the Eurosystem Deposit Facility Rate, the rate on the deposit facility, which banks may use to make overnight deposits with the Eurosystem, as published on the ECB's Website (the "**EDFR**") on such TARGET Business Day plus the arithmetic mean of the daily difference between the €STR Reference Rate and the EDFR for each of the 30 TARGET Business Days immediately preceding the date confirmed by the Issuer as being the date on which the €STR Index Cessation Event occurred provided further that, if the Issuer confirms to the Calculation Agent that both an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date subsequently have occurred, then the rate for each TARGET Business Day in the relevant Observation Period occurring on or after that ECB Recommended Rate Index Cessation Effective Date will be determined as if references to "€STR" were references to the EDFR on such TARGET Business

Day plus the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR for each of the 30 TARGET Business Days immediately preceding the date confirmed by the Issuer as being the date on which the ECB Recommended Rate Index Cessation Event occurred.

As used in these Conditions:

"**€STR Index Cessation Event**" means the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the European Central Bank (or any successor administrator of €STR) announcing that it has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or the publication, there is no successor administrator that will continue to provide €STR; or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of €STR, the central bank for the currency of €STR, an insolvency official with jurisdiction over the administrator of €STR, a resolution authority with jurisdiction over the administrator of €STR or a court or an entity with similar insolvency or resolution authority over the administrator of €STR, which states that the administrator of €STR has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide €STR;

"**€STR Index Cessation Effective Date**" means, in respect of an €STR Index Cessation Event, the first date on which €STR is no longer provided by the European Central Bank (or any successor administrator of €STR);

"**ECB Recommended Rate Index Cessation Event**" means the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the ECB Recommended Rate announcing that it has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or the publication, there is no successor administrator that will continue to provide the ECB Recommended Rate; or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the ECB Recommended Rate, the central bank for the currency of the ECB Recommended Rate, an insolvency official with jurisdiction over the administrator of the ECB Recommended Rate, a resolution authority with jurisdiction over the administrator of the ECB Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the ECB Recommended Rate, which states that the administrator of the ECB Recommended Rate has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the ECB Recommended Rate; and

"**ECB Recommended Rate Index Cessation Effective Date**" means, in respect of an ECB Recommended Rate Index Cessation Event, the first date on which the ECB Recommended Rate is longer provided.

If the relevant Series of Notes becomes due and payable in accordance with Condition 7 (*Events of Default*), in respect of Notes for which "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being €STR, the final €STR Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as such Notes remains outstanding, be that determined on such date.

5B.(8) Where "ISDA Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be either the EURIBOR Rate or the LIBOR Rate (as specified in the applicable Final Terms) (subject to Condition 5B.(9)) plus or minus (as specified in the applicable Final Terms) the Relevant Margin (if any).

"**EURIBOR Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note, the rate for Euro swaps with a Designated Maturity for a specified number of years (as specified in the applicable Final Terms) which appears on Reuters relevant ICESWAP1 Page as of 11:00 a.m., Brussels time, on the related Interest Determination Date.

"**LIBOR Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note, the rate for Designated Reference swaps with a Designated Maturity for a specified number of years (as specified in the applicable Final Terms) which appears on Reuters relevant ICESWAP1 Page as of 11:00 a.m., London time, on the related Interest Determination Date.

The following procedures will be used if the EURIBOR Rate or the LIBOR Rate cannot be determined as described above:

(i) If the above rate is no longer displayed on the relevant ICESWAP1 Page, or if not displayed by 11:00 a.m., Brussels time in the case of an EURIBOR Rate or 11:00 a.m. London time in the case of a LIBOR Rate, on the Interest Determination Date, then the EURIBOR Rate will be the rate for Euro swaps, with the same maturity as the notes designated in the applicable Final Terms, which appears on the relevant ICESWAP1 Page as of 11:00 a.m., Brussels time, on the Interest Determination Date and the LIBOR Rate will be the rate for Designated Reference swaps, with the same maturity as the notes designated in the applicable Final Terms, which appears on the relevant ICESWAP1 Page as of 11:00 a.m. London time, on the Interest Determination Date.

(ii) If the information set out under (i) is no longer displayed by 11:00 a.m. Brussels time in the case of an EURIBOR Rate or 11:00 a.m. London time in the case of a LIBOR Rate, on the Interest Determination Date, then the EURIBOR Rate or LIBOR Rate will be a percentage determined on the basis of the mid-market, semi-annual swap rate quotations provided by five leading swap dealers in the Eurozone interbank market at approximately 11:00 a.m., Brussels time with respect to an EURIBOR Rate or in the London interbank market at approximately 11:00 a.m. London time with respect to a LIBOR Rate on the Interest Determination Date. For this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating Euro interest rate swap with respect to an EURIBOR Rate, or fixed-for-floating Designated Reference interest rate swap with respect to a LIBOR Rate transaction with a term equal to the maturity of the notes designated in the applicable Final Terms on that Interest Determination Date with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to the rate for deposits in Euro (with respect to an EURIBOR Rate) or with respect to the Designated Reference (with respect to a LIBOR Rate) with a maturity of three months which appears on the EURIBOR001 page (with respect to EURIBOR Rate) or LIBOR01 page (with respect to LIBOR Rate). The Issuer will select the five swap dealers after consultation with the Calculation Agent and will request the principal Eurozone or London office of each of those dealers to provide to the Calculation Agent a quotation of its rate. If at least three quotations are provided, the EURIBOR Rate or LIBOR Rate for that Interest Determination Date will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event of equality, one of the highest and one of the lowest quotations.

(iii) If fewer than three leading swap dealers selected by the Calculation Agent are quoting as described above, the EURIBOR Rate or LIBOR Rate will remain the EURIBOR Rate or LIBOR Rate, as applicable, in effect on that Interest Determination Date or, if that Interest Determination Date is the first Interest Determination Date, the EURIBOR Rate or LIBOR Rate in effect on the Interest Commencement Date.

For the purposes of this sub-paragraph "**Designated Reference**" means either Swiss Franc, Euro, Sterling, Japanese Yen, U.S. dollars or any other currency (as specified in the applicable Final Terms).

*Replacement Reference Rate Determination for Discontinued EURIBOR Rate, LIBOR Rate or Reference Rate*

5B.(9) This Condition 5B.(9) shall apply to all Notes where Condition 5B.(9) is specified to be applicable in the applicable Final Terms.

Notwithstanding the provisions above in this Condition 5B, if the Issuer (in consultation with the Calculation Agent) determines at any time prior to, on or following any Interest Determination Date, that the relevant EURIBOR Rate, LIBOR Rate or Reference Rate (as specified in the applicable Final Terms) has been discontinued when any Rate of Interest (or relevant part thereof) remains to be determined by such EURIBOR Rate, LIBOR Rate or Reference Rate then, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), appoint an agent ("**Rate Determination Agent**"), which will determine in its sole discretion, acting in good faith and in a commercially reasonable manner, whether a substitute or successor rate for purposes of determining the relevant EURIBOR Rate, LIBOR Rate or Reference Rate in respect of each Interest Determination Date falling on such date or thereafter that is substantially comparable to the EURIBOR Rate, LIBOR Rate or Reference Rate is available or whether a successor rate that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency, or widely recognised industry association or body, is available. If (A) the Issuer is unable to appoint an agent to act as Rate Determination Agent on reasonable terms or within a reasonable time frame (all to be determined in the Issuer's sole and absolute discretion) or (2) the Rate Determination Agent appointed by the Issuer fails to determine a Replacement Reference Rate (including any Reference Rate Adjustments (as defined below)) in a timely manner in accordance with this Condition 5B.(9), the Issuer may in its sole discretion (but shall under no circumstances be required to) appoint itself as Rate Determination Agent.

For the purposes of this clause, the relevant EURIBOR Rate, LIBOR Rate or Reference Rate (as specified in the applicable Final Terms) shall be considered discontinued when:

(i) the relevant EURIBOR Rate, LIBOR Rate or Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered;

(ii) it has become unlawful or otherwise prohibited (including, without limitation, for the Calculation Agent) pursuant to any law, regulation or instruction from a competent authority, to calculate any payments due to be made to any Noteholder or Couponholder using the relevant EURIBOR Rate, LIBOR Rate or Reference Rate or otherwise make use of the such EURIBOR Rate, LIBOR Rate or Reference Rate with respect to the Notes;

(iii) a public statement by the administrator of the relevant EURIBOR Rate, LIBOR Rate or Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(iv) public statement by the supervisor of the administrator of the relevant EURIBOR Rate, LIBOR Rate or Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(v) a public statement by the supervisor of the administrator of the relevant EURIBOR Rate, LIBOR Rate or Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(vi) (only if Pre-Cessation Trigger is specified in the applicable Final Terms as applicable), a public statement by the supervisor of the administrator of the relevant EURIBOR Rate, LIBOR Rate or Reference Rate (as applicable) that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market,

(each a "**Benchmark Event**")

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii) or (iv) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to have occurred until the date falling six months prior to such Specified Future Date.

If the Rate Determination Agent determines that there is an industry-accepted successor rate, the Rate Determination Agent will use such substitute or successor rate to determine the relevant EURIBOR Rate, LIBOR Rate or Reference Rate. If the Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**") for purposes of determining the EURIBOR Rate, LIBOR Rate or Reference Rate on each Interest Determination Date falling at least five business days after such determination, (A) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the relevant EURIBOR Rate, LIBOR Rate or Reference Rate, in each case in a manner that it considers is consistent with industry-accepted practices for such Replacement Reference Rate (the "**Reference Rate Adjustments**"); (B) references to the EURIBOR Rate, LIBOR Rate or Reference Rate in these Conditions applicable to the relevant Floating Rate Notes will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above; (C) the Rate Determination Agent will notify the Issuer and the Calculation Agent of the foregoing no later than five business days prior to the next Interest Determination Date; and (D) the Issuer will give notice as soon as reasonably practicable to the Noteholders (in accordance with Condition 15 (*Notices*)) and the Calculation Agent specifying the Replacement Reference Rate, as well as the details described in (A) above. In the event the Rate Determination Agent fails to notify the Calculation Agent five business days prior to the next Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period (though substituting, where a different Relevant Margin, a Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin, a Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Relevant Margin, a Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest which would have been applicable to the Notes for the scheduled first Interest Period had the Notes been in issue for a period equal in duration for the scheduled first Interest Period. For the avoidance of doubt, this Condition 5B.(9) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5B.(9).

The determination of the Replacement Reference Rate and the other matters referred to above by the Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent and the Noteholders and no liability to any such person will attach to the Rate Determination Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes. If the Issuer is unable to appoint a Rate Determination Agent or the Rate Determination Agent is unable to or otherwise does not determine a Replacement Reference Rate, then the EURIBOR Rate, LIBOR Rate or Reference Rate (as stated in the Final Terms in respect of a series of Notes) will remain the rate in effect (but subject to the other provisions of Condition 5B) in respect of the relevant Interest Determination Date, and any subsequent Interest Determination Dates will remain subject to the operation of the provisions of this Condition 5B.(9).

For the avoidance of doubt, each Noteholder shall be deemed to have accepted the Replacement Reference Rate and such other changes made pursuant to this Condition 5B.(9) and no consent or approval of any Noteholder shall be required. The Rate Determination Agent will (i) be (A) a major bank or broker-dealer in the principal financial centre of the Specified Currency as appointed by the Issuer, or (B) the Issuer; and (ii) if required, have the necessary license to act as such Rate Determination Agent.

This Condition 5B.(9) shall not apply to Notes for which the Reference Rate is specified in the applicable Final Terms as being "SOFR", in respect of which the provisions of Condition 5B.(10) will apply.

5B.(10) *Benchmark Discontinuation (ARRC Fallbacks)*

This Condition 5B.(10) shall apply to all Notes where Condition 5B.(10) is specified to be applicable in the applicable Final Terms.

Notwithstanding the provisions above in this Condition 5B, if for any Interest Determination Date the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark (including any daily published component used in the calculation thereof), the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint an Independent Adviser to determine (in consultation with the Issuer) the Benchmark Replacement which will replace the then-current Benchmark (or such component) for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent Interest Determination Dates (subject to the subsequent operation of this provision).

In connection with the implementation of a Benchmark Replacement, the Independent Adviser, in consultation with the Issuer, will have the right to make Benchmark Replacement Conforming Changes from time to time.

Any determination, decision or election that may be made by the Independent Adviser, in consultation with the Issuer, pursuant to this section, including any determination with respect to a rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(i) will be conclusive and binding absent manifest error;

(ii) will be made in the sole discretion of the Independent Adviser, in consultation with the Issuer, as applicable; and

(iii) notwithstanding anything to the contrary in these Conditions, shall become effective without consent from the holders of the Notes or any other party (including the Calculation Agent and the Agents).

Where the Reference Rate is specified in the applicable Final Terms as being SOFR Average and if the Issuer is not able to appoint an Independent Adviser or the Independent Adviser does not determine and give notice to the Calculation Agent of a Benchmark Replacement as provided above five business days prior to the next Interest Determination Date, then SOFR Average shall be determined by the Issuer in accordance with USD-SOFR-COMPOUND as defined in the ISDA Definitions.

Where:

"**Benchmark**" means, initially, Compounded Daily SOFR, SOFR Average or LIBOR as such terms are defined above; provided that if for any Interest Determination Date the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded Daily SOFR, SOFR Average or LIBOR, as the case may be (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" means the applicable Benchmark Replacement;

"**Benchmark Replacement**" means:

(i) in the case of Notes where the Reference Rate is LIBOR for U.S. Dollars, the first alternative set forth in the order below that can be determined by the Independent Adviser, in consultation with the Issuer, as of the Benchmark Replacement Date:

(A) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;

(B) the sum of: (a) Compounded Daily SOFR (as determined in accordance with Condition 5B.(5) above) and (b) the Benchmark Replacement Adjustment;

(C) the sum of: (a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) and (b) the Benchmark Replacement Adjustment;

(D) the sum of: (a) the ISDA Fallback Rate and (b) the ISDA Fallback Adjustment; or

(E) the sum of: (a) the alternate reference rate that has been selected by the Independent Adviser, in consultation with the Issuer, as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (or such component) for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

(ii) in the case of Notes where the Reference Rate is Compounded Daily SOFR or SOFR Average, the first alternative set forth in the order below that can be determined by the Independent Adviser, in consultation with the Issuer, as of the Benchmark Replacement Date:

(A) the sum of: (a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) and (b) the Benchmark Replacement Adjustment

(B) the sum of: (a) the ISDA Fallback Rate and (b) the ISDA Fallback Adjustment; or

(C) the sum of: (a) the alternate reference rate that has been selected by the Independent Adviser, in consultation with the Issuer, as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (or such component) for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Independent Adviser, in consultation with the Issuer, as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement; or

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been

selected by the Independent Adviser, in consultation with the Issuer, giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts and other administrative matters (including changes to the fallback provisions)) that the Independent Adviser, in consultation with the Issuer, decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser, in consultation with the Issuer, decides that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser, in consultation with the Issuer, determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Independent Adviser, in consultation with the Issuer, determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) in the case of clause (i) or (ii) of the definition of "**Benchmark Transition Event**," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark (or such component) permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of clause (iii) of the definition of "**Benchmark Transition Event**," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component) announcing that the Benchmark (or

such component) is no longer representative;

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

"**Independent Adviser**" means a reputable independent financial institution or other reputable independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Benchmark (including any daily published component used in the calculation thereof) of the applicable tenor excluding any applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means the SOFR Determination Time, or (if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred), the time determined by the Independent Adviser, in consultation with the Issuer, after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

"**Term SOFR**" means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR (as defined in Condition 5B.(5) above) that has been selected or recommended by the Relevant Governmental Body; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

In the event Compounded Daily SOFR, SOFR Average or LIBOR cannot be determined in accordance with the foregoing provisions, Compounded Daily SOFR, SOFR Average or LIBOR, as the case may be, will be (i) that determined at the last preceding Interest Determination Date or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest (minus the Margin) which would have been applicable to the Notes for the scheduled first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on, and excluding, the Interest Commencement Date."

*Minimum and Maximum Rate of Interest*

5B.(11) If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with this Condition is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with this Condition is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

*Calculation of interest amount*

5B.(12) The Calculation Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the Calculation Amount in respect of such Notes specified in the applicable Final Terms for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to such Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

*Linear Interpolation*

5B.(13) Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified to be applicable in the relevant Final Terms) or either, whichever is applicable, the EURIBOR Rate or the LIBOR Rate (where ISDA Determination is specified to be applicable in the relevant Final Terms), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

For the purpose of this sub-paragraph "**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

5B.(14) In no event shall the Minimum Rate of Interest or Interest Amount be less than zero.

5B.(15) Notwithstanding any other provision of this Condition 5B, neither the Calculation Agent and/or Agent is obliged to concur with the Issuer or the Independent Advisor in respect of any changes or amendments as contemplated under this Condition 5B to which, in the sole opinion of the Calculation Agent and/or Agent (as applicable), would have the effect of (i) exposing the Calculation Agent and/or Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Calculation Agent and/or Agent (as applicable) in the Agency Agreement and/or these Conditions.

If in the Agent and/or Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5B, the Agent and/or Calculation Agent shall promptly notify the Issuer and / or the Independent Advisor thereof and the Issuer shall direct the Agent and/or Calculation Agent in writing as to which alternative course of action to adopt. If the Agent and/or Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer and / or the Independent Advisor (as the case may be) thereof and the Agent and/or Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

For the avoidance of doubt, neither the Issuing and Paying Agent, Paying Agent and Calculation Agent shall be obliged to monitor or inquire whether a Benchmark Event has occurred or have any liability in respect thereof.

5C. **Interest on Dual Currency Interest Notes**

In case of Dual Currency Interest Notes payments by the Issuer of interest will be made in another currency or currencies than the Specified Currency. Such currency or currencies and the Rate of Exchange used to calculate payments of interest will be specified in the applicable Final Terms.

5D. **Interest on Variable Interest Rate Notes**

(i) Interest Payment Dates

Each Variable Interest Rate Note bears interest in the manner specified in the Final Terms and determined in accordance with Condition 5D.(iii) below from (and including) the Interest Commencement Date at the rate (expressed as a percentage) equal to the Rate of Interest, such interest will be payable in arrear on each Interest Payment Date specified in the applicable Final Terms. Such interest will be payable in respect of each Interest Period.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, the Interest Payment Date shall be determined in accordance with the relevant Business Day Convention in accordance with Condition 5G (*Definitions*) below.

(ii) Rate of Interest

The Rate of Interest applicable from time to time in respect of the Variable Interest Rate Notes will be determined in the manner as set out in Condition 5D.(1) (*Rate of Interest on Reverse Floater Interest Notes*), Condition 5D.(2) (*Rate of Interest on Step-Down Interest Notes*) and Condition 5D.(3) (*Rate of Interest on Step-Up Interest Notes*) respectively below and supplemented by the applicable Final Terms. The terms in Condition 5D.(1), Condition 5D.(2) and Condition 5D.(3) each relate to a different method of calculating the Rate of Interest in respect of each Interest Payment Date (as may be specified in the applicable Final Terms).

(iii) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent or the Calculation Agent, as specified in the applicable Final Terms, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Agent or the Calculation Agent, as specified in the applicable Final Terms will calculate the Interest Amount payable on the Variable Interest Rate Note in respect of each Specified Denomination (or the Calculation Amount if one is specified to be applicable in the applicable Final Terms) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination (or the Calculation Amount if one is specified to be applicable in the applicable Final Terms), multiplying the resulting sum by the applicable Day Count Fraction (as defined in Condition 5G (*Definitions*) below) and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. If a Calculation Amount is specified to be applicable in the applicable Final Terms, the amount of interest payable in respect of a Variable Interest Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination of such Note without any further rounding. If, however, the applicable Final Terms specify that Aggregate Nominal Amount Determination is applicable, then each Interest Amount or any other amount of interest payable in respect of a Variable Interest Rate Note for any period shall be calculated by applying the Rate of Interest to the outstanding aggregate nominal amount of the relevant series of Variable Interest Rate Notes, multiplying the resulting sum by the applicable

Day Count Fraction, dividing the resultant figure by the number of such Notes and rounding the resultant figure(s) down to the nearest sub-unit of the relevant Specified Currency.

5D.(1) **Rate of Interest on Reverse Floater Interest Notes**

The Rate of Interest per Note in respect of each Interest Period(t) ending on but excluding, an Interest Payment Date ("**Interest Payment Date(t)**") shall be the relevant Rate of Interest (the "Rate of Interest(t)"), calculated in accordance with the following formula:

(i) If "Fixed Rate Period" is specified as being "Applicable" in the applicable Final Terms and the related Interest Period(t) is a Fixed Rate Interest Period:

Rate of Interest(Fixed)(t)

(ii) If (a) "Fixed Rate Period" is specified as being "Not Applicable" in the applicable Final Terms or (b) "Fixed Rate Period" is specified as being "Applicable" in the applicable Final Terms and the related Interest Period(t) is a Variable Rate Interest Period:

*Min*[*Cap*(t);*Max*[*Floor*(t); *Fix*(t) - *Multiplier*(t) x *Underlying Rate*(t)]]

5D.(2) **Rate of Interest on Step-Down Interest Notes**

The Rate of Interest per Note in respect of each Interest Period(t) ending on but excluding, an Interest Payment Date ("**Interest Payment Date(t)**") shall be the relevant Rate of Interest (the "Rate of Interest(t)"), calculated in accordance with the following formula:

(i) if (A) t = 1 or (B) "Fixed Rate Period" is specified as being "Applicable" in the applicable Final Terms and the related Interest Period(t) is a Fixed Rate Interest Period:

Rate of Interest(Fixed)(t)

(ii) if (A) t is greater than 1 and (B)(l) "Fixed Rate Period" is specified as "Not Applicable" in the applicable Final Terms or (2) "Fixed Rate Period" is specified as "Applicable" in the applicable Final Terms and the related Interest Period(t) is a Variable Rate Interest Period:

Rate of Interest(t-1)-Step-Down(t)

5D.(3) **Rate of Interest on Step-Up Interest Notes**

The Rate of Interest per Note in respect of each Interest Period(t) ending on but excluding, an Interest Payment Date ("**Interest Payment Date(t)**") shall be the relevant Rate of Interest (the "Rate of Interest(t)"), calculated in accordance with the following formula:

(i) if (A) t = 1 or (B) "Fixed Rate Period" is specified as being "Applicable" in the applicable Final Terms and the related Interest Period(t) is a Fixed Rate Interest Period:

Rate of Interest(Fixed)(t)

(ii) if (A) t is greater than 1 and (B)(l) "Fixed Rate Period" is specified as "Not Applicable" in the applicable Final Terms or (2) "Fixed Rate Period" is specified as "Applicable" in the applicable Final Terms and the related Interest Period(t) is a Variable Rate Interest Period:

Rate of Interest(t-1)+Step-Up(t)

5E. **Interest – Supplemental Provision and Notification of Rates of Interest, Interest Amounts and Interest Payment Dates**

5E.(1) Condition 5E.(2) shall be applicable in relation to Floating Rate Notes and Condition 5E.(3) shall be applicable in relation to all interest-bearing Notes.

5E.(2) The Calculation Agent will cause each Rate of Interest, Floating Rate, Interest Payment Date, final day of a Calculation Period, Interest Amount or Floating Amount, as the case may be, determined by it to be notified to the Paying Agents (from whose respective specified offices such information will be available) as soon as practicable after such determination, but in any event not later than the fourth London Banking Day thereafter and, in the case of Notes admitted to listing on the Luxembourg Stock Exchange and/or Euronext Amsterdam, the Paying Agent shall cause each such Rate of Interest, Floating Rate, Interest Amount or Floating Amount, as the case may be, to be notified to the Luxembourg Stock Exchange and/or Euronext Amsterdam N.V., as the case may be. The Calculation Agent will be entitled to amend any Interest Amount, Floating Amount, Interest Payment Date or last day of a Calculation Period (or to make appropriate alternative arrangements by way of adjustment) without notice in the event of the extension or abbreviation of the relevant Interest Period or Calculation Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent and Paying Agents shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

5E.(3) All determinations and calculations made by the Calculation Agent shall be made by it in its sole discretion and in good faith, acting reasonably and on an arms-length basis. All such determinations and calculations so made shall be final and binding (save in the case of manifest error) on all parties. The Calculation Agent shall have no liability or responsibility to any person in relation to the determinations or calculations provided in connection herewith, except in the case of wilful default or bad faith.

5F. **Zero Coupon Notes**

Zero Coupon Notes will not bear interest other than in relation to interest due after the Maturity Date.

5G. **Definitions**

In this Condition 5 the following expressions have the following meanings:

"**Additional Business Centre(s)**" means the city or cities specified as such in the applicable Final Terms;

"**Business Day**" (other than in respect of Notes for which the Reference Rate is specified as Compounded Daily SOFR or SOFR Average in the relevant Final Terms) means:

(i) in relation to any sum payable in Euro, a TARGET Business Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Relevant Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day, save in respect of Notes for which the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR or SOFR Average, in which case the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**Floating Rate Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred; *provided, however*, that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Cap(t)**" means, in respect of any Interest Period(t) and related Interest Payment Date(t) specified under the heading "Cap Schedule" in the table in the applicable Final Terms, the percentage specified under the heading "Cap(t)" in such table adjacent to the relevant Interest Period(t) and related Interest Payment Date(t). If Cap is specified as "Not Applicable" in the applicable Final Terms Cap(t) shall be infinity;

"**Calculation Agent**" means the Issuing and Paying Agent, or, if different, the entity as specified in the applicable Final Terms.

"**Calculation Amount**" has the meaning given in the Final Terms;

"**CMS Brussels**" or "**CMS London**" means a rate for the Designated Maturity determined in accordance with the Floating Rate Option for each relevant Reset Date, each as specified in the Final Terms and having the meanings given to them in the ISDA Definitions;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "Calculation Period"), such day count fraction as may be specified in these Terms and Conditions or the applicable Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(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 (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**Actual/365L**" is so specified, means the actual number of days in the Calculation Period divided by 366 if the Calculation Period includes February 29th or 365 if the Calculation Period does not contain February 29th;

(vi) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vii) if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(viii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

"**Fixed Coupon Amount**" has the meaning given in the applicable Final Terms;

"**Fixed Rate Interest Period**" means each Interest Period falling within the Fixed Rate Period (if any);

"**Fixed Rate of Interest**" has the meaning given in the applicable Final Terms;

"**Fixed Rate Period**" means the period (if any) from and including the Fixed Rate Period Start Date to and including the Fixed Rate Period End Date;

"**Fixed Rate Period End Date**" means the date specified as such (if any) in the applicable Final Terms;

"**Fixed Rate Period Start Date**" means the date specified as such (if any) in the applicable Final Terms;

"**Fixing Day City**" means the city specified as such in the applicable Final Terms;

"**Fixing Days**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Fixing Day City;

"**Fix(t)**" means, in respect of any Interest Period(t) and related Interest Payment Date(t) specified under the heading "Fix Schedule" in the table in the applicable Final Terms, the percentage specified under the heading "Fix(t)" in such table adjacent to the relevant Interest Period(t) and related Interest Payment Date(t);

"**Floor(t)**" means, in respect of any Interest Period(t) and related Interest Payment Date(t) specified under the heading "Floor Schedule" in the table in the applicable Final Terms, the percentage specified under the heading "Floor(t)" in such table adjacent to the relevant Interest Period(t) and related Interest Payment Date(t). If Floor is specified as "Not Applicable" in the applicable Final Terms Floor(t) shall be zero;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the applicable Final Terms;

"**Interest Determination Date**" means the interest determination date as specified in the applicable Final Terms;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the Floating Rate Convention and an interval of a number of calendar months is specified in the applicable Final Terms as being the Specified Period, each of such dates as may occur in accordance with the Floating Rate Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Payment Date(t-1)**" means the Interest Payment Date immediately preceding Interest Payment Date(t);

"**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;

"**Interest Period(t)**" means, in respect of an Interest Payment Date(t), the period from (and including) Interest Payment Date(t-1) (or, if Interest Payment Date(t) is the first Interest Payment Date, the Interest Commencement Date) to (but excluding) Interest Payment Date(t);

"**Issue Date**" has the meaning given in the applicable Final Terms;

"**Linear Interpolation**" means the method for determining the interest rate on Floating Rate Notes as specified in Condition 5B.(13);

"**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi colon inside those brackets;

"**Min**" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a semi colon inside those brackets;

"**Multiplier(t)**" means, in respect of any Interest Period(t) and related Interest Payment Date(t) specified under the heading "Multiplier Schedule" in the table in the applicable Final Terms, the percentage specified under the heading "Multiplier(t)" in such table adjacent to the relevant Interest Period(t) and related Interest Payment Date(t). If no Multiplier is specified in the applicable Final Terms the Multiplier(t) shall be 100 per cent;

"**Number of Fixing Days**" means the number of Fixing Days specified in the applicable Final Terms;

"**Rate of Interest(Fixed)(t)**" means, in respect of any Interest Period(t) and related Interest Payment Date(t) specified under the heading "Rate of Interest(Fixed) Schedule" in the table in the applicable Final Terms, the rate specified under the heading "Rate of Interest(Fixed)(t)" in such table adjacent to the relevant Interest Period(t) and related Interest Payment Date(t);

"**Rate of Interest(t-1)**" means the Rate of Interest in respect of Interest Payment Date(t-1);

"**Reference Rate**" means the Reference Rate specified as such in the applicable Final Terms as being CMS London, CMS Brussels, LIBOR, EURIBOR EONIA, SONIA, Compounded Daily SOFR, SOFR Average or €STR;

"**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.

"**Relevant Margin**" means the margin applicable to the Notes as may be specified in the applicable Final Terms;

"**Relevant Screen Page**" means such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms;

"**Relevant Screen Page(Underlying)**" means the screen page specified as such in the applicable Final Terms;

"**Specified Currency**" has the meaning given in the applicable Final Terms;

"**Specified Period**" has the meaning given in the applicable Final Terms;

"**Step-Down(t)**" means, in respect of any Interest Period(t) and related Interest Payment Date(t) specified under the heading "Step-Down Schedule" in the table in the applicable Final Terms, the percentage specified under the heading "Step-Down(t)" in such table adjacent to the relevant Interest Period(t) and related Interest Payment Date(t);

"**Step-Up(t)**" means, in respect of any Interest Period(t) and related Interest Payment Date(t) specified under the heading "Step-Up Schedule" in the table in the applicable Final Terms, the percentage specified under the heading "Step-Up(t)" in such table adjacent to the relevant Interest Period(t) and related Interest Payment Date(t);

"**t**" is an ascending series of unique positive integers starting from and including 1 (one) up to and including T, each denoting one Interest Period (and its related Interest Payment Date) in chronological order;

"**T**" means the total number of Interest Periods (or related Interest Payment Dates);

"**Underlying ISDA Rate(t)**" means, in respect of an Interest Period(t) and related Interest Payment Date(t), a rate equal to the EURIBOR Rate or the LIBOR Rate (as specified in the applicable Final Terms). "EURIBOR Rate" means, with respect to any Underlying Rate Determination Date(t) relating to a Reverse Floater Interest Note, the rate for Euro swaps with a Designated Maturity for a specified number of years (as specified in the applicable Final Terms) which appears on Reuters relevant ICESWAP1 Page as of 11:00 a.m., Brussels time, on the related Underlying Rate Determination Date(t). "LIBOR Rate" means, with respect to any Underlying Rate Determination Date(t) relating to a Reverse Floater Interest Rate, the rate for Designated Reference swaps with a Designated Maturity for a specified number of years (as specified in the applicable Final Terms) which appears on Reuters relevant ICESWAP1 Page as of 11:00 a.m., London time, on the related Underlying Rate Determination Date(t);

"**Underlying Rate(t)**" means, in respect of an Interest Period(t) and related Interest Payment Date(t), the rate determined in accordance with the provisions of Underlying ISDA Rate(t) or Underlying Screen Rate(t), as specified in the applicable Final Terms;

"**Underlying Rate Determination Date(t)**" means, in respect of an Interest Period(t) and related Interest Payment Date(t), (i) if" Fixing in Advance" is specified in the applicable Final Terms, the Number of Fixing Days prior to the first day of such Interest Period(t), (ii) if "Fixing in Arrear" is specified in the applicable Final Terms, the Number of Fixing Days prior to the last day of such Interest Period(t), (iii) in any other case, as specified in the applicable Final Terms;

"**Underlying Reference Rate**" means the rate specified as such in the applicable Final Terms;

"**Underlying Screen Rate(t)**" means, in respect of an Interest Period(t) and related Interest Payment Date(t), and subject as provided below, either:

(i) the offered quotation for the Underlying Reference Rate (if there is only one quotation on the Relevant Screen Page (Underlying)); or

(ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Underlying Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page(Underlying) as at 11.00 a.m. (London time, in the case of LIBOR or CMS London, or Brussels time, in the case of EURIBOR, EONIA or CMS Brussels) on the Underlying Rate Determination Date(t) in question all as determined by the Issuing and Paying Agent. If five or more such offered quotations are available on the Relevant Screen Page(Underlying), the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issuing and Paying

Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page(Underlying) is not available or if in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Issuing and Paying Agent shall request each of the Reference Banks (as defined below) to provide the Issuing and Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Underlying Reference Rate at approximately the Specified Time on the Underlying Rate Determination Date(t) in question. If two or more of the Reference Banks provide the Issuing and Paying Agent with such offered quotations, the Underlying Screen Rate(t) for such Interest Period(t) shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations.

If on any Underlying Rate Determination Date(t) one only or none of the Reference Banks provides the Issuing and Paying Agent with such offered quotations as provided in the preceding paragraph, the Underlying Screen Rate(t) for the relevant Interest Period(t) shall:

(i) if the Underlying Reference Rate is EURIBOR, LIBOR or EONIA, be the rate per annum which the Issuing and Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuing and Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Underlying Rate Determination Date(t), deposits in the Specified Currency for the relevant Interest Period(t) by leading banks in the London inter-bank market (if the Underlying Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Underlying Reference Rate is EURIBOR or EONIA) or, if fewer than two of the Reference Banks provide the Issuing and Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period(t), or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period(t), at which, at approximately the Specified Time on the relevant Underlying Rate Determination Date(t), any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuing and Paying Agent it is quoting to leading banks in the London inter-bank market (if the Underlying Reference Rate is LIBOR) or the Eurozone interbank market (if the Underlying Reference Rate is EURIBOR or EONIA), provided that, if the Underlying Screen Rate(t) cannot be determined in accordance with the foregoing provisions of this paragraph, the Underlying Screen Rate(t) shall be determined as at the last preceding Underlying Rate Determination Date(t); and

(ii) if the Underlying Reference Rate is CMS Brussels or CMS London, be the rate determined on the basis of the mid-market annual swap rate quotations provided by five leading swap dealers in the inter-bank swap market, as selected by the Calculation Agent in its sole discretion on the Underlying Rate Determination Date(t) at approximately the Specified Time. The mid-market annual swap rate as referred to in the preceding sentence 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 EUR interest rate swap transaction with a maturity equal to the term mentioned in the relevant interest rate swap transaction for in an amount that is representative for a single transaction in the relevant market commencing on the first day of the Interest Period(t) with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to 6 months.

In this clause the expression "Reference Banks" means, in the case of a determination of LIBOR or CMS London, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, EONIA or CMS Brussels, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent; and the expression "Specified Time" means 11.00 a.m. (London time, in the case of a determination of LIBOR or CMS London, or Brussels time, in the case of a determination of EURIBOR, EONIA or CMS Brussels); and

"**Variable Rate Interest Period**" means each Interest Period(t) falling outside of the Fixed Rate Period.

## 6. REDEMPTION AND PURCHASE

### (a) Redemption at Maturity

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

### (b) Early Redemption for Taxation Reasons

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 on or after the Issue Date of the first Tranche of such Notes or, in the case of a Substituted Debtor which is organised or tax resident in a jurisdiction different to that of the Issuer, the date on which such successor jurisdiction becomes a successor jurisdiction), the Issuer (or Substituted Debtor) determines that it would, on the occasion of the next payment due in respect of such Notes, be required to pay additional amounts in accordance with Condition 8 and that such obligation is not avoidable by the taking of reasonable measures available to the Issuer (or Substituted Debtor), then the Issuer (or Substituted Debtor) may, upon the expiry of the appropriate notice, redeem all (but not some only) of the Notes comprising the relevant Series at their Early Redemption Amount referred to in Condition 6(g) below, together with accrued interest (if any) thereon.

### (c) Optional Early Redemption (Issuer Call Option)

If "Issuer Call Option" is specified in the applicable Final Terms as being applicable, then the Issuer may, upon the expiry of the appropriate notice, redeem all or some only of the Notes of the relevant Series then outstanding on the optional redemption date(s) (the "**Optional Redemption Date(s)**") at the optional redemption amount (the "**Optional Redemption Amount**") specified in the applicable Final Terms. Any such redemption must be of a principal amount not less than the minimum redemption amount ("**Minimum Redemption Amount**") and not more than the maximum redemption amount ("**Maximum Redemption Amount**"), both as specified in the applicable Final Terms.

### (d) Appropriate Notice

The appropriate notice referred to in Conditions 6(b) and 6(c) of these Terms and Conditions is a notice given by the Issuer to the Issuing and Paying Agent and the Holders of the Notes of the relevant Series (in accordance with Condition 15(a)), which notice shall be duly signed on behalf of the Issuer and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed;
- 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 applicable Final Terms) after the date on which such notice is validly given, which is (in the case of a redemption pursuant to Condition 6(b)) 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 Condition 8, and which is (in the case of Notes which bear interest at a floating rate) a date upon which interest is payable;
- (in the case of a redemption pursuant to Condition 6(b)) the circumstances giving rise to the Issuer's entitlement to effect such redemption in accordance with Condition 6(b); and

- (in the case of a redemption pursuant to Condition 6(b)) 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 8.

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

(e) **Partial Redemption**

If some only of the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6(c), in the case of Bearer Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Issuing and Paying Agent may specify, or identified in such other manner or in such other place as the Issuing and Paying Agent may approve and deem appropriate and fair, subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Notes may be listed and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date bears to the aggregate principal amount of outstanding Notes on such date, *provided that* for so long as the relevant Notes are represented by a Temporary Global Note and/or a Permanent Global Note or one or more Global Note Certificates, the Notes to be redeemed will be selected in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of DTC, Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion), provided further, that any Note represented by a Temporary Global Note shall only be accepted for redemption upon certification as to non-U.S. beneficial ownership.

(f) **Optional Early Redemption (Investor Put Option)**

If "Investor Put Option" is specified in the applicable Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the Optional Redemption Date(s) specified in the applicable Final Terms, at its principal amount (or such other Optional Redemption Amount as may be specified in the applicable Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date so specified (or such other period as may be specified in the applicable Final Terms), deposit the relevant Note (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with any Paying Agent, together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, in the case of a Permanent Global Note, with the form of redemption notice endorsed thereon duly completed, and, in the case of Bearer Notes which were issued in accordance with the D Rules and are represented by a Temporary Global Note exchangeable for interests in a Permanent Global Note or Definitive Notes, certification of non-U.S. beneficial ownership has been received as required under the D Rules.

(g) **Early Redemption Amounts**

For the purpose of Condition 6(b) and Condition 7, each Note will be redeemed at its early redemption amount ("**Early Redemption Amount**") calculated as follows:

(i) in the case of a Note (other than a Zero Coupon Note but including an Installment Note) with a Final Redemption Amount which is or may be less or greater than the principal amount or which is payable in a Specified Currency other than that in which the Note is denominated, at the Early Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, at its principal amount; or

(ii) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

Early Redemption Amount = RP × (1 + AY)y

where:

"RP" means the reference price ("**Reference Price**") as specified in the Final Terms; and

"AY" means the accrual yield ("**Accrual Yield**") as specified in the Final Terms; and

"y" is a fraction, the numerator of which is equal to the number of days (calculated on the basis of a Day Count Fraction (specified in the applicable Final Terms)) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is calculated on the basis of a Day Count Fraction specified in the applicable Final Terms; or

(iii) in any other case, at the Final Redemption Amount specified in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, at its principal amount.

(h) **Redemption of Dual Currency Redemption Notes**

In the case of Dual Currency Redemption Notes, payments by the Issuer of principal will be made in another currency or currencies than the Specified Currency. Such currency or currencies and the Rate of Exchange used to calculate payments of principal will be specified in the applicable Final Terms.

(i) **Installment Notes**

Installment Notes will be repaid in the installment amounts ("**Installment Amounts**") and on the installment dates ("**Installment Dates**") specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6(g) above.

(j) **Purchase of Notes**

The Issuer may at any time purchase Notes in the open market or otherwise and at any price, provided that, in the case of interest-bearing Definitive Notes, any unmatured Coupons appertaining thereto are purchased therewith. Notes so purchased by the Issuer may be held or resold or surrendered for cancellation.

(k) **Cancellation of Redeemed Notes**

All unmatured Notes redeemed in accordance with this Condition 6 and, in the case of interest-bearing Definitive Notes, any unmatured Coupons attached thereto or surrendered therewith will be cancelled and may not be reissued or resold.

(l) **Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition or upon its becoming due and repayable as provided in Condition 7 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(g) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid;

and

(ii) five days after the date on which the full amount of the moneys payable has been received by the Issuing and Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15.

## 7. EVENTS OF DEFAULT

The Holder of any Note may give written notice to the Issuing and Paying Agent that such Note is, and such Note shall accordingly immediately become, without further notice being required, save as specified in (ii) below, due and repayable at its Early Redemption Amount (as described in Condition 6(g)), together with interest accrued to the date of repayment, upon the occurrence of any of the following events ("**Events of Default**") unless, prior to the giving of such notice, all Events of Default shall have been cured or otherwise made good:

(i) if default is made in the payment of any principal or interest due on the Notes or any of them and such default continues for a period of 30 days; or

(ii) if the Issuer fails to perform or observe any of its other obligations under the Notes and (except where such failure is incapable of remedy, when no such notice will be required) such failure continues for a period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or

(iii) if any order shall be made by a competent court or other authority or resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its respective assets or if the Issuer enters into a composition with its creditors, or the Issuer admits in writing that it cannot pay its debts generally as they become due, initiates a proceeding in bankruptcy, or is adjudicated bankrupt.

## 8. TAXATION

(a) All amounts payable (whether 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 governmental 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 after such withholding or deduction shall equal the respective amounts which would have been receivable in the absence of such withholding or deductions, except that no such additional amounts shall be payable in respect of payment in respect of any Note or Coupon under any of the following circumstances:

(i) the Holder or beneficial owner of the Note or Coupon is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having or having had some connection with the Netherlands other than the mere holding of the Note or Coupon or the mere receipt of payments under such Note or Coupon;

(ii) the Holder or beneficial owner of the Note or Coupon 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 or satisfying any other information or reporting requirement imposed by the relevant authority;

(iii) the Note or Coupon is presented (where presentation is required) more than 30 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 30 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 or Coupon (where presentation is required) to another Paying Agent.

(b) For the avoidance of doubt, no additional amounts will be paid by BNG Bank or any Paying Agent on account of any deduction or withholding from a payment on, or in respect of, the Notes or Coupons where such deduction or withholding is imposed pursuant to, or in connection with, FATCA (as defined below).

(c) In addition, additional amounts will not be paid with respect to any payment on or with respect to the Notes or Coupons 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 or Coupons 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 or Coupons.

(d) For the purposes of these Terms and Conditions, 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 or, in respect of Swiss Franc Notes only, the Principal Swiss 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 of the relevant Series in accordance with Condition 15.

(e) Any reference in these Terms and Conditions to payments in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or any undertaking given in addition thereto or in substitution therefor.

## 9. PAYMENTS

(a) All payments will be subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8, including any withholding or deduction required pursuant to 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**"). Neither BNG Bank nor any Paying Agent will be liable for, or required to pay any additional amounts as a result of the withholding or deduction from a payment on the Notes pursuant to, or in connection with, FATCA.

*Bearer Notes*

Paragraphs (b) to (f) of this Condition 9 shall apply to Bearer Notes only.

(b) Payment of amounts (including accrued interest) due on the redemption of Bearer Notes will be made against presentation (and in the case of a Temporary Global Note, upon due certification as required therein) and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents outside the United States.

(c) Payment of amounts due in respect of interest on Bearer Notes will be made:

(i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office

of any of the Paying Agents outside the United States and, in the case of a Temporary Global Note, upon due certification as required therein;

(ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside the United States; and

(iii) in the case of Definitive Notes and delivered with Coupons attached thereto, against surrender of the relevant Coupons at the specified office of any of the Paying Agents outside the United States.

(iv) Notwithstanding paragraphs (b) and (i), (ii) and (iii) above, payments may be made at the specified office of a Paying Agent in the United States if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in United States dollars, (ii) payment of the full amount of such payment at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) If the due date for payment of any amount due (whether in respect of principal, interest or otherwise) in respect of any Notes is not a Payment Business Day in the place of presentation, then the Holder thereof will not be entitled to payment thereof in such place until the next following such Payment Business Day in such place and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

(e) Each Definitive Note initially delivered with Coupons attached thereto should be surrendered for final redemption together with all unmatured Coupons appertaining thereto, failing which:

(i) unmatured Coupons will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time prior to the fifth anniversary of the due date of such final redemption; and

(ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

(f) Payments of amounts due (whether in respect of principal, interest or otherwise) in respect of Notes will be made by cheque drawn on, or by transfer to, an account maintained by the payee with a bank in the Relevant Financial Centre. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations.

*Registered Notes*

Paragraphs (g) to (k) of this Condition 9 shall apply to Registered Notes only.

(g) Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note Certificate at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the Holder appearing in the Register at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Registrar is located) before the relevant due date for payment. Notwithstanding the previous sentence, if (i) a Holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes,

"**Designated Account**" means the account designated in the Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in Euro) any bank which processes payments in Euro.

(h) Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the relevant Registrar is located immediately preceding the relevant due date to the Holder of the Registered Note appearing in the relevant Register at the close of business on the Record Date at its address shown in the relevant Register on the Record Date and at his risk. Upon application of the Holder to the specified office of the relevant Registrar not less than three business days in the city where the specified office of the relevant Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the Holder who has made the initial application until such time as the relevant Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

(i) Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of any delay in payment resulting from the due date for a payment not being a Payment Business Day or a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the mail.

(j) If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(k) None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

*Swiss Franc Notes*

Paragraph (l) of this Condition 9 shall apply to Swiss Franc Notes only.

(l) For Swiss Franc Notes, payments will be made without taking account of any future transfer restrictions and/or regardless of any bilateral or multilateral payment or clearing agreement which may be applicable at the time of such payments.

Payment to the Principal Swiss Paying Agent by the Issuer and the receipt by the Principal Swiss Paying Agent of the due and punctual payment of the funds in Swiss francs in Switzerland shall release the Issuer of its obligations under the Notes and Coupons for the purposes of payment of principal and interest due on the respective payment dates to the extent of such payments.

Payment of principal and/or interest shall be made in freely disposable Swiss francs without collection costs in Switzerland to the Noteholders and/or Couponholders, without any restrictions, whatever the circumstances may be, irrespective of nationality, domicile or residence of the Noteholders and/or Couponholders and without requiring any certification, affidavit or the fulfillment of any other formality.

*Renminbi Notes*

(m) This Condition 9(m) applies to Renminbi Notes only. Notwithstanding the foregoing provisions of this Condition 9:

(i)

(A) Payments in Renminbi will be made by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong; and

(B) Payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with this Condition 9(m), will be made by credit or transfer to a U.S. dollar account (or any other account to which U.S. dollar may be credited or transferred) specified by the payee or, at the option of the payee, by a U.S. dollar cheque, provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States.

(ii) If the applicable Final Terms specify that this Condition 9(m)(ii) applies, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of Renminbi Notes when due in Renminbi, the Issuer may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (Hong Kong time) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Holders in accordance with Condition 15 (Notices) of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 9(m) will constitute valid payment, and will not constitute a default in respect of the Renminbi Notes.

For the purposes of these Terms and Conditions, "**U.S. Dollar Equivalent**" of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date.

For this purpose:

(A) "**Governmental Authority**" means any de facto or de jure government (or any agency or noteality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong or the PRC;

(B) "**Illiquidity**" means the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers, as a result of which the Issuer cannot, having used its reasonable endeavours, obtain sufficient Renminbi in order fully to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Renminbi Notes;

(C) "**Inconvertibility**" means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours,

impracticable, for it to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

(D) "**Non-transferability**" means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to deliver Renminbi (i) between accounts inside Hong Kong or (ii) from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

(E) "**PRC**" means the People's Republic of China;

(F) "**Rate Calculation Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York City;

(G) "**Rate Calculation Date**" means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Terms and Conditions;

(H) "**Renminbi**" or "**CNY**" means the official currency of the People's Republic of China;

(I) "**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong; and

(J) "**Spot Rate**" means, for a Rate Calculation Date, the spot USD/CNY exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available USD/CNY official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9(m) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents, the Registrars (in the case of Registered Notes) and all Holders of Notes and Holders of Coupons.

*Notes cleared through DTC denominated in a currency other than U.S. dollars*

(m.1) This Condition 9(m.1) applies to Notes in a Specified Currency other than U.S. dollars held through DTC only. Notwithstanding any other provision of these Conditions:

(i) Notes held through, and payments made through, DTC

Payments of principal and interest in respect of Notes held through DTC and represented by a Global Note Certificate which are denominated in a Specified Currency other than U.S. dollars will be made in U.S. dollars, unless the holder of such Notes elects to receive payments in respect of all or part of its Notes in the relevant Specified Currency in accordance with the procedures set out under item (ii) below. To the extent that holders of such Notes shall not have made such election in respect of any payment of principal or interest, the aggregate amount designated for all such holders of Notes in respect of such payment (the "Conversion Amount") will be converted by Deutsche Bank AG, London Branch in its capacity as exchange agent (the "Exchange Agent") into U.S. dollars and paid by wire transfer of same-day funds to, or to the order of, the registered holder for payment through DTC's settlement system to the relevant DTC participants. All costs of any such conversion will be deducted from such payments. Any such conversion will be based on the Exchange Agent's bid quotation, at or prior to 11.00 a.m., New York City time, on the second business day preceding the relevant payment date, for the purchase by the Exchange Agent of the Conversion Amount with U.S. dollars for settlement on such payment date. If such bid quotation is not available, the Exchange Agent will obtain a bid quotation from a leading foreign exchange bank in New York City selected by the Exchange Agent in its discretion for such purpose. If no bid quotation from a leading foreign exchange bank is available, payment of the Conversion Amount will be made in the Specified Currency to the account or accounts specified by DTC to the Exchange Agent. Until such account or accounts are so specified, the funds still held by the Exchange Agent will bear interest at the rate of interest quoted by the Exchange Agent for deposits with it on an overnight basis, to the extent that the Exchange Agent is reasonably able to reinvest such funds.

(ii) Notes held through DTC, and payments made outside, DTC

Any holder of Notes held through DTC and represented by a Global Note Certificate which are denominated in a Specified Currency other than U.S. dollars may elect to receive payment of principal and interest with respect to all or part of its Notes in the Specified Currency by causing DTC, through the relevant DTC participant, to notify the Exchange Agent of (i) such Noteholder's election to receive all or a portion of such payment in the Specified Currency and (ii) wire transfer instructions to an account in the Specified Currency. Such election in respect of any payment may be made by the Noteholder at the time and in the manner required by the DTC procedures applicable from time to time and will, in accordance with such procedures, be irrevocable. DTC's notification of such election, wire transfer instructions and the amount payable in the Specified Currency pursuant to this paragraph must be received by the Exchange Agent prior to 5.00 p.m. New York City time, on the fifth New York business day prior to the relevant Interest Payment Date in the case of interest and prior to 5.00 p.m., New York City time, on the eighth New York business day prior to the Maturity Date for the payment of principal. Any such payment in the Specified Currency will be made in accordance with the Agency Agreement by wire transfer of same-day funds to accounts denominated in the Specified Currency designated to the Exchange Agent by DTC. Paragraphs (g) and (h) of this Condition 9 do not apply to payments made pursuant to this item (ii).

*Alternative Currency*

(n) If so specified in the relevant Final Terms, whenever the Issuer is due to make any payment in a currency other than Euro in respect of any Notes and such currency (the "**Original Currency**") is not available on the foreign exchange markets due to the imposition of exchange controls or due to the Original Currency's replacement or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligation in respect of that payment by making that payment in another currency (the "**Alternative Currency**"). The amount of the payment in the Alternative Currency and the applicable exchange rate will be determined by the Calculation Agent in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Any payment made by the Issuer under such circumstances in the Alternative Currency shall constitute valid payment and shall not constitute an Event of Default under Condition 7.

(o) For the purposes of these Terms and Conditions:

(i) "**Additional Financial Centre(s)**" means the city or cities specified as such in the applicable Final Terms;

(ii) "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business;

(iii) "**Eurozone**" means the region comprised of the countries whose lawful currency is the Euro;

(iv) "**Payment Business Day**" means:

(A) if the currency of payment is Euro, any day which is:

(1) in the case of a Definitive Note or an Individual Note Certificate only, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(2) a TARGET Business Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(B) if the currency of payment is not Euro, any day which is:

(1) in the case of a Definitive Note or an Individual Note Certificate only, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(2) a day on which dealings in foreign currencies may be carried on in the Relevant Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

(v) "**Record Date**" means the 15th day (whether or not such 15th day is a business day) before the due date of the relevant payment, provided that for so long as the Notes are represented by a Global Note Certificate and such Global Note Certificate is held by or on behalf of DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system, "Record Date" shall mean the Clearing System Business Day before the due date of the relevant payment.

(vi) "**Relevant Financial Centre**" means (unless varied or restated in the applicable Final Terms):

- in relation to Notes denominated in Australian dollars, Melbourne;
- in relation to Notes denominated in Japanese yen, Tokyo;
- in relation to Notes denominated in New Zealand dollars, Auckland and Wellington;
- in relation to Notes denominated in British pounds, London;
- in relation to Notes denominated in Swiss francs, Zürich;
- in relation to Notes denominated in United States dollars, New York City;
- in relation to Notes denominated in Canadian dollars, Toronto; and
- in relation to Notes denominated in any other currency, such financial center or centers as may be specified in relation to the relevant currency and for the purposes of the definition of "Business Day" in the 2000 or 2006 ISDA

Definitions (as amended and updated from time to time), as published by the International Swaps and Derivatives Association, Inc.;

10. **REDENOMINATION**

(a) Notes denominated in the currency of a member state of the European Union in relation to which "Redenomination" is specified in the applicable Final Terms as being applicable, may be redenominated into Euro in accordance with this Condition 10.

(b) Notwithstanding the provisions of Condition 14, the Issuer may, without the consent of the Holders of Notes or Coupons, on giving at least 30 days' prior notice to the Holders of Notes and Coupons in accordance with Condition 15, designate a Redenomination Date with respect to a Series of Notes.

(c) With effect from the Redenomination Date:

(i) each Note and, in the case of a Fixed Rate Note each amount of interest specified in the Coupons, shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into such amount of Euro as is equivalent to its denomination in the Specified Currency converted into Euro at the fixed rate for conversion of the relevant currency into Euro established by the Council of the European Union pursuant to Article 123(4) of the Treaty (as defined below) (including compliance with rules relating to roundings in accordance with European Union regulations);

(ii) all payments in respect of the Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro, as though references in the Notes to the Specified Currency were to Euro. Such payments will be made in Euro by cheque drawn on or by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee;

(iii) the Issuer may elect that the Notes shall be exchangeable for Notes expressed to be denominated in Euro in accordance with such arrangements as the Issuer may decide, after consultation with the Issuing and Paying Agent, and as may be specified in the notice, including arrangements under which Coupons unmatured at the date so specified become void and replaced by new Coupons;

(iv) if the Notes are Fixed Rate Notes and interest is required to be calculated for a period of less than one year, it will, if the Issuer so decides, be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (A) the number of those days falling in a leap year divided by 366 and (B) the number of those days falling in a non-leap year divided by 365);

(v) if the Notes are Floating Rate Notes, the Issuer may adjust the reference rate of the Notes to any of LIBOR, EURIBOR, EONIA, CMS London or CMS Brussels and, if required, any or all Interest Payment Dates as it deems necessary in accordance with the then pertaining market practice taking into account the redenomination and in order to preserve the economic equivalent of the obligations of the Issuer in respect of interest under such Notes; and

(vi) such other changes will be made to the Terms and Conditions of the Notes as the Issuer may decide, after consultation with the Issuing and Paying Agent, to conform such Notes to market conventions then applicable to instruments denominated in Euro including, without limitation, amending the definition of "Business Day" to be a day on which TARGET2 is operating and a day on which commercial banks and foreign exchange markets settle payments in Euro in the place of presentation instead of a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in London and in the relevant currency in the Relevant Financial Centre. Any such changes will not take effect until they have been notified to the Holders of Notes and

Coupons and any relevant stock exchange(s) on which the Notes are listed in accordance with Condition 15.

(d) As used in these Terms and Conditions:

"**Redenomination Date**" means a date which:

(i) in relation to interest-bearing Notes, shall be an Interest Payment Date;

(ii) is specified by the Issuer in the notice given to the Holders pursuant to this Condition 10; and

(iii) falls on or after the date on which the country of the relevant currency participates in the third stage of European Economic and Monetary Union; and

"**Treaty**" means the Treaty establishing the European Community, as amended.

(e) In connection with any such redenomination contemplated by this Condition 10, and without prejudice to Condition 15, the Issuer may also from time to time, without the consent of the Holders of Notes or Coupons, consolidate the Notes with one or more issues of other notes ("**Other Notes**") issued by it, whether or not originally issued in the relevant currency or in Euro, provided that such Other Notes have been redenominated into Euro (if not originally denominated in Euro) and otherwise have, in respect of all periods subsequent to such consolidation, the same or substantially the same terms and conditions as the Notes, and in all cases as set out in full in the applicable notice.

## 11. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within five years after the due date for payment.

## 12. AGENTS

The initial Agents and their respective initial specified offices are specified in the Base Prospectus. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent (including the Issuing and Paying Agent and the Registrars) and to appoint additional or other Agents, *provided that* it will at all times maintain:

(a) an Issuing and Paying Agent,

(b) a Registrar,

(c) a Paying Agent with a specified office in continental Europe,

(d) so long as any Notes are listed on the Luxembourg Stock Exchange, a Paying Agent with a specified office in Luxembourg; and

(e) so long as any Notes are listed on Euronext Amsterdam, a Paying Agent with a specified office in Amsterdam.

The Agents reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Agents will be notified promptly to the Holders in accordance with Condition 15.

In respect of Swiss Franc Notes, the Issuer will at all times maintain a Swiss paying agent having a specified office in Switzerland.

## 13. REPLACEMENT OF NOTES, NOTE CERTIFICATES AND COUPONS

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Issuing and Paying Agent, in the case of Bearer Notes, or the relevant Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

## 14. MEETINGS OF HOLDERS, MODIFICATION AND WRITTEN RESOLUTIONS

### (a) Meetings of holders

The Issuing and Paying Agency Agreement contains provisions, which are binding on the Issuer and the Holders of Notes or Coupons, for convening meetings of the Holders of Notes of any Series to consider matters affecting their interests, including the modification or waiver of the Terms and Conditions applicable to any Series of Notes. Notice specifying the date, time and place of any such meeting shall be given to the Holders of Notes of the relevant Series by or on behalf of the Issuer in accordance with Condition 15.

### (b) Modification

The Issuer may amend the Notes and these Terms and Conditions without the consent of the Holders of the Notes or Coupons to make any change which is of a formal, minor or technical nature or is made to correct a manifest error. In addition, the parties to the Issuing and Paying Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders of the Notes or Coupons, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Holders of the Notes or Coupons.

Any such modification shall be binding on the Holders of the Notes or Coupons and any such modification shall be notified to the Holders of the Notes or Coupons by or on behalf of the Issuer in accordance with Condition 15 as soon as practicable thereafter.

### (c) Resolutions passed in writing

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

## 15. NOTICES

### (a) To Holders of Notes and Coupons

Notices to Holders of Notes and Coupons will be deemed to be validly given if (1) in the case of Bearer Notes, published in a leading daily English language newspaper having general circulation in London (which is expected to be the Financial Times) or, if such publication is not practicable, if published in a leading English language newspaper having general circulation in Europe and will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or (2) in the case of Registered Notes, if sent by first class mail or (if posted to an address overseas) by airmail to the Holders at their respective

addresses recorded in the Register and will be deemed to have been validly given on the fourth day after mailing, *provided* that:

(i) for so long as all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Note Certificate is, registered in the name of DTC's nominee or deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been validly given to the Noteholders on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system;

(ii) in the case of Notes admitted to listing on the Luxembourg Stock Exchange (for as long as the rules of the Luxembourg Stock Exchange require), all notices regarding a Note listed on the Luxembourg Stock Exchange will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*); and

(iii) For Swiss Franc Notes, notices to Noteholders will be deemed to have been given if published by the Principal Swiss Paying Agent at the expense of the Issuer, (i) by means of electronic publication on the internet website of SIX Swiss Exchange Ltd under the section headed "*Official Notices*" (https://www.six-exchange-regulation.com/en/home/publications/official-notices.html), or (ii) otherwise in accordance with the regulations of SIX Swiss Exchange Ltd. Notices shall be deemed to be validly given on the date of such publication or, if published more than once, on the date of the first such publication.

(b) **To the Issuer**

Notices to the Issuer will be deemed to be validly given if delivered at BNG Bank N.V., Koninginnegracht 2, 2514 AA, The Hague, the Netherlands and clearly marked on their exterior "Urgent – Attention: TVB Dealing Room" (or at such other address and for such other attention as may have been notified to the Holders of the Notes in accordance with this Condition 15) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

## 16. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders of Notes or Coupons of, as the case may be, any Series of Notes and Coupons, issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the Notes provided that in the case of Bearer Notes which were issued in accordance with the D Rules that are initially represented by a Temporary Global Note exchangeable for interests in a Permanent Global Note or Definitive Notes, such consolidation can only occur following the exchange of interests in the Temporary Global Note for interests in the Permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership and provided further that in the case of Registered Notes (where the original Notes were or the further notes are issued under Rule 144A), such further notes will have a unique CUSIP, ISIN, Common Code and/or any other identifying number unless such additional notes are fungible with the previously issued Notes for U.S. federal income tax purposes.

## 17. ADDITIONAL OBLIGATIONS

If Notes have been admitted to listing on Euronext Amsterdam, the Issuer will, as long as the Notes are listed on Euronext Amsterdam, comply with the provisions set forth in the Rule Books of

Euronext Amsterdam N.V. or any amended form of the said provisions as in force at the date of the issue of these Notes.

18. **SUBSTITUTION OF THE ISSUER**

(a) The Issuer or any previous substitute of the Issuer under this Condition may at any time be replaced and substituted by any company (incorporated in any country in the world) controlling, controlled by or under common control with the Issuer as the principal debtor in respect of any Series of Notes (any such company, the "**Substituted Debtor**"), *provided that*:

(i) such documents shall be executed by the Substituted Debtor and (if the Substituted Debtor is not the Issuer) the Issuer or any previous substitute as aforesaid as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Terms and Conditions and the provisions of the Issuing and Paying Agency Agreement as fully as if the Substituted Debtor had been named in the Notes and the Issuing and Paying Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer or any previous substitute as aforesaid;

(ii) without prejudice to the generality of sub-paragraph (i) hereof, where the Substituted Debtor is incorporated or resident for taxation purposes in a territory other than the Netherlands, or is undertaking its obligations with respect to the Notes through a branch in another such territory (or successor jurisdiction), the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 above with the substitution for the references to the Netherlands (or any previously substituted territory as the case may be) with references to the successor jurisdiction;

(iii) the Documents shall contain a warranty and representation (a) that the Substituted Debtor and the Issuer (or any previous substitute as aforesaid) have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer of the Guarantee (as defined below) in respect of the obligations of the Substituted Debtor, that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by the Substituted Debtor and any Guarantee (as defined below) given by the Issuer are each valid and binding in accordance with their respective terms and enforceable by each Noteholder; and

(iv) Condition 7 shall be deemed to be amended so that it shall also be an Event of Default under the said Condition if the Guarantee (as defined below) shall cease to be valid or binding on or enforceable against the Issuer; and upon the Documents becoming valid and binding obligations of the Substituted Debtor the Issuer hereby irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of the Issuer herein referred to as the "**Guarantee**").

(b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 18(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.

(c) Upon the Documents becoming valid and binding obligations of the Substituted Debtor and the Issuer (in respect of its provision of the Guarantee) (as "**Guarantor**") (and upon a legal opinion to that effect being issued by local counsel of recognised standing in the jurisdiction of incorporation

of the Substituted Debtor), the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall, in the case of the substitution of the Issuer as principal debtor, operate to release the Issuer as issuer and, in the case of the substitution of a Substituted Debtor (if such Substituted Debtor is not the Issuer), operate to release such Substituted Debtor as principal debtor, from all of its obligations as principal debtor in respect of the Notes.

(d) The documents referred to in paragraph (a) above shall be deposited with and held by the Issuing and Paying Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the Issuer) the Issuer by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the Issuer) the Issuer acknowledge the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

(e) Not later than 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 15.

(f) For the purposes of this Condition 18, the term "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in like relationship to such first mentioned company, and for this purpose "voting shares" means shares in the capital of a company having the right to elect the directors thereof, and "controlling", "controlled" and "under common control" shall be construed accordingly.

*Any substitution of a Substituted Debtor for the Issuer may be considered for U.S. federal income tax purposes to be an exchange of the Notes for new Notes by the beneficial owners of such Notes, which may result in recognition of taxable gain or loss for U.S. federal income tax purposes and other possible adverse tax consequences. U.S. beneficial owners should consult their own tax advisers regarding the U.S. federal, state and local income tax consequences of any substitution.*

## 19. LAW AND JURISDICTION

(a) The Notes and the Issuing and Paying Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes and the Issue and Paying Agency Agreement are governed by, and shall be construed in accordance with, the laws of the Netherlands.

(b) The Issuer irrevocably submits, for the exclusive benefit of the Holders of the Notes, to the jurisdiction of the Court (*Rechtbank*) and its appellate courts at The Hague, the Netherlands.

(c) The Issuer is not entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process except in respect of assets located in the Netherlands that have a public utility function (*goederen bestemd voor de openbare dienst*) as reflected in the books and records of the Issuer and the issue of this Note constitutes, and the performance by the Issuer of its obligations hereunder will constitute, commercial acts done and performed for commercial purposes.

(d) For the purposes of Swiss Franc Notes only, in addition to the submission to the jurisdiction to the courts of the Netherlands, the Issuer agrees to the alternative jurisdiction of the Commercial Court of the Canton of Zurich, the place of jurisdiction being Zurich 1, with the right of appeal to the Swiss Federal Court of Justice in Lausanne where the law permits. In connection with the Notes the Issuer designates the Dealer specified in the Final Terms relating to the relevant issue of Notes as its representative for service of judicial documents pursuant to paragraph 30 of the Rules of Civil Procedure of the Canton of Zurich, and elects legal and special domicile pursuant to Article 50 of the Swiss Act on Debt Enforcement and Bankruptcy at the offices of that Dealer specified

in the Final Terms. Such Dealer will be required to undertake to transmit to the Issuer as soon as possible any notice received by such Dealer in this connection.

For the purposes of any proceedings brought in Switzerland, Noteholders have the option to be collectively represented (in accordance with all applicable laws and customary practice in Switzerland) and (whether or not collectively represented) have equal status irrespective of their domicile.

## FORM OF FINAL TERMS

Form of Final Terms for an issue by BNG Bank N.V. under the Euro 100,000,000,000 Debt Issuance Programme.

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**BNG Bank N.V.**
*(incorporated with limited liability under the laws of the Netherlands and having its statutory domicile in The Hague)*

Euro 100,000,000,000

Debt Issuance Programme

Issue of [*Aggregate Nominal Amount of Notes*] [*Title of Notes*] due [*day*] [*month*] [*year*] (the "**Notes**")

Series No.: [●]

**FINAL TERMS**

[The Notes will, when and to the extent that the Temporary Global Note (as defined herein) is exchanged for [Definitive Notes/Permanent Global Note] (as defined herein), be consolidated and become fungible and form a single Series with the [*full name of original issue*] issued by the Issuer on [*date*] Series No.[•] [and the [*full name of any reopenings*], which Notes formed the subject matter of a Final Terms dated [*date*].]

The date of these Final Terms is [*date*]

*(Option 1 – The following legend applies if there will be a public offer of the Notes)*

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

(i) in those Non-exempt Offer Jurisdictions mentioned in Paragraph 9(viii) of Part B below, provided such person is a Dealer, Manager or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and that any conditions relevant to the use of the Base Prospectus are complied with; or

(ii) in circumstances in which no obligation arises for the Issuer or any [Manager/Dealer] to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Neither the Issuer nor any [Manager/Dealer] has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

*(Option 2 – The following legend applies if there will not be a public offer of the Notes)*

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area or the United Kingdom (each, a "**Relevant State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any [Manager/Dealer] to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any [Manager/Dealer] has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

*(End of options 1 and 2)*

The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended or superseded).

*(Option A – The following legend applies if the first Tranche of the Series of Notes is issued under the current base prospectus)*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Terms and Conditions**") set forth in the base prospectus of the Issuer dated 25 May 2020 [, as supplemented by the supplemental prospectus[es] dated [•]] (the "**Base Prospectus**") issued in relation to the Euro 100,000,000,000 debt issuance programme of BNG Bank N.V. which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation.

**This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus and any supplements thereto in order to obtain all the relevant information.**

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus.

[**A summary of the issue of the Notes is annexed to these Final Terms.**]

*(Option B – The following legend applies if the first Tranche of the Series of Notes is issued under a previous base prospectus)*

Terms used herein shall be deemed to be defined as such for the purposes of [the terms and conditions as referred to in the base prospectus of the Issuer relating to the Programme, dated 24 May 2017 (the "**2017 Terms and Conditions**")] [the terms and conditions as referred to in of the base prospectus of the Issuer relating to the Programme, dated 24 May 2018 (the "**2018 Terms and Conditions**")] [terms and conditions as referred to in the base prospectus of the Issuer relating to the Programme, dated 23 May 2019 as amended by the supplements dated 9 September 2019 and 25 March 2020 (the "**2019 Terms and Conditions**")] [which have been incorporated by reference in, and form part of the base prospectus dated 25 May 2020 [, as supplemented by the supplemental prospectus[es] dated [•]] (the "**Base Prospectus**") issued in relation to the Euro 100,000,000,000 debt issuance programme of the Issuer which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information, save in respect of the 2017/2018/2019 Terms and Conditions incorporated by reference therein. Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms.

*(End of options A and B)*

The Base Prospectus [(and copies of the 2019/2018/2017] Conditions] [is/are] available for viewing at the investor relations section of the Issuer's website, https://www.bngbank.com/funding/issuance-programmes, and at the offices of the Paying Agents in Amsterdam, Luxembourg and London specified in the Base Prospectus. Copies may, upon oral or written request, also be obtained from the Paying Agents.

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation; and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

*(Additional option – Include if any stabilisation)*

In connection with the issue of Notes under the Programme, the [Manager/Dealer] who is specified in these Final Terms as the Stabilising Manager (or any person acting for the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising shall be conducted in compliance with all applicable laws, regulations and rules.

*Any stabilisation activity in connection with the Notes listed or to be listed on Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V., will be conducted (on behalf of the Stabilising Manager) by a member of Euronext Amsterdam which shall be [Coöperatieve Rabobank U.A. (Rabobank) ("Rabobank")][9]. Any loss or profit sustained as a consequence of any such over-allotment or stabilising shall, as against the Issuer, be for the account of the Stabilising Manager.*

*(End of additional option)*

[**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU, as amended ("**MiFID II**")/MiFID II]; (ii) a customer within the meaning of Directive 2016/97/EU, as amended or superseded ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Prospectus Regulation). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for

[9] *Or any member of Euronext Amsterdam.*

offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.[10]]

**PROHIBITION OF SALES TO BELGIAN CONSUMERS** - If the 'Prohibition of Sales to Belgian Consumers' is specified as applicable in the applicable 'Final Terms', the Notes are not intended to be offered, sold or resold, transferred or delivered or otherwise made available to and should not be offered sold or resold, transferred or delivered or otherwise made available to any individual in Belgium qualifying as a consumer (*consumment/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht / Code de droit économique*), as amended from time to time.

**[SINGAPORE SFA PRODUCT CLASSIFICATION** - In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are] / [are not] prescribed capital markets products (as defined in the CMP Regulations 2018).

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/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**")/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 manufacturer['s/s'] 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 manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**OR**

[11]**[MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES TARGET MARKET** – Solely for the purposes of [the/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, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); ***EITHER[12]*** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services][13]] ***OR[14]*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][ non-advised sales ][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] 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 manufacturer['s/s'] target market assessment) and

[10] *Legend to be included unless the Final Terms for an offer of Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable".*

[11] *Include this legend if parties have agreed to a retail target market.*

[12] *Include for bonds that are not ESMA complex.*

[13] *This list may not be necessary, especially for bonds that are not ESMA complex where all channels of distribution may be appropriate. It reflects the list used in the examples in the ESMA Guidelines.*

[14] *Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.*

determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable][15].]]

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is specified for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation]*

*[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute category 'B' information as indicated in Annex XX of the Prospectus Regulation and consequently trigger the need for an individual drawdown prospectus.]*

[15] *If the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.*

## PART A – CONTRACTUAL TERMS

The terms of the Notes are as follows:

| | | | |
|---|---|---|---|
| 1. | Issuer: | | BNG Bank N.V. |
| 2. | Series Number: | | [ ]<br><br>*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)* |
| 3. | Specified Currency or Currencies: | | [ ]<br><br>*(If Notes are being cleared through DTC with interest and or principal payable in a currency other than U.S. dollars, check whether DTC will accept payments in such currency)*<br><br>*[Only for non-Euro denominated Notes where the country or area of which such Specified Currency is the lawful currency, has a credit rating which is lower than the credit rating of the Notes: [, subject to the Alternative Currency provisions of Condition 9(n).] ]* |
| 4. | Aggregate Nominal Amount: | | [ ] |
| 5. | Issue Price | | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*] |
| 6. | (i) | Specified Denomination(s): | [ ] |
| | (ii) | Calculation Amount: | [ ] |
| 7. | (i) | Issue Date: | [ ] |
| | (ii) | Interest Commencement Date: | [*Specify*/Issue Date/Not Applicable] |
| 8. | Maturity Date: | | [*Specify date*] [For fixed rate Renminbi Notes where Interest Payment Dates are subject to modification, the maturity date will be the Interest Payment Date falling in or nearest to the relevant month and year] |
| 9. | Interest Basis: | | [[•] per cent. Fixed Rate]<br><br>[[LIBOR][EURIBOR][EONIA][SONIA][SOFR] [€STR][CMS London][CMS Brussels] +/– [•] per cent. Floating Rate]<br><br>[Zero Coupon]<br><br>[Dual Currency Interest]<br><br>[Reverse Floater Interest]<br><br>[Step-Down Interest] |

[Step-Up Interest]

(further particulars specified below)

10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [*include percentage*/100] per cent. of their nominal amount

[Installment]

[Dual Currency Redemption]

[*For Renminbi Notes only*: The provisions of Condition 9(m)(ii) [do not] apply. [*If Condition 9(m)(ii) is applicable*: The Issuer may settle payments due in Renminbi (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount in the circumstances described in Condition 9(m)(ii).]

[(*In case of non-U.S. dollar Notes held through DTC and represented by the Restricted Global Note Certificate*): Payments of principal and interest in respect of Notes held through DTC and represented by the Restricted Global Note Certificate will be made in U.S. dollars unless the holder of such Notes elects to receive payments in the Specified Currency in accordance with the provisions set out in Condition 9(m.1).]

[*Only for non-Euro denominated Notes where the country or area of which such Specified Currency is the lawful currency, has a credit rating which is lower than the credit rating of the Notes:* The provisions of Condition 9(n) [do not] apply. [*If Condition 9(n) is applicable*: The Issuer may settle any payment due in respect of the Notes in a currency other than the Specified Currency on the due date for such payment in the circumstances described in Condition 9(n).]

(further particulars specified below)

11. Put/Call Options: [Not Applicable/Investor Put Option/Issuer Call Option]

(further particulars specified below)

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

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Fixed Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear

(ii) Interest Payment Date(s): [•] in each year, commencing [•], up to and including the Maturity Date

No Adjustment[; any payment in respect of the Notes due on a date which is not a Payment Business Day will be made on the next following Payment Business Day as provided for in Condition 9(d)]

[*Insert the following option for Renminbi Notes if Interest Payment Date is to be modified:* Interest Payment Dates will be adjusted for calculation of interest and for payment purposes in accordance with the [*specify applicable Business Day Convention*]]

(iii) Fixed Coupon Amount(s): [ ] [per Calculation Amount/in respect of all the Notes] [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards]

(iv) [Party responsible for calculating the Fixed Coupon Amount(s): [The Issue and Paying Agent/other] shall be the Calculation Agent

*(N.B. Include this item for fixed rate Notes which are Renminbi Notes only)*]

(v) Broken Amount(s): [[ ] [per Calculation Amount/in respect of all the Notes], payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]

(vi) Day Count Fraction: [30/360]

[Actual/Actual (ICMA)]

[Actual/Actual (ISDA)]

[Actual/365 (Fixed)]

[Actual/365L]

(vii) Regular Date(s): [[ ] in each year /Not Applicable]

*(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*

(vii) Additional Financial Centre(s): [None / *specify*]

13. **Floating Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Interest Period(s): [ ]

| | | |
|---|---|---|
| (ii) | Specified Period: | [ ]<br><br>*("Specified Period" and "specified Interest Payment Dates" are alternatives. A "Specified Period", rather than "specified Interest Payment Dates", will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")* |
| (iii) | Specified Interest Payment Date(s): | [ ]<br><br>*("Specified Period" and "specified Interest Payment Dates" are alternatives. If the Business Day Convention is Floating Rate Convention, insert "Not Applicable")* |
| (iv) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (v) | Additional Business Centre(s): | [Not Applicable/*give details*] |
| (vi) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination]<br><br>Subject to provisions set out in Condition 5.B |
| (vii) | Party responsible for calculating the Floating Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent): | [Not Applicable/[[*Name*] shall be the Calculation Agent]] |
| (viii) | Screen Rate Determination: | [Applicable/Not Applicable] |
| | • Reference Rate: | [LIBOR][EURIBOR][EONIA][SONIA][Compounded Daily SOFR][SOFR Average] [€STR][CMS London][CMS Brussels]<br><br>Subject to provisions set out in Condition 5.B |
| | • Interest Determination Date(s): | [ ] / [ ] [London Banking Days / U.S. Government Securities Business Days / TARGET Business Days] prior to the end of each Interest Period |
| | • "p": | [ ]<br><br>*(In the case of: (i) SONIA: "p" London Banking Days; (ii) Compounded Daily SOFR or SOFR Average: "p" U.S. Government Securities Business Days (iii) €STR: "p" TARGET Business Days (as relevant), where "p" shall not be less than five without the prior written consent of the Calculation Agent.)* |
| | • Relevant Screen Page: | [ ]<br><br>Subject to provisions set out in Condition 5.B |

- Benchmark Discontinuation:

  [Condition 5B.(9))(*Benchmark Discontinuation (Rate Determination Agent*)) is applicable and the Pre-Cessation Trigger is [applicable/not applicable]]/[Condition 5B.(10) (*Benchmark Discontinuation (ARRC Fallbacks*)) is applicable.]

  *If the Reference Rate for the Floating Rate Notes is "Compounded Daily SOFR", "SOFR Average" or "LIBOR" for U.S. Dollars, Condition 5B.(10) (Benchmark Discontinuation (ARRC Fallbacks)) should be specified as applicable*.

  [CMS London/CMS Brussels only]

- Pre-Cessation Trigger: [Applicable/Not Applicable]

- Designated Maturity: [ ]

- Floating Rate Option: [ ]

- Reset Date(s): [ ]

(ix) ISDA Determination: [Applicable/Not Applicable]

- EURIBOR Rate: [Applicable/Not Applicable]

  Subject to provisions set out in Condition 5.B

- LIBOR Rate: [Applicable/Not Applicable]

  Subject to provisions set out in Condition 5.B

- Designated Maturity: [ ]

- Designated Reference: [ ]

- Interest Determination Date(s): [ ]

(x) Linear Interpolation: [Applicable][Not Applicable] [The Rate of Interest for the [long][short] [first][last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(xi) Relevant Margin (if any): [+/–][ ] per cent. per annum

(xii) Minimum Rate of Interest: [Not Applicable/Zero as per Condition 5B.(11)/[ ] per cent. per annum]

(xiii) Maximum Rate of Interest: [Not Applicable/[ ] per cent. per annum]

(xiv) Day Count Fraction: [Actual/Actual (ICMA)]

[Actual/Actual (ISDA)]

| | | | |
|---|---|---|---|
| | | | [Actual/365 (Fixed]<br><br>[Actual/365L]<br><br>[Actual/360]<br><br>[30/360]<br><br>[30E/360/Eurobond Basis]<br><br>[30E/360 (ISDA)] |
| 14. | **Zero Coupon Note Provisions** | | [Applicable/Not Applicable]<br><br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Accrual Yield: | [ ] |
| | (ii) | Reference Price: | [ ] |
| | (iii) | Day Count Fraction in relation to Early Redemption Amount and late payment: | [Actual/Actual (ICMA)]<br>[Actual/Actual (ISDA)]<br><br>[Actual/365 (Fixed]<br><br>[Actual/360]<br><br>[30/360]<br><br>[30E/360/Eurobond Basis]<br><br>[30E/360 (ISDA)] |
| 15. | Dual Currency Interest Note Provisions | | [Applicable/Not Applicable]<br><br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Rate of Exchange: | [ ] [*Provide exchange rate(s)][drafting note: please specify applicable exchange rate on the Issue Date, for example 1 USD = 0.72 EUR*] |
| | (ii) | Calculation Agent, if any responsible for calculating the interest payable (if other than the Issuing and Paying Agent): | [ ] |
| | (iii) | Person at whose option Specified Currenc[y/ies] [is/are] payable: | [ ] |
| 16. | Reverse Floater Interest Note Provisions | | [Applicable]/[Not Applicable] |

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Additional Business Centre(s): [No Additional Business Centres/*specify other*]

(ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(iii) Cap Schedule: [As specified below]/[Not Applicable]

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Cap(t)** |
|---|---|
| [ ] (*specified Interest Period(t)*) | **[ ]** |

(iv) Day Count Fraction: [Actual/Actual (ICMA)]

[Actual/Actual (ISDA)]

[Actual/365 (Fixed]

[Actual/365L]

[Actual/360]

[30/360]

[30E/360/Eurobond Basis]

[30E/360 (ISDA)]

(v) Fix Schedule:

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Fix(t)** |
|---|---|
| [ ] (*specified Interest Period(t)*) | **[ ]** |

(vi) Fixed Rate Period: [Applicable]/[Not Applicable]

[*If not applicable, delete all of the Fixed Rate Period provisions which follow*]

Fixed Rate Period Start Date: [ ]

Fixed Rate Period End Date: [ ]

| | | |
|---|---|---|
| (vii) | Floor Schedule: | [As specified below]/[Not Applicable] |

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Floor(t)** |
|---|---|
| [ ] (*specified Interest Period(t)*) | **[ ]** |

| | | |
|---|---|---|
| (viii) | Interest Payment Dates: | [ ] |

| | | |
|---|---|---|
| (ix) | Multiplier Schedule: | |

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Multiplier(t)** |
|---|---|
| [ ] (*specified Interest Period(t)*) | **[ ]** |

| | | |
|---|---|---|
| (x) | Party responsible for calculating the Rate of Interest and Interest(s) Amount: | [Calculation Agent/Agent/*if the party making the calculation is different from the Calculation Agent or Agent, specify its name and address*] |

| | | |
|---|---|---|
| (xi) | Rate of Interest(Fixed) Schedule: | |

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Rate of Interest(Fixed)(t)** |
|---|---|
| [ ] *(specified Interest Period(t))* | **[ ]** |

| | | |
|---|---|---|
| (xii) | Underlying Rate(t): | [Underlying ISDA Rate(t)]/[Underlying Screen Rate(t)] |
| | | Subject to provisions set out in Condition 5B. |
| | Underlying ISDA Rate(t): | [Applicable]/[Not Applicable] |
| | | [*If not applicable, delete all of the Underlying ISDA Rate(t) provisions which follow*] |
| | • EURIBOR Rate: | [Applicable]/[Not Applicable] |
| | | Subject to provisions set out in Condition 5B. |
| | • LIBOR Rate: | [Applicable]/[Not Applicable] |
| | | Subject to provisions set out in Condition 5B. |

| | | |
|---|---|---|
| | • Designated Maturity: | [ ] |
| | • Designated Reference: | [ ] |
| | • Underlying Rate Determination Date(t): | [Fixing in Advance]/[Fixing in Arrear] |
| | Underlying Screen Rate(t): | [Applicable]/[Not Applicable]<br><br>Subject to provisions set out in Condition 5B.<br><br>[*If not applicable, delete all of the Underlying Screen Rate(t) provisions which follow*] |
| | • Underlying Reference Rate: | [LIBOR/EURIBOR/EONIA/CMS London/CMS Brussels]<br><br>Subject to fall-back provisions set out in Condition 5B. |
| | • Underlying Rate Determination Date(s): | [Fixing in Advance]/[Fixing in Arrear]/[*specify other*] |
| | • Relevant Screen Page(Underlying): | [ ] |
| | Number of Fixing Days: | [ ] |
| | Fixing Day City: | [ ] |
| (xiii) | Other terms relating to the method of calculating interest on Reverse Floater Interest Notes: | [None/Aggregate Nominal Amount<br><br>Determination is applicable]<br><br>(*Specify Aggregate Nominal Amount Determination if the Interest Amount is to be determined on the basis of the aggregate nominal amount of the series of Notes outstanding rather than on the basis of the Specified Denomination (or the Calculation Amount if one is specified in these Final Terms)*) |
| 17. | **Step-Down Interest Note Provisions** | [Applicable]/[Not Applicable]<br><br>[*If not applicable, delete all of the Step-Down Interest Note Provisions which follow*] |
| (i) | Additional Business Centre(s): | [No Additional Business Centres/*specify other*] |
| (ii) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (iii) | Day Count Fraction: | [Actual/Actual (ICMA)]<br><br>[Actual/Actual (ISDA)]<br><br>[Actual/365 (Fixed] |

[Actual/365L]

[Actual/360]

[30/360]

[30E/360/Eurobond Basis]

[30E/360 (ISDA)]

(iv) Fixed Rate Period: [Applicable]/[Not Applicable]

[*If not applicable, delete all of the Fixed Rate Period provisions which follow*]

Fixed Rate Period Start Date: [ ]

Fixed Rate Period End Date: [ ]

(v) Interest Payment Dates: [ ]

(vi) Party responsible for calculating the Rate of Interest and Interest(s) Amount: [Calculation Agent/Agent/*if the party making the calculation is different from the Calculation Agent or Agent, specify its name and address*]

(vii) Rate of Interest(Fixed) Schedule:

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Rate of Interest(Fixed)(t)** |
|---|---|
| [ ] *(specified Interest Period(t))* | **[ ]** |

(viii) Step-Down Schedule:

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Step-Down(t)** |
|---|---|
| [ ] *(specified Interest Period(t))* | **[ ]** |

(ix) Other terms relating to the method of calculating interest on Step-Down Interest Notes: [None/Aggregate Nominal Amount Determination is applicable]

(*Specify Aggregate Nominal Amount Determination if the Interest Amount is to be determined on the basis of the aggregate nominal amount of the series of Notes outstanding rather than on the basis of the Specified Denomination (or the Calculation Amount if one is specified in these Final Terms)*)

18. **Step-Up Interest Note Provisions** [Applicable]/[Not Applicable]

[*If not applicable, delete all of the Step-Up Interest Note Provisions which follow*]

(i) Additional Business Centre(s): [No Additional Business Centres/*specify other*]

(ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(iii) Day Count Fraction: [Actual/Actual (ICMA)]

[Actual/Actual (ISDA)]

[Actual/365 (Fixed]

[Actual/365L]

[Actual/360]

[30/360]

[30E/360/Eurobond Basis]

[30E/360 (ISDA)]

(iv) Fixed Rate Period: [Applicable]/[Not Applicable]

[*If not applicable, delete all of the Fixed Rate Period provisions which follow*]

Fixed Rate Period Start Date: [ ]

Fixed Rate Period End Date: [ ]

(v) Interest Payment Dates: [ ]

(vi) Party responsible for calculating the Rate of Interest and Interest(s) Amount: [Calculation Agent/Agent/*if the party making the calculation is different from the Calculation Agent or Agent, specify its name and address*]

(vii) Rate of Interest(Fixed) Schedule:

| **Interest Period(t) (ending on (but excluding) Interest Payment Date(t))** | **Rate of Interest(Fixed)(t)** |
|---|---|
| [ ] *(specified Interest Period(t))* | **[ ]** |

(viii) Step-Up Schedule:

| **Interest Period(t) (ending on (but excluding) Interest** | **Step-Up(t)** |
|---|---|

| | | |
|---|---|---|
| | | **Payment Date(t))**<br>[ ] *(specified Interest Period(t))* **[ ]** |
| (ix) | Other terms relating to the method of calculating interest on Step-Up Interest Notes: | [None/Aggregate Nominal Amount Determination is applicable]<br><br>(*Specify Aggregate Nominal Amount Determination if the Interest Amount is to be determined on the basis of the aggregate nominal amount of the series of Notes outstanding rather than on the basis of the Specified Denomination (or the Calculation Amount if one is specified in these Final Terms)*) |
| 19. | **Dual Currency Redemption Note Provisions** | [Applicable/Not Applicable] (*if applicable, include currencies other than Specified Currency in which principal is payable*)] |
| | (a) Principal payable in other currencies than Specified Currency: | [*Provide currencies*] |
| | (b) Rate(s) of Exchange: | [*Provide exchange rate(s)][drafting note: please specify applicable exchange rate on the Issue Date, for example 1 USD =0.72 EUR*] |

**PROVISIONS RELATING TO REDEMPTION**

| | | |
|---|---|---|
| 20. | Issuer Call Option: | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| (i) | Optional Redemption Date(s): | [ ] |
| (ii) | Optional Redemption Amount(s) of each Note: | [ ] per Calculation Amount |
| (iii) | If redeemable in part: | |
| - Minimum Redemption Amount: | | [ ] per Calculation Amount |
| - Maximum Redemption Amount: | | [ ] per Calculation Amount |
| (iv) | Notice Period: | [ ] |
| 21. | Investor Put Option: | [Applicable/Not Applicable]<br><br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| (i) | Optional Redemption Date(s): | [ ] |
| (ii) | Optional Redemption Amount(s) of each Note: | [ ] per Calculation Amount |
| (iii) | Notice Period: | [ ] |

| | | |
|---|---|---|
| 22. | Final Redemption Amount : | [ ] per Calculation Amount |
| 23. | Early Redemption Amount(s) payable per Calculation Amount on redemption (a) for taxation reasons (Condition 6(b)) or (b) on the occurrence of an event of default (Condition 7): | [[ ] per Calculation Amount/for Zero Coupon Notes as per Condition 6(g)(ii)] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 24. | Form of Notes: | [Bearer/Registered] Notes |
| 25. | Temporary Global Note exchangeable for Definitive Notes[1]: | [Not Applicable/Applicable. The Notes will initially be represented upon issue by a temporary global note (the "**Temporary Global Note**") in bearer form without interest coupons attached, which will be exchangeable on or after the date falling 40 days after the Issue Date, in accordance with the terms thereof, for definitive notes ("**Definitive Notes**"), upon certification as to non-U.S. beneficial ownership as provided therein.]<br><br>*[(N.B. If the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Bearer Global Notes shall not be permitted to be exchangeable for Definitive Notes.)*] |
| 26. | Temporary Global Note exchangeable for a Permanent Global Note: | [Not Applicable/Applicable. The Notes will initially be represented upon issue by a temporary global note (the "**Temporary Global Note**") in bearer form without interest coupons attached, which will be exchangeable on or after the date falling 40 days after the Issue Date in accordance with the terms thereof, for interests in a permanent global note (the "**Permanent Global Note**"), upon certification as to non-U.S. beneficial ownership as provided therein. ]<br><br>[Where a Global Note is to be cleared through Euroclear, Clearstream Luxembourg or any other relevant clearing system and is exchangeable for Definitive Notes at any time or where Definitive Notes will definitely be issued, the Notes may only be issued in such denominations as Euroclear, Clearstream Luxembourg or any such other relevant clearing system will permit at that time. In particular, the Notes may not have denominations that include integral multiples of an amount if such amount is not divisible by the minimum denomination of such Notes.] |
| 27. | Permanent Global Note exchangeable for Definitive Notes[2]: | [Not Applicable/Applicable, but only as set out in Condition 1(e), except that in each case a Permanent Global Note which forms part of a securities deposit (*girodepot*) with Euroclear Netherlands shall only be |

[1] Bearer Notes that have a term of more than 365 days (taking into account any unilateral right to extend or rollover) and that are issued under D Rules must be initially represented by a Temporary Global Note.

[2] Bearer Notes that have a term of more than 365 days (taking into account any unilateral right to extend or rollover) and are initially issued as Permanent Global Notes must be issued in accordance with the C Rules.

exchangeable within the limited circumstances as described in the Netherlands Securities Giro Act (*Wet giraal effectenverkeer*) and such exchange will be made in accordance therewith, the Euroclear Netherlands' terms and conditions and operational documents]

*[(N.B. If the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Permanent Bearer Global Notes shall not be permitted to be exchangeable for Definitive Notes.)*]

[The Notes will be in bearer form and will be represented by a permanent global note (the "**Permanent Global Note**") in substantially the form set forth in the schedule to the supplemental issuing and paying agency agreement dated [date] between the Issuer and the Swiss Paying Agent(s) mentioned in item [8] of Part B below (the "**Supplemental Issuing and Paying Agency Agreement**"). The Permanent Global Note will be deposited with SIX SIS Ltd, the Swiss securities services corporation in Olten, Switzerland ("**SIS**") or, as the case may be, with any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIS or any such other intermediary, the "**Intermediary**"). Once the Permanent Global Note is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Holder (as defined below) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Note to the extent of his claim against the Issuer, provided that for so long as the Permanent Global Note remains deposited with the Intermediary the co-ownership interest shall be suspended and the Notes may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Notes in a securities account of the transferee.

The records of the Intermediary will determine the number of Notes held through each participant in that Intermediary. In respect of the Notes held in the form of Intermediated Securities, the holders of the Notes (the "**Holders**") will be the persons holding the Notes in a securities account in their own name and for their own account.

Neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Permanent Global Note (*Globalurkunde*) into, or the delivery of, uncertificated securities (*Wertrechte*) or Definitive Notes (*Wertpapiere*).

| | | | |
|---|---|---|---|
| | | | No physical delivery of the Notes shall be made unless and until Definitive Notes (*Wertpapiere*) are printed. Definitive Notes may only be printed, in whole, but not in part, if the Principal Swiss Paying Agent determines, in its sole discretion, that the printing of the Definitive Notes (*Wertpapiere*) is necessary or useful. Should the Principal Swiss Paying Agent so determine, it shall provide for the printing of definitive Notes (*Wertpapiere*) without cost to the Holders. Upon delivery of the Definitive Notes (*Wertpapiere*), the Permanent Global Note will be cancelled and the definitive Notes (*Wertpapiere*) shall be delivered to the Holders against cancellation of the Notes in the Holders' securities accounts.[3]] |
| 28. | Registered Notes: | | [Not Applicable]/[Unrestricted Global Note Certificate registered in the name of a nominee for a [common safekeeper/common depositary] for Euroclear and Clearstream, Luxembourg, [held under the New Safekeeping Structure (NSS)] and exchangeable for unrestricted Individual Note Certificates [on [ ] days' notice/at any time/in the limited circumstances described in Condition 1(l)(iii)]<br><br>[and]<br><br>[Restricted Global Note Certificate registered in the name of a nominee for DTC and exchangeable for restricted Individual Note Certificates [on [ ] days' notice/at any time/in the limited circumstances described in Condition 1(l)(iii)] |
| 29. | New Global Note: | | [Applicable/Not Applicable][4] |
| 30. | New Safekeeping Structure: | | [Applicable; but only as to Unrestricted Global Note Certificate] [Not Applicable][5] |
| 31. | Additional Financial Centre(s) or other special provisions relating to payment dates: | | [Not Applicable/give details]<br><br>*(Note that this paragraph relates to the date and place of payment, and not interest period end date)* |
| 32. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | | [Not Applicable/Applicable [*give dates*]] |
| 33. | Details relating to Installment Notes | | [Applicable/Not Applicable] |
| | (i) | Installment Amount(s): | [ ] |
| | (ii) | Installment Date(s): | [ ] |
| | (i) | Rate of Exchange: | [ ] |

[3] For Swiss Franc Notes only.

[4] Specify "Not Applicable" if the Notes being issued are Bearer Notes which are Classic Global Notes/CGNs, in any case applicable for EUR, USD, GBP, JPY currency.

[5] Specify "Applicable" if the Notes being issued are Registered Notes intended to be held under the New Safekeeping Structure, in any case applicable for EUR, USD, GBP, JPY currency.

34. Redenomination: [Applicable/Not Applicable]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [non-exempt offer in the Non-exempt Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam/the Luxembourg Stock Exchange/SIX Swiss Exchange Ltd] of the Notes described herein] pursuant to the Euro 100,000,000,000 Debt Issuance Programme of the Issuer.[6]

Signed on behalf of BNG Bank N.V.:

By: .....

Duly authorised

[6] [Attach an issue specific summary for tranches of Notes that have a denomination of less than EUR 100,000.].

## PART B – OTHER INFORMATION

1. **LISTING**

| | | |
|---|---|---|
| (i) | Admission to trading | [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V./the regulated market of the Luxembourg Stock Exchange] with effect from [*date*].] [The Notes have been provisionally admitted to trading on SIX Swiss Exchange Ltd with effect from [*date*]. Application for definitive listing on SIX Swiss Exchange Ltd will be made as soon as is reasonably practicable thereafter. The last trading day is on [*date*]/[Not Applicable]<br><br>*(Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading.)* |
| (ii) | [Estimate of total expenses relating to admission to trading:][7] | [ ] |
| (iii) | [Duration of trading:][8] | [ ] |

2. **RATINGS**

[The Notes have not been rated.]

[The Notes [have been]/[are expected to be] rated][The following ratings reflect ratings assigned to Notes of this type generally]]:

| | |
|---|---|
| [S&P Global Ratings Europe Limited: | [ ]] |
| [Fitch Ratings Limited: | [ ]] |
| [Moody's France SAS: | [ ]] |
| [Other credit rating agency/agencies: | [ ]] |

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

[*[Insert credit rating agency legal name]* is established in the European Union or the United Kingdom and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.]

*[[Insert credit rating agency legal name]* is established in the European Union or the United Kingdom and has applied for registration under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, although as of the date of this Final Terms notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[*[Insert credit rating agency legal name]* is not established in the European Union or the United Kingdom and has not applied for registration under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.]

[7] Not required for Notes with a denomination per unit of less than EUR 100,000.

[8] For Swiss Franc Notes.

[*[Insert credit rating agency legal name]* is not established in the European Union or the United Kingdom and has not applied for registration under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "CRA Regulation") but is endorsed by [insert credit rating agency legal name] which is established in the European Union or the United Kingdom [and registered under the CRA Regulation/and has applied for registration under the CRA Regulation, although as of the date of this Final Terms notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

## 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*[Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by disclosure of the following statement:*

Except for the commissions payable to the Dealers, described in the first paragraph under "Plan of Distribution" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

## 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES[9]

| | | |
|---|---|---|
| (i) | Reasons for the offer: | [[ ]/[Not Applicable]<br><br>*(If applicable: (The net proceeds of the issue of each Tranche of Notes will be used by the Issuer for general corporate purposes)/(The net proceeds of the issue of each Tranche of Notes will be used by the Issuer for [insert details of ESG Bond requirements, including any applicable framework and, if applicable, the expected impact of the application of the ESG Bond proceeds (e.g. the expected the reduction of carbon emissions the proceeds of such ESG Bond will bring about when applied for the applicable purpose)]) - if reasons for offer different from making profit/and or hedging certain risks will need to include those reasons here)* |
| (ii) | Estimated net proceeds: | [ ]<br><br>*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.* |
| (iii) | Estimated total expenses: | [[ ]/Not Applicable]<br><br>*(If applicable: include breakdown of expenses)* |

## 5. INDICATION OF YIELD (Fixed Rate Notes only):

[9] May be deleted if the minimum denomination is at least EUR 100,000.

[[ ]/Not Applicable]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **HISTORIC INTEREST RATES (Floating Rate Notes only)**[10]

[Not Applicable/Details of historic [LIBOR/EURIBOR/CMS] rates can be obtained from [indicate the relevant Reuters ICESWAP1 page].

7. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Interest Notes, Dual Currency Redemption Notes and Variable Interest Rate Notes only)**[11]

[Not Applicable *(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)*]

8. **OPERATIONAL INFORMATION**

*For Regulation S Notes:*

| | |
|---|---|
| ISIN Code: | [ ] |
| Common Code: | [ ] |
| FISN: | [[•], as updated as set out on the website of Association of National Numbering Agencies (ANNA)/ Not Applicable] |
| CFI Code: | [[•], as updated as set out on the website of Association of National Numbering Agencies (ANNA)/Not Applicable] |

*For Regulation S and 144A Notes:*

| | |
|---|---|
| Regulation S ISIN Code: | [ ] |
| Regulation S Common Code: | [ ] |
| 144A ISIN Code: | [ ] |
| 144A Common Code: | [ ] |
| CUSIP Number: | [Not Applicable/[ ]] |
| FISN: | [[•], as updated as set out on the website of Association of National Numbering Agencies (ANNA)/Not Applicable] |

[10] Delete if the minimum denomination is at least EUR 100,000.

[11] Delete if the minimum denomination is at least EUR 100,000.

| | |
|---|---|
| CFI Code: | [[•], as updated as set out on the website of Association of National Numbering Agencies (ANNA)/Not Applicable] |
| *For Swiss Franc Notes:* | |
| ISIN Code: | [ ] |
| Common Code: | [ ] |
| FISN: | [[•], as updated as set out on the website of Association of National Numbering Agencies (ANNA)/Not Applicable] |
| CFI Code: | [[•], as updated as set out on the website of Association of National Numbering Agencies (ANNA)/Not Applicable] |
| Valor: | [Not Applicable/[ ]] |
| Clearing System: | [Euroclear. Euroclear's offices are situated at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium]<br><br>[Clearstream, Luxembourg. Clearstream, Luxembourg's offices are situated at 42 Avenue J.F. Kennedy, 1855 Luxembourg.]<br><br>[DTC. The address of DTC is 55 Water Street, New York, NY 10041, United States of America.]<br><br>*(If applicable give name(s), addresses and relevant identification number(s) of any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s))* |
| Delivery: | Delivery [against/free of] payment |
| Names and addresses of Paying Agent(s): | [ ] |
| Intended to be held in a manner which would allow Eurosystem eligibility: | [Not Applicable] [For Notes not issued in NGN form]<br><br>[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper [and registered in the name of a nominee of Euroclear or Clearstream, Luxembourg acting as common safekeeper] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*If this text is selected, the Notes must be issued in NGN form*] |

| | |
|---|---|
| | [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper [and registered in the name of a nominee of Euroclear or Clearstream, Luxembourg acting as common safekeeper]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*If this text is selected, the Notes must be issued in NGN form*] |
| Statement on benchmark[s]: | [[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear] [*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. [As far as the Issuer is aware, [*specify benchmark(s)*] [does/do] not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation] [the transitional provisions in Article 51 of the Benchmarks Regulation apply], such that [*legal name of administrator(s)*] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]/[Not Applicable] |

9. **DISTRIBUTION**

| | |
|---|---|
| (i) Method of distribution: | Syndicated/Non-syndicated |
| (ii) If syndicated, names and addresses of Dealers: | [Not Applicable/give names and addresses]<br><br>*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis, and names and addresses of the entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, include a statement of the portion not covered)* |
| (iii) Date of Subscription Agreement: | [Not Applicable/*give date*] |
| (iv) Stabilising Manager(s) (if any): | [Not Applicable/*give name*] |
| (v) If non-syndicated, name and address of Dealer: | [Not Applicable/*give name and address*] |
| (vi) Total commission and concession: | [[ ] per cent. of the Aggregate Nominal Amount][Not Applicable] |

| | | |
|---|---|---|
| (vii) | U.S. Selling Restrictions: | [*Regulation S only*: Regulation S Category 2; TEFRA [C[12]/D[13]] Rules applicable; TEFRA C Rules and D Rules not applicable[14]]<br><br>[*144A only*: 144A; TEFRA C and D Rules not applicable]<br><br>[*Regulation S and 144A*: Regulation S Category 2 and 144A; TEFRA C and D Rules not applicable] |
| (viii) | Non-exempt Offer: | [Not Applicable] [A Non-exempt Offer of the Notes may be made by the Dealers [and [*specify, if applicable*]] (together [with the Dealers], the "**Initial Authorised Offerors**") [and any other Authorised Offerors in accordance with paragraph [ ] below] [Austria/Belgium/Denmark/Finland/France/Germany/Ireland/Italy/Luxembourg/the Netherlands/Norway/Portugal/Spain/Sweden/the United Kingdom/[ ]] (the "**Non-exempt Offer Jurisdictions**") during the period from [*specify date*] until [*specify date*] (the "**Offer Period**" [*provided, however, that* the Offer Period in Austria will not commence until the day after the registration of the issue terms with the Registration Office (*Meldestelle*) has been duly made as required by the Austrian Capital Markets Act.] |
| (ix) | General Consent: | [Applicable/Not Applicable] |
| (x) | Other conditions to consent: | [Not Applicable/[ ]] |
| (xi) | Prohibition of Sales to EEA and UK Retail Investors:[15] | [Applicable/Not Applicable] |
| (xii) | Prohibition of Sales to Belgian Customers:[16] | [Applicable/Not Applicable] |

10. **TERMS AND CONDITIONS OF THE OFFER[17]**

[Not Applicable]

| | |
|---|---|
| Conditions to which the offer is subject: | [Offers of the Notes are conditional on their issue. As between the Authorised Offerors and their customers, offers of the Notes are further subject to conditions as may be agreed between them and/or as specified in the arrangements in place between them.][The Offer Period in Austria shall not commence until the day |

[12] To be used for Bearer Notes that are issued as Permanent Global Notes or Definitive Notes, which may not be offered or sold in the United States or to U.S. persons.

[13] To be used for Bearer Notes represented by a Temporary Global Note exchangeable for a Definitive Note or a Temporary Global Note exchangeable for interests in a Permanent Global Note, in each case to the extent that certificates of non-U.S. beneficial ownership have been received.

[14] To be used for offerings of Registered Notes, or Bearer Notes with a term of one year or less (including unilateral rights to roll over or extend).

[15] If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified, in which case the PRIIPs Regulation legend should also be included.

[16] Advice should be taken from Belgian Counsel before disapplying this item.

[17] Delete if the minimum denomination is at least EUR 100,000.

| | |
|---|---|
| | after the registration of the issue terms with the Registration Office (*Meldestelle*) has been duly made as required by the Austrian Capital Markets Act/give details] |
| Total amount of the offer; if the amount is not fixed, description of the arrangements and time for announcing the definitive amount to the public: | [ ] |
| Description of the application process, including offer period, including any possible amendments, during which the offer will be open: | [A prospective Noteholder should contact the applicable Authorised Offeror in the applicable Non-exempt Offer Jurisdiction prior to the end of the Offer Period. A prospective Noteholder will subscribe for the Notes in accordance with the arrangements existing between such Authorised Offeror and its customers relating to the subscription of securities generally. Noteholders will not be required to enter into any contractual arrangements directly with the Issuer in connection with the subscription of the Notes.][ ] |
| Description of possibility to reduce subscriptions: | [Not Applicable/*give details*] |
| Description of manner for refunding excess amount paid by applicants | [Not Applicable/*give details*] |
| Details of the minimum and/or maximum amount of application: | [There are no pre-identified allotment criteria. The Authorised Offeror will adopt allotment criteria in accordance with customary market practices and applicable laws and regulations.] [ ] |
| Details of the method and time limits for paying up and delivering the Notes: | [Investors will be notified by the relevant Authorised Offeror of their allocations of Notes and the settlement arrangements in respect thereof.] [ ] |
| Manner in and date on which results of the offer are to be made public: | [Investors will be notified by the applicable Authorised Offeror of their allocations of Notes and the settlement procedures in respect thereof on or around [*date*].] [ ] |
| Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/*give details*] |
| Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: | [Offers may be made by the Authorised Offerors in each of the Non-exempt Offer Jurisdictions to any person during the Offer Period. In other EEA countries and in all jurisdictions (including the Non-exempt Offer Jurisdictions) outside of the Offer Period, offers will only be made by the [Dealers] pursuant to an exemption under the Prospectus Regulation. All offers of the Notes will be made in compliance with all applicable laws and regulations.] [ ] |
| Process for notification to applicants of the amount allotted and the indication | [Prospective Noteholders will be notified by the relevant Authorised Offeror in accordance with the |

| | |
|---|---|
| whether dealing may begin before notification is made: | arrangements in place between such Authorised Offeror and the prospective Noteholders.] |
| Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | The Initial Authorised Offerors identified in paragraph 38 of Part A above [and any additional Authorised Offerors who have or obtain the Issuer's consent to use the Prospectus in connection with the Non-exempt Offer and who are identified on the Issuer's website as an Authorised Offeror] (together, the "**Authorised Offerors**"). |
| Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/*give details*] |

11. **[*Swiss Franc Notes only* – DOCUMENTS AVAILABLE**

Copies of the Final Terms and the Base Prospectus are available at [insert as applicable [UBS Investment Bank, division of UBS AG, Prospectus Library, P.O. Box, CH-8098 Zurich, Switzerland, or can be ordered by telephone (+41-44-239 47 03), fax (+41-44-239 69 14) or by e-mail: swiss-prospectus@ubs.com] [•]].

12. **[*Swiss Franc Notes only* – REPRESENTATIVE**

In accordance with Article 43 of the Listing Rules of SIX Swiss Exchange Ltd, [insert as applicable [UBS AG] [•]] has been appointed by the Issuer as representative to lodge the listing application with the Admission Board of SIX Swiss Exchange Ltd.]

13. **[*Swiss Franc Notes only* – NO MATERIAL ADVERSE CHANGE / MATERIAL CHANGES SINCE THE MOST RECENT ANNUAL FINANCIAL STATEMENTS**

Except as disclosed in the Base Prospectus, there has been no material adverse change in the financial condition or operations of the Issuer since [•] 20[•], which would materially affect its ability to carry out its obligations under the Notes.]

14. **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Issuer the information contained in these Final Terms is in accordance with the facts and makes no omission likely to affect the import of such information. [[Relevant third party information, for example information with respect to ratings or historic reference rates] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

15. **THIRD PARTY INFORMATION**

[Not Applicable.]/[(*Relevant third party information*) has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

[Attach an issue specific summary for tranches of Notes that have a denomination of less than EUR 100,000.]

# BNG BANK N.V.

## Overview

BNG Bank is a specialised lender to local and regional authorities as well as to public-sector institutions such as utilities, housing associations and healthcare, welfare and educational institutions, and is the largest public-sector lender in the Netherlands and the principal bank for the Dutch public sector in terms of loans, advances and inter-governmental money transfers. BNG Bank also provides limited lending to public-private partnerships.

Furthermore, BNG Bank provides electronic fund transfer and payment services to its public-sector customers.

As of and for the year ended 31 December 2019, BNG Bank had total assets of €149.7 billion, total equity of €4.9 billion and net profit of €163 million.

## History and Corporate Organisation

BNG Bank was incorporated on 23 December 1914 as a "*naamloze vennootschap*" (a public company with limited liability) under the laws of the Netherlands and is a statutory limited company under Dutch law (*structuurvennootschap*). Its legal name is BNG Bank N.V. and its trade name is BNG Bank. On 19 April 2018, the general meeting of shareholders resolved to change the legal name of BNG Bank in the Articles of Association from N.V. Bank Nederlandse Gemeenten to BNG Bank N.V. The amendment of the articles of association of BNG Bank and, consequently, the name change became effective as of 27 August 2018. The duration of BNG Bank is unlimited. It is registered in the Commercial Register of the Netherlands Chamber of Commerce (*Kamer van Koophandel*) under No. 27008387. BNG Bank's ownership is restricted to the Dutch public sector and its shareholders are exclusively Dutch public authorities. The Dutch State's shareholding is 50%, and has been unchanged since 1921, with the remainder held by more than 95% of Dutch municipalities, 11 of the 12 Dutch provinces and one water board. BNG Bank is established in The Hague and has no branches. BNG Bank's registered office is at Koninginnegracht 2, 2514 AA The Hague, the Netherlands. Its telephone number is +31 70-3750750. Its website is https://www.bngbank.com/

## Purpose

BNG Bank's activities continue to be based on its unique character as the principal Dutch public sector financial agency. As BNG Bank's shareholders are public authorities, BNG Bank is positioned as part of the public sector. BNG Bank serves exclusively as a specialised bank for local, regional and functional public authorities and for public sector institutions by providing made-to-measure banking services. These services range from loans and advances and funds transfer to electronic banking and investment services. BNG Bank is also active in the sector of public-private partnerships and provides ancillary services, such as project development assistance.

BNG Bank's principal business activities include granting credit to its statutory counterparties and facilitating payments between the central government and the public authorities listed below.

Pursuant to Article 2 of BNG Bank's Articles of Association (*statuten*), the object of BNG Bank is to serve as banker on behalf of public authorities (as described below). Accordingly, BNG Bank may engage in, among other things, taking deposits, lending money, granting credits in other ways, providing guarantees, arranging the flow of payments, conducting foreign exchange transactions, acting as adviser and broker in the issue of, and trade in securities, and keeping, managing and administering securities and other assets for third parties. BNG Bank may also incorporate and participate in other enterprises and/or legal entities, whose object is connected with or conducive to any of BNG Bank's mandated activities. BNG Bank is empowered to perform all acts which may be directly or indirectly conducive to its object. The term public authorities, as referred to above, means:

(a) municipalities and other legal persons in the Netherlands under public law as referred to in Article 1, Paragraphs 1 and 2, of Book 2 of the Dutch Civil Code;

(b) the European Communities and other bodies possessing legal personality to which part of the function of the European Communities has been entrusted pursuant to the treaties establishing the European Communities;

(c) Member States of the European Communities and other bodies possessing legal personality to which part of the administrative function of such a Member State has been entrusted pursuant to the law of that Member State; or

(d) legal persons under private law; (i) half or more of whose managing directors are appointed directly or indirectly by one or more of the bodies referred to at a, b and c above; and/or (ii) half or more of whose share capital is provided directly or indirectly by one or more of the bodies referred to at a, b and c above; and/or – half or more of the income side of whose operating budget is provided or secured directly or indirectly by one or more of the bodies referred to at a, b and c on the basis of a scheme, bye-law or law adopted by one or more of such bodies; and/or (iii) whose operating budget is adopted or approved directly or indirectly by one or more of the bodies referred to at a, b and c above on the basis of a scheme, bye-law or law adopted by one or more of such bodies; and/or (iv) whose obligations towards the Issuer are guaranteed directly or indirectly by one or more of the bodies referred to at a, b and c above or will be guaranteed pursuant to a scheme, bye-law or law adopted by one or more of such bodies, for which purpose obligations include non-guaranteed obligations resulting from prefinancing or other financing which, after novation, will create obligations that will be guaranteed by one or more of such bodies pursuant to a scheme, bye-law or law adopted by one or more of such bodies; and/or (v) who execute a part of the governmental function pursuant to a scheme, by-law or law adapted by one or more of the bodies referred to at a, b and c above.

**Strategy**

As the bank of and for local authorities and public sector institutions, BNG Bank contributes to ensuring social services can be offered to the public at low costs. BNG Bank's mission is to be a committed partner for a more sustainable Netherlands, and to enable the public sector to achieve social objectives. BNG Bank's strategy consists of four elements: (a) BNG Bank provides financing for all maturities while keeping prices to a minimum; (b) by providing financial solutions, payment services and expertise, BNG Bank enables its clients to achieve their social objectives; (c) BNG Bank builds lasting relationships with its stakeholders and responds proactively to their requirements; and (d) BNG Bank's services are always reliable, irrespective of the situation in the financial markets. To achieve these objectives, BNG Bank must maintain an excellent credit rating, adequately manage risk, retain a competitive funding position and manage its operations efficiently and effectively. Solvency-free lending (that is, lending to local authorities and other public entities that have a zero-percent risk weighting under CRD IV/CRR) continues to be BNG Bank's core activity, with the Dutch local authorities as well as housing, healthcare, education, energy and infrastructure sectors as core client groups. Maintaining its substantial market share is one of BNG Bank's goals, and BNG Bank aims to meet more than half of the total long-term credit demand from the aforementioned client groups and to do so in a viable manner. In 2019, BNG Bank fulfilled approximately 71% of the overall demand for long-term solvency-free lending from its core clients.

In 2019, BNG Bank continued to focus its lending activities almost exclusively on the Dutch market. Investments in public securities from EU Member States can be made if the securities are in line with BNG Bank's liquidity policy and the country's credit rating is at least AA-/Aa3 on the acquisition date. Preconditions for this strategy are the careful monitoring of the risk profile, operational effectiveness and efficiency and maintenance of BNG Bank's strong financial position.

**Competition**

BNG Bank's main competitor is the Nederlandse Waterschapsbank N.V. ("**NWB Bank**"), a Dutch public sector lender. Other competitors are pension funds, insurance companies and commercial banks.[18] Due to the small margins generally earned on public sector lending and in part due to continuing effects of the

[18] These comparisons with BNG Bank's competitors are mainly based on an analysis of (i) figures provided by CBS (*Centraal Bureau voor Statistiek*), (ii) figures provided by WSW (*Stichting Waarborgfonds Sociale Woningbouw*) and WfZ (*Stichting Waarborgfonds voor de Zorgsector*), respectively and (iii) publications, such as annual reports, of BNG Bank 's main competitors like NWB Bank.

economic crisis, a number of commercial banks that competed in this market have withdrawn. On the contrary, insurance companies and pension funds have in the last few years become more active in the market (albeit on an irregular basis).

As at 31 December 2019, BNG Bank had a market share of approximately 67% (71% in 2018) in respect of loans and advances, granted to or guaranteed by public authorities. BNG Bank also benefits from high market shares in lending to housing associations (2019: 50%; 2018: approximately 48%) and healthcare entities (2019: 38%; 2018: approximately 35%) as measured by aggregate loans and advances. A large portion of the long-term loans to the healthcare sector are guaranteed by Waarborgfonds voor de Zorgsector ("**WfZ**"), a guarantee fund backed by the Dutch government and set up to allow this sector to borrow with a lower cost of funds, and are zero-percent risk weighted under CRD IV/CRR. BNG Bank competes on the basis of maintaining its high creditworthiness, which permits BNG Bank to fund its operations at relatively low cost, and offering its public sector clients interest rates that are only slightly higher than its own cost of long-term funding (see "Products and Services – Loans and Advances").

**Products and Services**

***Loans and Advances***

BNG Bank's primary business is providing loans and advances to public authorities and public sector institutions. In 2010, BNG Bank resolved to focus new lending activities entirely on the Dutch market and, with a view to managing credit risk, to provide lending outside the Netherlands only in limited cases. Lending to clients outside the Netherlands currently accounts for less than 1% of BNG Bank's total loan portfolio. BNG Bank's credit exposure on loans and advances to public authorities is extremely low as the majority of the loans and the securities portfolio consist of receivables from or guaranteed by public authorities with a zero-percent risk weighting under CRD IV/CRR.

Despite the weak economic conditions during the financial crisis and the resulting decrease in the availability of funds, BNG Bank continued to fulfil its role as the primary lender to public authorities and public institutions. In 2017, 2018 and 2019, as economic conditions began to show signs of recovery, BNG Bank experienced increased competition from institutional investors and foreign banks. Notwithstanding such increased competition, BNG Bank was able to continue to support its public clientele in large part because it was able to continue to finance itself at attractive rates in the financial markets.

BNG Bank's total long-term lending portfolio to clients based on principal amount increased by €2.6 billion to €84.2 billion in 2019. The increase was principally due to an increase in lending to the local authorities and the healthcare sector. Lending for energy and infrastructure increased in 2019 as well. To meet the increasing demand for credit, BNG Bank raised the sum of €17.8 billion in long-term lending (2018: €18.1 billion).

In 2019, the loan portfolio for housing associations grew slightly as a result of an increase in housing associations' investment levels. BNG Bank provided housing associations with €5.7 billion in new loans in 2019, an increase of approximately €200 million from 2018. Demand for long-term loans has declined in the healthcare sector in recent years. This trend is also reflected in the course of the long-term loans provided by BNG Bank over the same period and in the guarantee amounts issued by the Guarantee Fund for the Healthcare Sector (*Waarborgfonds voor de Zorgsector, WfZ*). New lending to the healthcare sector nevertheless increased to €1.2 billion in 2019 as compared to €0.9 billion in 2018. There was also a slight increase in loans granted under a guarantee from the Guarantee Fund for the Healthcare Sector, which increased to €0.3 billion (2018: €0.2 billion).

The table below sets forth loans and advances made by BNG Bank in 2019 and 2018 and the total outstanding to each client group as of 31 December 2018 and 31 December 2019.

| | **Total as of 31 December 2019** | **Total as of 31 December 2018** | **New Lending** | | **Of which subject to capital adequacy requirements** | |
|---|---|---|---|---|---|---|
| **Long-term lending** | | | **2019** | **2018** | **2019** | **2018** |

| | (€ millions) | | | | | |
|---|---|---|---|---|---|---|
| Public sector (municipalities, provincial authorities and municipal joint ventures) and Design, build, finance and maintenance | 32,149 | 30,832 | 5,433 | 4,642 | 356 | 300 |
| Housing associations | 40,506 | 39,394 | 5,714 | 5,494 | 245 | 170 |
| Healthcare sector | 7,128 | 6,906 | 1,226 | 926 | 975 | 699 |
| Other (including among others the public utilities sector (including energy, transport and waste) and educational sector) | 4,401 | 4,495 | 1,646 | 578 | 1153 | 414 |
| **Total** | **84,184** | **81,627** | **14,019** | **11,640** | **2,729** | **1,583** |
| Growth in new long-term lending | 3.1% | 1.9% | 20.4% | 22.4% | 72.4% | 20.8% |
| of which solvency-free | 91% | 91% | 81% | 86% | | |

***Public sector (Local authorities)***

One of BNG Bank's most significant client bases is comprised of local and regional governments. Dutch local authorities are not individually rated by rating agencies and generally are unable to access the capital markets directly. Accordingly, local authorities generally manage their funding needs by borrowing from individual lenders such as BNG Bank and NWB Bank. The local authorities repay their loans using funds received from the central government or to a lesser extent income raised from local taxes and fees for local services. The financial relationship between the central and local government(s) in the Netherlands is such that the credit quality of the Dutch municipalities is equal to the State of the Netherlands (AAA (stable outlook) by Standard & Poor's). Loans to Dutch municipalities are therefore zero-percent risk weighted under CRD IV/CRR.

***Housing associations***

BNG Bank provides long-term lending to social housing associations which is guaranteed by Waarborgfonds Sociale Woningbouw ("**WSW**"), a social housing guarantee fund ultimately guaranteed by the Dutch central government and municipalities. WSW guarantees (*zich borg stellen*) payment obligations of registered institutions that fulfil certain conditions set by WSW and are registered participants of WSW. The Dutch State and a number of Dutch municipalities have committed to provide WSW with interest free loans in case WSW's liquidity forecast shows that, taking into account reasonably expected claims against WSW in its capacity as guarantor and any other reasonably expected claims against WSW, the net assets of WSW would be less than 0.25% of the total amount guaranteed by WSW.[19] Standard & Poor's and Moody's have assigned WSW a rating of AAA (stable outlook) and Aaa (stable outlook), respectively.

According to Aedes, a Dutch national association promoting the interests of social housing organisations, as of 20 April 2016, housing associations owned approximately 2.4 million dwellings, which was approximately 32% of the total stock of houses in the Netherlands.[20] The housing associations meet their funding needs through borrowing from banks, and generate income through the collection of rents and

[19] This information is based on public information provided by WSW through www.wsw.nl.

[20] This information is based on public information provided by Aedes through www.aedes.nl.

through the sales of housing and condominium projects, which includes both rental properties and privately owned homes. The Housing Association Authority (*Autoriteit woningcorporaties*) is responsible for the external supervision of this sector. In accordance with the Capital Requirements Directive, WSW guaranteed loans are zero-percent risk weighted under CRD IV/CRR.

Housing associations are restricted in their activities by sector specific legislation: on 1 July 2015, the new Housing Act (*Woningwet*) (the "**Act**") entered into force. Amongst other things the Act defines activities that are eligible for state aid and the conditions to which they are subject. For example, housing associations have to focus their activities on their core business: activities in the social rented housing sector, or services of general economic interest ("**SGEI**"). Only under certain conditions housing associations are allowed to continue their non-SGEI activities. From an accounting and legal standpoint, SGEI activities must be separated from non-SGEI activities as of 1 January 2018. Only SGEI activities may be performed with state aid. Guarantees issued by WSW are the principal form of state aid and many non-SGEI activities are currently financed under a WSW guarantee. Pursuant to the Act, existing non-SGEI activities will have to be refinanced without this guarantee. As the Act offers housing associations the option of designating more property as non-SGEI, the non-guaranteed demand for credit could rise considerably in the future. BNG Bank will continue to grant credit facilities to housing associations where possible and within the new eligibility criteria.

***Healthcare institutions***

BNG Bank has provided financing alternatives to public and semi-public healthcare institutions since the establishment in 1999 of WfZ, a guarantee fund for healthcare institutions. In recent years approximately half of the provided financing was guaranteed under WfZ. WfZ guarantees (*zich borg stellen*) payment obligations of accredited (*toegelaten*) healthcare institutions who fulfil the conditions set by WfZ and are registered participants of WfZ. Subject to certain other conditions, the Dutch state has committed to provide WfZ with loans if WfZ's assets less liabilities (as calculated pursuant to WfZ's agreement with the Dutch state) fall below certain predetermined levels.[21] As a result, loans covered by WfZ guarantees are zero-percent risk weighted by under CRD IV/CRR. Standard & Poor's assigned WfZ a rating of AAA (stable outlook).

***Educational institutions***

BNG Bank also provides limited financing solutions to educational institutions following changes in Dutch law applicable to educational institutions that require such educational institutions to be responsible for funding the maintenance and construction of their own buildings. The majority of BNG Bank's loans to educational institutions are to finance the building of school facilities or for the expansion of campuses. Some loans to educational institutions are guaranteed by Stichting Waarborgfonds MBO, the guarantee fund for professional and adult educational and repaid through income generated from tuitions and government funding. In July 2019, Moody's confirmed its Aa1 rating and stable outlook of Stichting Waarborgfonds MBO. Loans which are guaranteed by Stichting Waarborgfonds MBO are 20% weighted under CRD IV/CRR.

***Public utilities***

BNG Bank provides project finance for public utilities and alternative energy development companies owned by the Dutch municipalities and provinces. These public utilities have their own credit ratings. Depending on the nature of the loans to public utilities they will carry a risk weighting under CRD IV/CRR of between 20% and 100%.

***Sustainability Fund***

In 2018, BNG Bank launched the Sustainability Fund (the "**Fund**"), under which associations, companies and other business initiators have been able to take out loans ranging from €100,000 to €2.5 million for projects that contribute to the sustainability objectives of municipalities or provinces. The Fund is aimed at facilitating sustainability initiatives in the environmental field (such as sustainable energy generation and energy-saving measures) as well as in the socio-cultural field (healthcare, housing and education). BNG

[21] This information is based on public information provided by WfZ through www.wfz.nl.

Bank has made €20 million available to the Fund with the intention of increasing this to €25 million in the years ahead. The Fund supplements BNG Bank's regular lending and is supported by the Association of Netherlands Municipalities (VNG).

The Dutch Municipal Housing Incentive Fund (*Stimuleringsfonds Volkshuisvesting Nederlandse gemeenten*) has been appointed as manager of the Fund.

***Urban Development***

BNG Bank, through its subsidiary, BNG Gebiedsontwikkeling B.V. (formerly *Ontwikkelings- en Participatiebedrijf Publieke Sector*) has been involved in regional development and planning projects which prepare parcels of commercial real estate for construction, building or development. The Supervisory Board of BNG Gebiedsontwikkeling B.V. and the Executive Board of BNG Bank decided in March 2018 not to start any new urban development activities or projects within BNG Gebiedsontwikkeling B.V. as well as to complete the projects within the existing portfolio in the next few years.

***Impact credit portfolio***

BNG Bank has committed to the Paris Agreement within the United Nations Framework Convention on Climate Change and joined the Partnership for Carbon Accounting Financials which resulted in the first impact measurement of BNG Bank's loan portfolio. The calculation was conducted by Telos Institute of the University of Tilburg and approximates the impact of BNG Bank's loan portfolio on greenhouse gas emissions per sector is shown in the table below.

| Sector | BNG Bank portfolio as at 31 December 2018 (in € millions) | Emissions attributed to lending by BNG Bank (k tonnes) | Emissions in tonnes/millions EUR | Data quality (1 = accurate; 5 = approximate) | % portfolio included in calculation |
|---|---|---|---|---|---|
| Public sector | 29,748 | 2,460 | 88,8 | 3.0 | 93.1 |
| Housing associations | 40,281 | 2,381 | 61,1 | 2.5 | 96.8 |
| Healthcare institutions | 6,997 | 305 | 55,3 | 2.5 | 78.9 |
| Education | 951 | 33 | 49,6 | 1.75 | 69.4 |
| Other organisations and infrastructure | 5,080 | 504 | 203,6 | 4.0 | 50.4 |
| **Total** | 83,057 | 5,684 | 75.4 | | 90.7 |

***Payment Services and e-Banking***

BNG Bank provides products and services that enable clients to organise and manage their payments and liquidity efficiently. The web portal plays a pivotal role in providing these services. An important component of this portal is the electronic banking module "BNG Betalingsverkeer" ("**BNG Payment Services**"), which enables BNG Bank's clients to process their payments quickly and securely via the internet. The "BNG Treasury" module provides cash and treasury management support to clients. For treasury banking purposes, BNG Bank assists local authorities by automatically transferring excess liquidity to the treasury, on request. BNG Bank has been able to retain its strong position in payment

services throughout 2019. BNG Bank also smoothly processed flows of funds between the central government and local authorities, the so-called State settlement throughout 2019.

***Ratings***

The senior outstanding public long-term debt of BNG Bank is rated "AAA" by Standard & Poor's, "AAA" by Fitch and "Aaa" by Moody's.

BNG Bank is considered one of the world's most creditworthy banks. On 24 November 2015, Standard & Poor's upgraded BNG Bank's rating from "AA+" to "AAA", with a stable outlook. The upgrade reflected a similar action on the credit rating of the State of Netherlands on 20 November 2015. On 1 February 2019, Standard & Poor's affirmed such AAA rating and stable outlook. In accordance with Standard & Poor's criteria for rating government-related entities, they believe that there is an "almost certain" likelihood that BNG Bank as a government-related entity would receive sufficient extraordinary support from the Dutch government in the event of financial distress. As a result, Standard & Poor's has equalised BNG Bank's long-term ratings with those of the Netherlands. Standard & Poor's opinion of an "almost certain" likelihood of government support for BNG Bank reflects its view that BNG Bank plays a "critical role" for the Dutch government through its key public policy mandate and has an "integral" link with the Dutch government as Standard & Poor's considers BNG Bank as an extension of the government.

On 17 March 2015, Moody's changed the outlook on BNG Bank's long-term rating from negative to stable following Moody's final assessment of the BRRD (adopted by the European Parliament and Council in May 2014) and the SRM Regulation and the application of its new methodology for banks. On 16 November 2018, Moody's affirmed BNG Bank's Aaa long-term rating and stable outlook.

On 28 March 2019, Fitch upgraded BNG Bank's A from AA+ to AAA with a stable outlook following the finalisation of BNG Bank's resolution strategy and confirmation by the SRB that simplified obligations apply to BNG Bank. Fitch continues to factor in Dutch state support for BNG Bank.

Notwithstanding any rating agency's view that BNG Bank is a "government-related entity", BNG Bank is not a government entity and its debt obligations (including the Notes) are not direct or indirect obligations of the State of the Netherlands or guaranteed in any way by the State of the Netherlands.

As evidenced by the positive rating action taken by Standard & Poor's, any rating action taken with respect to the State of the Netherlands would be expected to impact BNG Bank's ratings.

**Employees**

Including its subsidiaries, BNG Bank employed on a full-time equivalent basis, 309 employees as at 31 December 2019, all of whom were employed in the Netherlands. Of all BNG Bank employees, 96% are covered by the collective labour agreement for the banking industry. The Management Board (see the 'Corporate Structure' section) and the Executive Board members, totalling eleven employees, are not covered by that Collective Labour Agreement. BNG Bank believes that its employee relations are good.

**Subsidiaries**

BNG Bank has two wholly-owned subsidiaries that provide services ancillary to the principal activity of BNG Bank of lending to the public sector. These subsidiaries are:

*BNG Gebiedsontwikkeling B.V. (formerly Ontwikkelings- en Participatiebedrijf Publieke sector B.V.)*

This subsidiary is specialised in risk-based participation in land development, as well as process design and process guidance for municipalities and other public or semi-public organisations. The Supervisory Board of BNG Gebiedsontwikkeling B.V. and the Executive Board of BNG Bank decided in March 2018 not to start any new activities or projects within BNG Gebiedsontwikkeling B.V. as well as to complete the projects within the existing portfolio in the next five to ten years.

*Hypotheekfonds voor Overheidspersoneel B.V.*

This subsidiary is used to issue mortgages on favourable terms for public sector employees. Due to changed market conditions, BNG Bank decided not to offer this product and accept new clients since 2013.

**Participations**

BNG Bank has two participations with significant influence.

*Dataland B.V.*

This company concerns a municipal non-profit initiative with activities including solutions to ease the access to municipal and cadastral real estate information and training courses for municipalities that lead to the broad accessibility of all possible data concerning registered property from the information domain of municipalities and/or other public bodies. As at 31 December 2019, BNG Bank held a 30% participating share in Dataland B.V.

*Data B Mailservice Holding B.V.*

This company provides print and mail services and services relating to payment transactions, direct marketing and message traffic, among others to government institutions. As at 31 December 2019, BNG Bank held a 45% participating share in Data B Mailservice Holding B.V.

**Risk Management**

***General***

BNG Bank's risk management strategy is aimed at ensuring a reasonable return on investment for its public shareholders while maintaining excellent creditworthiness.

***Management of Risk***

The Internal Governance Framework ("**IGF**") provides an overview of the internal governance organisation that forms the foundation for all decision-taking activities within BNG Bank. In relation to risk management, the IGF describes how risk management is organised in the 'Three Lines of Defence' ("**3LoD**") model and how decisions on risk topics are structured in the Risk Management Charter. The Risk Management Framework (RMF) is an important component within the IGF and it consists of the following overarching framework documents and policies on general and specific risk related topics: risk governance, risk appetite statement and risk definitions. Risk management is concentrated within the Risk Management department. This department identifies, assesses, measures and monitors risks, and reports to the responsible committees. These risks consist of credit risk, market risk, liquidity risk, operational risk and other risks. The Risk Management department facilitates the management of strategic risk by managing the risk policies and risk appetite framework. Risk Management is represented in the Management Board, which also includes all members of the Executive Board. It is also represented in the Asset & Liability Committee, the Capital Management and Financial Regulations Committee. It has an unrestricted reporting line to the Supervisory Board. In addition, the Credit Risk Assessment department advises on policy proposals with respect to credit risk, while as part of the lending process it also provides independent assessments and advice on risks relating to credit and review proposals for clients and financial counterparties. The Credit Risk Assessment department is represented in BNG Bank's Credit Committee. Both the Risk Management and Credit Risk Assessment departments are represented in the Financial Counterparties Committee and the Investment Committee. This Credit Risk Assessment department is also responsible for BNG Bank's special management activities, namely the supervision, management and processing of distressed credits. BNG Bank also has an independent compliance department, charged with the monitoring of compliance with all relevant legislation, the management of reputational risk, and the supervision of employee conduct. Further second line of defence functions are the information security function, positioned within the Processing Department, and the management control function, positioned within the Finance & Control Department. In both instances, the independence of these functions is documented in charters.

Third line risk management functions are performed by the Internal Audit Department ("**IAD**"). The IAD periodically conducts operational audits in order to evaluate the structure and performance of BNG Bank's

risk management systems and to assess compliance with the applicable legislation. The IAD functions as an independent entity within BNG Bank and reports to the Executive Board. It also has a reporting line to the Supervisory Board. BNG Bank also has an independent Compliance Officer charged with monitoring compliance with all relevant legislation. The duties, position and authorities of this compliance function are recorded in the BNG Compliance Charter. The Executive Board periodically discusses the structure and performance of BNG Bank's internal risk management and control systems with the Supervisory Board and the Risk Committee.

In line with the ECB's supervisory expectations (as set out in its SSM supervisory statement on governance and risk appetite), BNG Bank's Executive Board as well as its Supervisory Board approves a "risk appetite" statement each year. The "risk appetite" statement sets out the aggregated level and types of risk BNG Bank is willing to assume in order to achieve its strategic objectives and business plan. The primary objective is to map the risks as well as the reasons why these risks are being taken in order to execute the strategy and to make sure they are within the risk capacity. The risk capacity is the maximum level of risk that the organisation can assume given its current level of resources before breaching constraints determined by regulatory capital and liquidity needs, the operational environment (e.g. technical infrastructure, risk management capabilities, expertise) and obligations, also from a conduct perspective, to depositors, policyholders, shareholders, fixed income investors, as well as other customers and stakeholders. The risk appetite statement is evaluated every year and adjusted where necessary, before being adopted by the Supervisory Board. The risk appetite statement serves as a risk tolerance guideline for the various risk types and the associated control frameworks and limits. A risk appetite statement is somewhat high level by nature and the real challenge is to align daily risk taking operations with the risk appetite. Therefore BNG Bank translates its risk appetite statement to individual risk limits and targets that are monitored on a regular basis. For example, BNG Bank's periodic monitoring programme consists of a quarterly integrated risk report that reports on whether BNG Bank remains within all of its individual risk appetite limits ("**Risk Appetite**"). In 2019, BNG Bank remained within its Risk Appetite.

Risk management uses a set of reports aimed at both internal risk management and accountability for that risk management towards external stakeholders. BNG Bank applies the 'standardised approach' in reporting credit risk to the ECB and also the 'standardised approach' in reporting operational risk. In addition, BNG Bank ensures that the reports meet increasingly strict requirements on aspects such as capital and liquidity.

*Internal credit risk assessment models*

BNG Bank determines creditworthiness using internally developed rating models that allow BNG Bank to conduct credit assessments partly on the basis of objectively observable criteria. Given the 'low default' character of the credit portfolio, expert models are utilised. Models have been developed for the following sectors:

- public housing;
- healthcare;
- education;
- DBFMO (Design Build Finance Maintain Operate, project financing);
- area development; and
- energy, water, telecoms, transport, logistics and the environment.

The models are used for the internal assessment of creditworthiness but not for pillar 1 capital calculations under CRC IV/CRR, where the BNG Bank uses the standardised approach. However, these models are used for the calculation of required capital under the economic approach that is part of the Internal Capital Adequacy Assessment process since 2019. Also, these models are used for impairment calculations under IFRS. For further information on BNG Bank's risk management policies please refer to "*Risk section*" starting on page 190 of the annual report for 2019 incorporated by reference herein.

**Executive Board and Supervisory Board**

***General***

BNG Bank's Executive Board consists of three members and its Supervisory Board currently consists of eight members. The tables below set forth the members of the Executive Board and the Supervisory Board, their respective year of birth, the year of their respective initial appointment and their position. The members of the Supervisory Board are appointed by the General Meeting of Shareholders on the nomination of the Supervisory Board, and the members of the Executive Board are appointed and dismissed by the Supervisory Board. All members of the Executive Board and the Supervisory Board have their address at the registered office of BNG Bank.

***Executive Board***

| Name | Born | Appointed | Position |
|---|---|---|---|
| Ms G.J. Salden | 1968 | 2018 | Chair |
| O.J. Labe | 1969 | 2015 | Member |
| J.C. Reichardt | 1958 | 2008 | Member |

***Supervisory Board***

| Name | Born | Appointed | Position |
|---|---|---|---|
| M. Sint | 1949 | 2012 | Chair |
| H. Arendse | 1958 | 2019 | Member |
| C.J. Beuving | 1951 | 2014 | Member |
| J.B.S. Conijn | 1950 | 2016 | Member |
| M.E.R. van Elst | 1966 | 2018 | Member |
| J. Kriens | 1954 | 2014 | Member |
| J.C.M. van Rutte | 1950 | 2015 | Vice Chair |

Set out below are brief biographies of the members of the Executive Board and the Supervisory Board.

***Executive Board***

*G.J. Salden, Chair*

Ms Salden was appointed as a Chair of the Executive Board on 1 January 2018 for a four-year term of office. This period may be extended. In connection with her position at BNG Bank, Ms Salden is a Board member of the Dutch Banking Association (NVB).

*O.J. Labe, Member*

Mr. Labe was appointed as an Executive Board member on 1 May 2015 for a four-year term of office and reappointed for another four years beginning from 1 May 2019. In connection with his position at BNG

Bank, Mr. Labe is Chair of the Supervisory Board of BNG Bank subsidiary Hypotheekfonds voor Overheidspersoneel B.V., a Supervisory Board member of BNG Bank subsidiary BNG Gebiedsontwikkeling B.V. and Chair of the Supervisory Board of the BNG Sustainability Fund (*Stichting BNG Duurzaamheidsfonds*). He also sits on the Supervisory Board of ASR Vermogensbeheer N.V. and is a member of the Advisory Board for the Faculty of Economics and Business at the University of Amsterdam.

*J.C. Reichardt, Member*

Mr. Reichardt was appointed as an Executive Board member on 15 October 2008 and reappointed on 15 October 2016 for a four-year term of office. This period may be extended. In connection with his position at BNG Bank, Mr. Reichardt is Chair of the Supervisory Board of Data B. Mailservice Holding B.V., a member of the Supervisory Affairs Committee of the Dutch Banking Association (NVB), a Supervisory Board member of BOEI BV, a Supervisory Board member of BNG Bank subsidiary Hypotheekfonds voorOverheidspersoneel B.V. and Chair of the Supervisory Board of BNG Bank subsidiary BNG Gebiedsontwikkeling B.V. He is also a Supervisory Committee member of the RDW.

***Supervisory Board***

*M. Sint, Chair*

Former Chair of the Executive Board of Isala clinics in Zwolle. Appointed on 20 August 2012 and reappointed on 20 April 2017. In addition to being the Chair of the BNG Bank Supervisory Board, she serves as Chair of the PGGM Supervisory Board and as a Supervisory Board member of NL Healthcare.

*H. Arendse*

Former Chief Financial Officer and an Executive Board member of Achmea B.V. Appointed on 18 April 2019. In addition to being a BNG Bank Supervisory Board member, he is Chair of the Supervisory Board of Achmea Bank N.V.

*C.J. Beuving*

Former Chair of the Management Board of the Friesland Bank Holding NV. Appointed on 24 April 2014 and reappointed in 2018. In addition to being a BNG Bank Supervisory Board member, he is Chair of the Supervisory Board of Bouwinvest Real Estate Investors B.V.

*J.B.S. Conijn*

Former professor specialising in the Housing Market at the University of Amsterdam. Appointed on 23 November 2015 and reappointed in 2020. In addition to being a BNG Bank Supervisory Board member, he is Director and advisor Housing Associations at Finance Ideas and an Investment Committee member of Amvest Residential Core Fund.

*M.E.R. van Elst*

Former COO on the executive boards of ING Bank in both Poland and Belgium. Appointed on 19 April 2018 and eligible for reappointment in 2022.

*J. Kriens*

Chair of the Executive Board of Association of Dutch Municipalities (VNG). Appointed on 24 April 2014 and reappointed in 2018.

*J.C.M. van Rutte, Vice Chair*

Former Executive Board member at Fortis Bank Nederland and former Chief Executive Officer of the Executive Board of ABN AMRO Group N.V. Appointed on 23 November 2015 and reappointed in 2020.

In addition to being a BNG Bank Supervisory Board member, he is Chair of the Supervisory Board of Volksbank N.V./ de Volksholding B.V. and a Supervisory Board member of ORMIT Holding B.V and PGGM N.V.

***Managing Directors***

*Mrs. P.J.E. Bieringa*, Managing Director, Public Finance

*P.A. Nijsse*, Managing Director, Treasury & Capital Markets

*R. van Woerden*, Managing Director, Processing

***Conflicts of Interest***

As of the date of this Base Prospectus, no actual or potential conflicts of interest have been identified the Issuer between any duties to the Issuer of the members of the Executive Board, the Supervisory Board and the Managing Directors and their private interests and/or other duties. Should any potential conflicts of interest arise, the procedures set out below would apply.

***Potential conflicts of interest – Executive Board***

The members of the Executive Board aim to avoid any form and semblance of conflicting interests in the performance of their duties. The regulations of the Executive Board contain a provision that a member of the Executive Board who is confronted with a potential conflict of interest must report it. Such member will not participate in the deliberations or decision-making regarding the subject in question. If BNG Bank wishes to enter into a transaction involving a potential conflict of interest, this transaction must, as stipulated by the regulations of the Executive Board, be submitted to the Supervisory Board for approval. Once approved, this transaction shall be required to be carried out in line with normal industry terms and disclosed in the annual report. At the moment there are no potential conflicts of interest.

It should be noted that the possibility cannot be excluded that in the future Executive Board memberships and additional positions of members of the Executive Board can lead to conflicting interests in the performance of duties. Should that be the case, then the above-described procedure will be followed.

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

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

The regulations of the Supervisory Board contain a provision that a Supervisory Board member who is confronted with a potential conflict of interest must report any such instance. It is stipulated that the Supervisory Board member in question will not take part in the deliberations or the decision-making regarding the matter. In addition, he or she shall refrain from any involvement whatsoever in transactions that are of material significance between, on the one hand, BNG Bank and, on the other, the institution where he or she is an executive director or supervises the conduct of business as a member of that institution's supervisory board. Following approval by the Supervisory Board, any such transactions are exclusively carried out under the usual industry-specific terms and disclosed in the annual report. At the moment there are no potential conflicts of interest.

It should be noted that the possibility cannot be excluded that in the future supervisory board memberships and additional positions of members of the Supervisory Board can lead to conflicting interests in the performance of duties. Should that be the case then the above-described procedure will be followed.

**Share Capital, Voting Rights and Relationship with the Dutch State**

BNG Bank is a statutory limited company under Dutch law (*structuurvennootschap*). Half of BNG Bank's share capital is held by the State of the Netherlands. The other 50% is mainly held by more than 95% of Dutch municipalities, 11 of the 12 provinces as well as one water board in the Netherlands. Accordingly, the State of the Netherlands has *de facto* control over BNG Bank. The holders of hybrid capital do not fall within the definition of related parties, as they have no (joint) control or significant influence over BNG Bank. The two tier governance structure together with the appointment of an independent Supervisory Board in a general meeting limits the possibility of the State of the Netherlands abusing this de facto control.

For a full description of BNG Bank's capitalisation as at 31 December 2019, see "Capitalisation".

Only the State of the Netherlands, provinces, municipalities, district water authorities and other public bodies thereof may be shareholders of the Issuer.

Since the revision in 2001, there is only one class of shares, all of which have been fully paid up.

**Dividend**

The long-term dividend policy of BNG Bank is set out starting on page 206 of the 2018 financial statements incorporated by reference herein. Partly as a result of the rise in total equity because of its reduced dividend pay-out ratio in recent years compared to the historic dividend pay-out percentage and its relatively high net profit, BNG Bank's leverage ratio was at the level of 3.6% at the end of 2019, which constituted one of the elements enabling BNG Bank to further increase its dividend pay-out percentage from 37.5% to 50%. BNG Bank paid a dividend of €71 million for 2019, compared to €159 million for 2018 and €141 million for 2017. Following a strong recommendation of the European Central Bank in relation to the COVID-19 pandemic, BNG Bank decided to postpone payment of the dividend over the year 2019 until at least 1 October 2020. For the year 2019, €142 million (2018: €318 million) of profit was attributable to shareholders. See "*Risk Factors—Risks related to the Issuer's business activities and industry—BNG Bank's business and results of operations may be negatively affected by actual or perceived local and global economic and financial market conditions*".

**Supervision and Regulation**

***European Supervision and Regulation***

The EU Financial Services Action Plan 1999-2005 established the foundations for a single financial market in the European Union and has resulted in many changes with respect to European supervision. In its Strategy on Financial Services for 2005-2010, the European Commission set out its objectives to achieve an integrated and competitive EU financial market. In that respect, the European Commission proposed to remove remaining barriers, especially in the retail area, to enable the provision of financial services and circulation of capital throughout the European Union in a cost efficient way and without barriers, resulting in a high level of financial stability, consumer benefit and consumer protection. The financial services sector includes EU regulatory policies with respect to three major areas, *i.e.* banking, capital markets and asset management.

***Capital Requirements Directive***

In December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy framework known as "**Basel III**" which aims to create a sounder and safer financial system. Requirements with respect to capital adequacy and liquidity proposed by the Basel Committee have been implemented in the European Union through, among others, the CRD IV Directive and CRR while the finalised Basel III reforms (the "**Basel III Reforms**") (informally referred to as Basel IV) were published on 7 December 2017. The CRD IV Directive governs amongst other things the market access to banking activities while the CRR establishes the majority of prudential requirements institutions need to respect. The CRR entered into force on 1 January 2014, and has direct effect in the Netherlands. The substance of the original CRD IV (as to be supplemented through Regulatory and Implementing Technical Standards) in the Netherlands as of 1 August 2014. A number of the requirements introduced under CRD IV have been and will be further supplemented through the Regulatory and Implementing Technical Standards (RTSs/ITSs) produced by the European Banking Authority ("**EBA**"). The application in full of all measures under CRD IV (including any national implementation thereof in the Netherlands) was

completed as of 1 January 2019. The Basel III Reforms seek to restore credibility in the calculation of risk weighted assets and improve the comparability of banks' ratios. Important changes involve stricter rules for internal models and the aforementioned capital floor as well as revisions to the standardised approaches for credit risk, operational risk and CVA.

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital, requires increased capital against derivative positions and introduces a capital conservation buffer, a counter-cyclical buffer, a systemic risk buffer, a systemic importance buffer, a new liquidity framework (liquidity coverage ratio, "**LCR**") and a net stable funding ratio ("**NSFR**") as well as a leverage ratio. The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario and may not fall below 100% of estimated net cash outflows for the following 30 days. The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e., that long-term assets are covered with sufficient stable funding. BNG Bank's current CET 1 and Tier 1 ratios are well above the pillar 1 required CET 1 and Tier 1 ratio including the systemic importance buffer.

In October 2014, DNB qualified BNG Bank as a 'promotional lender' within the framework of the liquidity coverage requirements under the CRR. As a result, BNG Bank's debt securities qualify as high quality liquid assets level 1.

In May 2019, a further package of reforms to CRD IV Directive, the BRRD and the Single Resolution Mechanism Regulation was adopted in the form of the EU Banking Reforms, including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reform are wide-ranging and cover multiple areas, including a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of 'non-preferred' senior debt, the implementation of the TLAC standard, the amendment of a number of aspects of the MREL framework to align it with the TLAC standard, and the transposition of the FRTB conclusions into EU legislation. As such, the EU Banking Reforms may affect BNG Bank (including with regard to the MREL it is required to maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in) The EU Banking Reforms have entered into force on 27 June 2019. Most of the new rules in respect of CRD IV will apply from 28 June 2021 and those in respect of the BRRD and SRM Regulation will apply by the end of 2020, subject in certain cases to transposition in the Member States.

The EU Banking Reforms applies a proportional application of the leverage ratio requirement for promotional banks such as BNG Bank on the basis that substantially all of its assets carry a zero-risk weighting. BNG Bank expects to be able to rely on aforementioned proportional application. The leverage requirement under the EU Banking Reforms will become applicable to BNG Bank in June 2021.

In addition to the capital requirements, CRD IV also deals with market access and license requirements for credit institutions. The definition of 'credit institution' is laid down in the CRR. As a consequence thereof and as a result of the CRD IV implementation into Dutch law, the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**DFSA**") includes a definition of 'bank' that merely refers to the definition of 'credit institution' in the CRR. This means that the notion of a bank and the question whether an entity falls within the scope of the banking license requirement is primarily decided at the EU level. DNB has confirmed that BNG Bank qualifies as a 'credit institution' as set out in the CRR.

Furthermore, CRD IV provides for a limited list of grounds for refusal of an application for a declaration of no objection (*verklaring van geen bezwaar*) with respect to, amongst others, the acquisition of a qualified holding in a bank. Pursuant to CRD IV, the relevant supervisory authority must assess the suitability of the proposed entity that wishes to acquire a qualified holding and the financial soundness of the proposed acquisition on the basis of criteria such as reputation of the proposed acquirer and whether the bank will be able to comply and continue to comply with prudential requirements (as set out in more detail below). In addition, the supervisor may only oppose the proposed acquisition if there are reasonable grounds for doing so on the basis of the criteria or if the information provided by the proposed acquirer is incomplete. CRD IV specifically mentions the prevention of money laundering and terrorist financing as a ground for refusal. Owing to the principle of maximum harmonisation, Member States are not permitted to adopt stricter rules.

As described above under '*Risk Factors - BNG Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of BNG Bank's regulators could have a*

*material adverse effect on BNG Bank's operations or profitability*', the EU Banking Reforms are wide-ranging and cover multiple areas, including a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of 'non-preferred' senior debt, the implementation of the TLAC standard and the amendment of a number of aspects of the MREL framework to integrate the TLAC standard, and the transposition of the FRTB into EU legislation. As such, the EU Banking Reforms may affect BNG Bank (including with regard to the MREL it must maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in, which risk is however not expected to become higher) (as described in more detail under "*Bank Recovery and Resolution Directive and Bail-in Tool*" above).

In April 2020, the European Commission adopted a banking package to facilitate bank lending to households and businesses throughout the European Union and mitigate the significant economic impact of the COVID-19 pandemic. The banking package is intended to encourage banks to make full use of the flexibility embedded in the EU's existing prudential and accounting framework and provides market participants with a uniform interpretation of this flexibility. The banking package also proposed amendments to the CRR to inter alia (i) extend current transitional arrangements regarding the application of international accounting standards on banks' capital for two years, (ii) postpone the date of the new leverage ratio buffer requirement on G-SIIs by one year to 1 January 2023 and (iii) extend existing preferential treatment given to non-performing loans that are guaranteed by the public sector.

***Deposit Guarantee Schemes***

On 2 July 2014, a new Directive 2014/49/EU ("**DGS Directive**") on deposit guarantee schemes ("**DGS**") entered into force. The DGS Directive amends Directive 94/19/EC and regulates amongst others the harmonisation of the *ex-ante* financing of the deposit guarantee schemes, the harmonisation of the maximum payment of €100,000 under a deposit guarantee scheme, the cross-border cooperation of (foreign) deposit guarantee schemes, more transparency for depositors, the verification of claims by the deposit guarantee schemes and the reimbursement in the event of a bank failure. The legislation implementing the DGS Directive in the Netherlands entered into force on 26 November 2015. As a result, BNG Bank and other financial institutions are required to pay (ex-ante) risk-weighted contributions into a fund to cover future drawings under the deposit guarantee scheme. The fund is expected to grow to a target size of 1% of all deposits guaranteed under the scheme. The target size should be reached in 15 years. The costs associated with potential future ex-ante contributions may vary from time to time, and will depend on the methodology used to calculate risk-weighting, but may be significant.

On 24 November 2015, the European Commission proposed a euro-area wide insurance scheme for bank deposits, to be implemented in three phases: reinsurance, co-insurance and full insurance ("**EDIS**"). The EDIS proposal builds on the existing framework of national DGSs, under which depositors would benefit from the same levels of protection. EDIS would be filled by contributions owed and paid by banks directly to the Single Resolution Board, as manager of EDIS, and calculated and invoiced by participating DGSs. It is not yet clear in what final form and when EDIS will come into effect, but such contributions may impact BNG Bank's results of operations.

***MiFID***

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ("**MiFID**") came into force. MiFID provides a harmonised regime for investment services and investment activities and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonises conduct of business rules, including best execution, conflict of interest, customer order handling rules for investment services with respect to financial instruments and rules on inducements. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for equities. MiFID also has consequences for intermediaries in financial products. It envisages, inter alia, a way to harmonise regulation in respect of commission payments. MiFID prescribes inducement rules which should lead to appropriate commissions. These rules are intended to better protect customers if they wish to purchase financial instruments and to avoid reward-driven advice issued by intermediaries since intermediaries are often paid by the provider of the financial product. MiFID has been amended by MiFID II and a regulation (Regulation 600/2014, "**MiFIR**"). MiFID II and MiFIR provide for, among others, more extensive powers to supervisory authorities, increased market infrastructure and

reporting requirements, more robust investor protection and increased equity and non-equity market transparency. MiFID II and MiFIR entered into force on 3 January 2018.

***PSD***

In November 2007, the Payment Services Directive 2007/64/EC ("**PSD**") was formally adopted. The PSD aims to open up payment services to competition from newly licensed payments institutions and to increase consumer protection by introducing information requirements and uniform operational rules for payment service providers. The PSD, applicable in the European Union to all payments in Euro and other Member States' currencies, lays the foundation for the creation of a single market in payments and constitutes the legal framework for a single Euro payments area. On 24 July 2013, the European Commission published a proposal for a revised payment services directive ("**PSD2**"). PSD2 broadens the scope of the existing PSD and captures a wider range of payment services and payment transactions. In addition, PSD introduces new responsibility and liability provisions. On 25 November 2015, PSD2 was adopted by the European Parliament and the Council and it was published in the Official Journal on 23 December 2015 (2015/2366/EU). The Netherlands legislature implemented PSD2 into Dutch law on 19 February 2019.

***Anti-Money Laundering***

The third Anti-Money Laundering Directive 2005/60/EC, adopted in November 2005, aims to implement 40 recommendations of the Financial Action Task Force (an intergovernmental body whose purpose is the development and promotion of national and international legislation and policies to combat money laundering and terrorist financing). It follows a risk-based approach under which all measures aimed at preventing money laundering must be applied on a proportionate basis, depending on the type and risk of customer, business and other considerations. On 1 January 2007, Regulation 1781/2006 which transposes the Financial Action Task Force Special Recommendation VII on 'wire transfers' into EU legislation came into force. The regulation sets out rules on information on the payer accompanying transfers of funds, in order to allow basic information to be immediately available to the authorities responsible for combating money laundering and terrorist financing. On 20 May 2015, the fourth Anti-Money Laundering Directive 2015/849 was adopted ("**AML 4**"). AML 4 aims at implementing the recommendations of the Financial Action Task Force that were published in February 2012. In addition, on 20 May 2015 Regulation 2015/847 on information accompanying transfers of funds to secure 'due traceability' of these transfers was adopted. This regulation replaces Regulation 1781/2006 and entered into force as of 26 June 2017. The Netherlands legislature implemented AML 4 into Dutch law on 25 July 2018.

Further thereto, on 5 July 2016, the European Commission published a proposal with amendments to AML 4 culminating in the fifth Anti-Money Laundering Directive 2018/843 ("**AML 5**"). The proposal entails a further tightening of the rules set out in AML 4, including those pertaining to the treatment of virtual currencies and an expansion of access to public ultimate beneficial owner registers. Member States are required to transpose AML 5 into national law on 10 January 2020.

***EMIR***

EMIR entered into force on 16 August 2012. EMIR is part of the European implementation of the commitments made at the G-20 Pittsburgh summit of September 2009 with regard to OTC derivatives. In line with these commitments, EMIR aims to increase transparency regarding OTC derivatives, reduce counterparty credit risks under OTC derivative transactions and reduce operational risks in relation to those transactions. EMIR lays the ground for, amongst other things, the mandatory clearing of designated OTC derivatives between certain parties through a central counterparty ("**CCP**"), risk management of derivatives transactions that are not centrally cleared and the mandatory reporting of all exchange-traded and OTC derivatives to a trade repository. EMIR is a Level-1 regulation and requires secondary rules for full implementation of all elements. Most of these secondary rules have been finalised and are already in effect or are being phased-in. Requirements pertaining to risk management entered into force on 15 March 2013, with the exception of the margin requirements, which are being gradually phased in as from 4 February 2017. The mandatory reporting of derivatives to a trade repository took effect on 12 February 2014. The mandatory clearing of designated OTC derivatives is being gradually phased in as from 21 June 2016.

Further to a review of EMIR by the European Commission, on 4 May 2017, it published a proposal for a regulation amending EMIR (the "**EMIR Amending Regulation**"). It includes, amongst others, changes to

the reporting requirements and the application of the clearing thresholds for non-financial counterparties, and the introduction of a clearing threshold for financial counterparties. The EMIR Amending Regulation is currently going through the EU legislative process. Its final form is therefore not yet clear. In addition, the timing for the implementation of the EMIR Amending Regulation as at the date of this Base Prospectus is unclear.

***Single Supervisory Mechanism***

The Single Supervisory Mechanism ("**SSM**") is one of the elements of the EU banking union. The SSM creates a new system of financial supervision comprising the ECB and the national competent authorities of participating EU Member States. Among these EU Member States are those whose currency is the Euro and those whose currency is not the Euro but who have decided to enter into close cooperation with the SSM. Under the new system of supervision, the ECB directly supervises significant credit institutions as of 4 November 2014. Specific tasks relating to the prudential supervision of credit institutions have been conferred on the ECB by a regulation (Regulation 1024/2013, "**SSM Regulation**"). The SSM Regulation entered into force on 4 November 2014.

BNG Bank is considered a "significant credit institution" under the SSM and is therefore subject to direct supervision by the ECB. The ECB is the competent authority responsible for supervising significant credit institutions' compliance with the prudential requirements including (among other things) (i) own funds requirements, the LCR, the NSFR, the leverage ratio and the reporting and public disclosure of information on these matters, as set out in CRR and (ii) the requirements to have in place robust governance arrangements, including fit and proper requirements for the persons responsible for the management of the bank, remuneration policies and practices and effective internal capital adequacy assessment. In this context, the ECB will apply the rules and requirements of the CRR and the Dutch implementation of CRD IV in the DFSA to the Dutch significant credit institutions. DNB will remain the supervisory authority in respect of tasks not conferred to the ECB. This includes, amongst other things, payment systems and the preventing of money laundering and terrorist financing pursuant to the Act on the Prevention of Money Laundering and Terrorist Financing (*Wet ter voorkoming van witwassen en financieren van terrorisme*).

***Bank Recovery and Resolution Directive***

The Bank Recovery and Resolution Directive ("**BRRD**") and the Single Resolution Mechanism Regulation ("**SRM Regulation**") provide for the European framework for the recovery and resolution of (amongst others) ailing banks, certain investment firms and certain of their group entities.

The BRRD has been transposed into Dutch law pursuant to the Act implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*), which entered into force on 26 November 2015. BNG Bank is subject to the BRRD as implemented in Dutch law. The BRRD was amended on 7 June 2019, with effect from 27 June 2019, by a further directive ("**BRRD2**") as part of the EU Banking Reforms (as defined above) in order to implement, amongst other things, the Financial Stability Board's total loss absorbing capacity (TLAC) standard by adapting the existing regime relating to MREL. The BRRD must be transposed into national law no later than 28 December 2020, with national regulators having until 1 January 2024 at the latest to impose full MREL requirements on firms.

The SRM Regulation applies to banks subject to the single supervisory mechanism ("**SSM**") pursuant to Council Regulation (EU) No 1024/2013 and Regulation (EU) No 1022/2013, such as BNG Bank, and provides for a single resolution framework ("**SRM**") in respect of such banks. This includes both significant and less significant banks. The SRM Regulation is fully applicable since 1 January 2016 and prevails over the implementation in national law of the BRRD where it concerns the resolution of such banks. The SRM Regulation also provides for the establishment of a European Single Resolution Board ("**SRB**"), which will be responsible for the effective and consistent functioning of the SRM. The SRB acts as the competent resolution authority for (inter alia) significant banks under the SSM, such as BNG Bank, and is in that capacity responsible for adopting resolution decisions in respect of such banks.

The BRRD, as implemented in Dutch law, provides DNB in its capacity as competent national resolution authority with the powers necessary to implement the resolution decisions taken by the SRB in respect of significant banks in the Netherlands, such as BNG Bank. In addition, the ECB, as the competent supervisory

authority in respect of significant banks, is allowed to take certain recovery measures in the event the financial condition of a bank is deteriorating (subject to further conditions). Such measures could pertain, amongst others, to a change of the legal or operational structure, the removal of (individuals within) senior management or the management body and the appointment of a temporary administrator.

If BNG Bank would be deemed no longer viable (or one or more other conditions apply) the SRB may decide to write-down, cancel or convert relevant capital instruments of BNG Bank, independently or in combination with a resolution action. The SRB shall ensure that DNB will exercise the write-down and conversion powers pursuant to the BRRD, as implemented in Dutch law, in order to write-down, cancel or convert the relevant capital instruments into shares or other instruments of ownership, and in accordance with a certain order of priority.

If BNG Bank would be deemed failing or likely to fail and the other resolution conditions would also be met, the SRB may decide to place BNG Bank under resolution. As part of the resolution scheme to be adopted by the SRB, it may decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation. These resolution tools include the sale of business tool, the bridge institution tool and the asset separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the SRM provides for the bail-in tool. The bail-in tool may be applied to absorb losses and recapitalise BNG Bank or convert to equity or reduce the principal amount of claims or debt instruments (such as the Notes) of BNG Bank that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than the relevant capital instruments of BNG Bank, and may also result in the write-down or conversion of eligible liabilities of BNG Bank (such as the Notes) in accordance with a certain order of priority. In order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a MREL which may be subject to the bail-in tool. For more details as to the current decisions MREL requirements imposed on BNG Bank, please see "*Risks related to the Dutch Intervention Act, BRRD and SRM Regulation*" above.

According to the SRM Regulation, the national resolution authorities shall take the necessary action to implement decisions of the SRB. They shall exercise their powers granted to them under the BRRD, as implemented in national law. In addition to the resolution powers described above, DNB has been granted certain other resolution and ancillary powers to implement any resolution decision by the SRB in respect of BNG Bank. It may for instance decide to terminate or amend any agreement (including a debt instrument) to which BNG Bank is a party or replace BNG Bank as a party thereto. Furthermore, DNB may, subject to certain conditions, suspend the exercise of certain rights of counterparties vis-à-vis BNG Bank or suspend the performance of payment or delivery obligations of BNG Bank. In addition, pursuant to Dutch law, certain counterparty rights may be excluded in the event such rights come into existence or become enforceable as a result of any recovery or resolution measure or any event in connection therewith (subject to further conditions).

The EU Banking Reforms include various amendments to the BRRD and SRM framework. Among others, the EU Banking Reforms amends the MREL framework to align it with the TLAC standard. The TLAC standard aims to ensure that G-SIBs have sufficient loss-absorbing and recapitalization capacity available in resolution. The EU Banking Reforms also introduced changes to the MREL rules applicable to non-G-SIBs such as BNG Bank, including (without limitation) the criteria for the eligibility of liabilities for MREL. Furthermore, MREL requirements will be imposed on a (non G-SIB) bank-specific basis. The EU Banking Reforms also resulted in an amendment to a bank creditors' insolvency ranking, enabling banks to issue debt in a new statutory category of unsecured debt, ranking just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category. The EU Banking Reforms will also result in the addition of a tool allowing for the suspension of certain contractual obligations for a short period of time prior to any resolution proceedings. As such, the EU Banking Reforms may affect BNG Bank (including with regard to the MREL it must maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in). The amendments to the BRRD and SRM Framework are expected to enter into force by the end of 2020 (subject to implementation of the BRRD's amendments in national laws and regulations).

**Benchmarks Regulation**

Under the Benchmarks Regulation, new requirements apply with respect to the provision of a wide range of benchmarks (such as EURIBOR or LIBOR), the contribution of input data to a benchmark and the use

of a benchmark within the European Union. As the Issuer is a supervised entity and user of benchmarks within the meaning of the Benchmarks Regulation, BNG Bank has to comply with certain obligations under the Benchmarks Regulation in respect of in-scope products and contracts. This includes the obligation to produce and maintain a robust written plan among others setting out the actions BNG Bank would take in the event a benchmark materially changes or ceases to be provided. This plan is commonly referred to as a fallback plan and BNG Bank has produced and is maintaining such a plan. BNG Bank is also required to ensure that it only makes use of authorized benchmarks and that its contracts include appropriate fallback language. BNG Bank runs the risk that it is not able to timely amend its contracts and switch from the use of unauthorised benchmarks to authorised benchmarks and paying and/or receiving a similar rate of interest (both in its internal processes as well as in its external products and investments). This may affect BNG Bank's financial and compliance position.

**Coronavirus (or COVID-19) prudential regulatory initiatives**

Since the outbreak of the coronavirus (or COVID-19) pandemic, various legislative and regulatory authorities have taken prudential regulatory initiatives to address the negative impact of the coronavirus, including:

*European Commission (EC)*

In April 2020, the European Commission adopted a banking package to facilitate bank lending to households and businesses throughout the European Union and mitigate the significant economic impact of the COVID-19 pandemic. The banking package is intended to encourage banks to make full use of the flexibility embedded in the EU's existing prudential and accounting framework and provides market participants with a uniform interpretation of this flexibility. The banking package also proposed amendments to the CRR to inter alia (i) extend current transitional arrangements regarding the application of international accounting standards on banks' capital for two years, (ii) postpone the date of the new leverage ratio buffer requirement on G-SIIs by one year to 1 January 2023 and (iii) extend existing preferential treatment given to non-performing loans that are guaranteed by the public sector. The European Commission has requested the European Parliament and the Council to expedite the discussion of its proposals in order to adopt the targeted amendments of CRR by June 2020.

*European Central Bank (ECB)*

In March 2020, the ECB announced its decision to allow its directly supervised banks (i) to operate temporarily below the level of capital as defined by Pillar 2 Guidance ("**P2G**"), the capital conservation buffer and the liquidity coverage ratio and (ii) to partially use capital instruments that do not qualify as CET1 capital to meet Pillar 2 Requirements ("**P2R**"). In addition, the ECB asked banks not to pay dividends until at least October 2020 (the "**ECB Corona Measures**").

*Dutch Central Bank (DNB)*

In March 2020, DNB announced (i) the temporary reduction of the systemic risk buffer requirement applicable to the three major Dutch banks ABN AMRO Bank, ING Bank and Rabobank and (ii) the postponement of the introduction of extra capital requirement for mortgage loans (the so-called 'DNB RWA Floor') for an indefinite period of time. In addition, DNB announced that, in line with the ECB Corona Measures, less significant institutions under its supervision will be allowed (i) to operate temporarily below the level of capital defined by the P2G, the capital conservation buffer and the liquidity coverage ratio and (ii) to partially meet their P2R with capital instruments that do not qualify as CET1 capital.

European Banking Authority (EBA)

In March 2020, EBA announced that it would take certain measures to alleviate the immediate operational burden on banks, including the postponement of stress test exercises to 2021. Furthermore, EBA provided further guidance on (a) measures to mitigate the increase in aggregated amounts of additional valuation adjustments (AVAs) under the prudent valuation framework (for institutions applying the core approach) and (b) a postponement of the FRTB-SA (Fundamental Review of the Trading Book – Standardised Approach) reporting requirement. EBA also recognised the need for a pragmatic approach for the 2020 SREP, focusing on the most material risks and vulnerabilities driven by the coronavirus crisis.

**Dutch Supervision and Regulation**

The Dutch regulation for financial supervision is laid down in and based on the provisions of the DFSA, which came into effect on 1 January 2007. The DFSA is partly based on European directives and regulations.

BNG Bank operates under the supervision of the ECB, DNB, the AFM and the SRB. The Dutch regulatory supervision consists of prudential supervision and conduct of business supervision. Prudential supervision is performed by the ECB in cooperation with DNB while market conduct supervision is performed by the AFM.

The ECB and DNB's prudential supervision is aimed at ensuring the financial soundness of financial undertakings, including banks, and contributes to the stability of the financial sector. In order to achieve this, the ECB and DNB protect the interests of bank creditors, policyholders, investors and financial services customers of financial enterprises. Prudential supervision comprises solvency and liquidity supervision designed to review whether financial enterprises can meet their payment obligations. The supervision aims to reduce the risk of bankruptcy. In case of breach of prudential rules of the DFSA, DNB or the ECB (depending on whether supervision in respect of a particular requirement has been conferred to the ECB or not) may, inter alia, issue directions, impose fines and publish information on any imposed sanctions and the context thereof. The rules on prudential supervision are further described below. The exercise of supervision by the ECB pursuant to the SSM and the exercise of resolution powers by the SRB pursuant to the SRM are further described above.

The AFM's conduct supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial enterprises in dealing with customers. The conduct supervision intends to realise that financial enterprises treat their customers with due care, in order to minimise the potential information gap between providers of financial services and products, and their customers. In case of breach of conduct rules pursuant to the DFSA, the AFM may, *inter alia*, issue directions, impose fines and publish information on any imposed sanctions and the context thereof.

***Treasury Banking***

As a public sector bank, BNG Bank attracts funds from and lends funds to local and regional authorities. In this respect, the developments under Dutch regulation of "treasury banking" are having an impact on BNG Bank. Treasury banking means the structuring of funds of Dutch ministries, social security funds and a large number of (semi) public organisations, whereby the Dutch State Treasury Agency ("**DSTA**") is viewed as the central treasury.

On 15 December 2013, the Act on Mandatory Treasury Banking (*Wet verplicht schatkistbankieren*) entered into force. Pursuant to this Act, the Local and Regional Authorities Funding Act (*Wet financiering decentrale overheden*) was amended and rules on the mandatory treasury banking for local and regional authorities was introduced. In accordance with these rules, local and regional authorities are required to hold their surplus liquid funds in accounts held at the Netherlands Ministry of Finance (*Ministerie van Financiën*) with an aim to decrease the external funding needs of the State of the Netherlands which is intended to result in a reduction of public debt. Within the Ministry of Finance, treasury banking is executed by the DSTA. The participating local and regional authorities have been required to conclude agreements under private law with the DSTA.

Notwithstanding the aforementioned rules, public sector banks such as BNG Bank have maintained their core business of financing local and regional authorities, public housing associations and healthcare institutions and the semi-public sector. Furthermore, despite these rules the share ownership of the State of the Netherlands in the public sector banks is not subject to debate. BNG Bank's consolidated total commission income increased to €32 million in 2019 (2018: €30 million and 2017: €26 million).

***Dutch banking tax***

In 2012, the Netherlands introduced a Banking Tax Act (*Wet Bankenbelasting*). BNG Bank qualifies as a taxpayer under the Dutch Banking Tax Act. In 2019, 2018, and 2017, the tax owed was €30 million, €31 million and €36 million, respectively.

**Structural supervision**

***Qualified Holding***

An interest or control of 10% or more (a "qualified holding") in a Dutch licensed bank requires a declaration of no objection issued by the ECB. In addition, banks require a declaration of no objection for specific acts, for example if they wish to reduce their own funds or alter their financial or corporate structure. With respect to the rules for obtaining a declaration of no objection, we refer to CRD IV, as mentioned above.

Aside from the declaration of no objection requirement for qualified holdings in financial enterprises, banks holding specific participating interests may also be required to apply for a declaration of no objection. Such is the case if the participating interest exceeds a given threshold value, for example, when the participating interest constitutes more than 1% of the balance sheet total of the receiving bank. These declarations of no objection are to be issued by DNB.

**Banking licence**

Pursuant to the DFSA, no enterprise or institution established in the Netherlands may pursue the business of a bank unless it has obtained a banking license from the ECB. BNG Bank holds a Dutch banking license pursuant to Article 2:11 in conjunction with Article 2:12 of the DFSA to perform banking services in the Netherlands such as granting credits. Being a significant credit institution as referred to in the SSM Regulation, BNG Bank is subject to direct supervision by the ECB and must comply with the rules regarding prudential supervision as set out above.

***Banker's oath / Disciplinary scheme***

In 2013, the bankers' oath, an ethics statement for the financial industry, was introduced in the DFSA (pursuant to the Bankers' Oath Regulation (*Regeling eed of belofte financiële sector*)) for a financial institution's day-to-day policy makers and supervisory board members. As of 1 April 2015 the scope of people required to take the oath or solemn affirmation has been broadened to include any person that works under the responsibility of a bank in the Netherlands and has an employment contract with a bank or otherwise contributes to the substantial business of the bank.

The Dutch Banking Association (*Nederlandse Vereniging van Banken*, "**NVB**") has established a Disciplinary Regulation (*tuchtreglement*) that lays down the consequences of breaching certain conduct rules and procedures for filing a complaint against individual employees. Employees of a bank must adhere to this disciplinary scheme and the conduct rules, by signing a disciplinary scheme declaration pursuant to the DFSA.

***Dutch Banking Code 2014***

The NVB has revised the Dutch Banking Code 2010. The new Dutch Banking Code 2014 ("**Banking Code**") entered into force on 1 January 2015 and is designed to make a contribution to public trust in banks and their role in the community. The Banking Code applies to all banks holding a banking license and formulates principles for banks relating to, for instance, the bankers' oath, remuneration, internal supervision, risk management and audits.

***Dutch Intervention Act***

The Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen or Interventiewet*, hereinafter the "**Dutch Intervention Act**") provides the Dutch Minister of Finance with certain powers to intervene in a bank established in the Netherlands, such as BNG Bank, if the Dutch Minister of Finance deems that the stability of the financial system is in serious and immediate danger due to the situation that bank is in. These powers may result in the expropriation by the Dutch State of assets or liabilities of BNG Bank, and securities issued by or with the cooperation of BNG Bank. Also, the Dutch Minister of Finance

may take certain immediate measures which may deviate from statutory provisions or from the articles of association of BNG Bank. As a result of the entry into force of the SRM and the implementation of the BRRD, the foregoing powers have been referred to by the Dutch legislator as constituting state emergency regulations and it is expected that these will only be applied if the SRM and BRRD regime would not be effective. The exclusion of certain rights against BNG Bank, as discussed above with respect to the BRRD, applies similarly in this context.

## CAPITALISATION

The following table sets out BNG Bank's capitalisation as at 31 December 2019.

| | As of 31 December[1] |
|---|---|
| | **2019** |
| | (€ millions) |
| Share capital | 139 |
| Share premium reserve | 6 |
| Other reserves | 3,567 |
| Revaluation reserve | 84 |
| Cash flow hedge reserve | 13 |
| Own credit adjustment | 8 |
| Cost of hedging reserve | 174 |
| Net profit | 163 |
| **Equity attributable to shareholders** | **4,154** |
| Hybrid Capital | 733 |
| Funds Entrusted | 5,575 |
| Subordinated Debt | 33 |
| Debt Securities | 112,661 |
| **Total Capitalisation** | **123,156** |

[1] *The information in this table is derived from the last published financial information of the Issuer.*

## SELECTED FINANCIAL DATA 2019-2015

The following table sets out selected financial data of BNG Group as at and for the years ended 31 December 2018, 2017, 2016, 2015 and 2014.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| | (€ millions, except percentages, per share, funding, employee data or otherwise specified) | | | | |
| Total assets | 149,689 | 137,509 | 140,025 | 154,000 | 149,511 |
| Loans and advances | 89,163 | 85,738 | 86,008 | 87,576 | 89,366 |
| – of which granted to or guaranteed by public authorities | 80,341 | 77,732 | 77,727 | 79,304 | 80,159 |
| Equity attributable to shareholders[1] | 4,154 | 4,258 | 4,220 | 3,753 | 3,739 |
| Hybrid capital | 733 | 733 | 733 | 733 | 424 |
| Equity per share (in euros)[1] | 74.59 | 76.45 | 75.78 | 67.39 | 67.14 |
| Leverage ratio | 3.6% | 3.8% | 3.5% | 3.0% | 2.6% |
| Common Equity Tier 1 ratio | 32% | 32% | 30% | 26% | 23% |
| Tier 1 ratio | 38% | 38% | 37% | 32% | 27% |
| Net profit | 163 | 337 | 393 | 369 | 226 |
| Profit attributable to shareholders per share (in euros) | 2.55 | 5.70 | 6.73 | 66.2 | 4.06 |
| Proposed dividend | 71 | 159 | 141 | 91 | 57 |
| Dividend as a % of consolidated net profit | 50% | 50% | 37.5% | 25% | 25% |
| Proposed dividend per share (in euros) | 1.27 | 2.85 | 2.53 | 1.64 | 1.02 |
| Employees (in full-time equivalents) at year-end[2] | 309 | 302 | 303 | 292 | 285 |
| Sickness absence[3] | 3.5% | 3.3% | 3.0% | 3.4% | 2.9% |
| Funding due to placing SRI bonds (in billions of euros) | 1,93 | 1.19 | 1.38 | 1.56 | 0.65 |

[1] Excluding hybrid capital.

[2] Starting in 2016, the FTE of positions for which a 40-hour working week has been agreed is determined on the basis of a 36-hour working week, resulting in > 1.1 FTE. The number of FTEs consequently increases by more than seven (7).

[3] The methodology used to measure sickness absence was changed in 2017. The figures for 2017 onwards are not directly comparable with those of previous years. Please see Appendix 1 to the 2018 financial statements containing the reporting principles and data-measuring techniques for details.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| | (€ millions, except percentages, per share, funding, employee data or otherwise specified) | | | | |
| **Environment** | | | | | |
| Carbon dioxide emissions (total, in tonnes)[4] | 377 | 453 | 515 | 540 | 511 |
| – per full-time equivalent (in tonnes) | 1.2 | 1.5 | 1.7 | 1.9 | 1.8 |

[4] The conversion factors for the calculation of carbon dioxide emissions were changed in 2017. The emissions for 2016 have been recalculated on the same basis. Accordingly, the figures for 2016 to 2018 inclusive are not directly comparable with those of previous years. Please see Appendix 1 to the 2018 financial statements containing the reporting principles and data-measuring technique for the details.

# OPERATING AND FINANCIAL REVIEW

*The following operating and financial review is intended to convey management's perspective on the operating performance and financial condition of BNG Bank during the period under review, as measured in accordance with IFRS-EU. This disclosure is intended to assist readers in understanding and interpreting the financial statements of BNG Bank incorporated by reference in this prospectus. The discussion should be read in conjunction with the "Selected Financial Data 2019–2015" and the consolidated financial statements of BNG Bank and the accompanying notes which are incorporated by reference in this Base Prospectus. BNG Bank is required to comply with IFRS-EU, and its accounting policies have been established accordingly.*

*This discussion and analysis contains forward-looking statements that involve risks and uncertainties. BNG Bank's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings "Risk Factors" and "Cautionary Statement Regarding Forward-looking Statements".*

*In this operating and financial review, references to "2019", "2018" and "2017" refer to the years ended 31 December 2019, 2018 and 2017, respectively.*

## Overview

BNG Bank is a specialised lender to local and regional authorities as well as to public-sector institutions such as utilities, housing associations and healthcare, welfare and educational institutions, and is the largest public-sector lender in the Netherlands and the principal bank for the Dutch public sector in terms of loans, advances and inter-governmental money transfers. BNG Bank also provides limited lending to public-private partnerships.

### *Principal Factors Affecting Results of Operations*

*General economic conditions*

The outlook for the global economy deteriorated at the start of 2020 with the IMF forecasting the worst recession since the Great Depression, surpassing even the downturn experienced during the global financial crisis a decade ago.[1] This is chiefly, as a result of a highly-infectious novel coronavirus named COVID-19 which was first identified in Wuhan, People's Republic of China in late 2019. Spreading quickly to other regions of the world, COVID-19 was declared a global pandemic by the World Health Organization on 11 March 2020. Various countries across the world, including the Netherlands, have introduced measures aimed at preventing the further spread of the COVID-19 virus, such as a ban on public events with over a certain number of attendees, temporary closure of places where larger groups of people gather such as schools, sports facilities and bars and restaurants, lockdowns, border controls and travel and other restrictions. Such measures have disrupted the normal flow of business operations in the Netherlands and other countries and regions, affected global supply chains and resulted in uncertainty across the global economy and financial markets.

In addition to measures aimed at preventing the further spread of the COVID-19 virus, governments in various countries have introduced measures aimed at mitigating the economic consequences of the outbreak. The Dutch government has specifically announced economic measures aimed at protecting jobs, households' wages and companies, such as by way of tax payment holidays, guarantee schemes and a compensation scheme for heavily affected sectors in the economy.

Governments, regulators and central banks, including the ECB and DNB, have also announced that they are taking or considering measures in order to safeguard the stability of the financial sector, to prevent lending to the business sector from being severely impaired and to ensure the payment system continues to function properly. In a press release issued on 17 March 2020, the DNB announced that it had decided to temporarily give banks additional leeway by (i) lowering systemic buffers in respect of global risk-weighted exposures for certain banks and (ii) postponing the introduction of a floor for mortgage loan risk weighting,

[1] Source: International Monetary Fund: World Economic Outlook 2020.

in each case to continue business lending and absorb potential losses (see '*BNG Bank N.V. – Coronavirus (or COVID-19) prudential regulatory initiatives*').

The exact ramifications of the COVID-19 outbreak are highly uncertain and it is difficult to predict the further spread or duration of the pandemic and the economic effects thereof, or the effect of current or any future measures aimed at preventing further spread of the virus and at limiting damage to the economy and financial markets, whether direct or indirect, such as by increasing sovereign debt of certain countries which may result in increased volatility and widening credit spreads.

Growth forecasts for some of the largest European economies have been significantly revised at the start of 2020 as a result of the pandemic. The forecasts for the three largest economies in the Eurozone, as well as the Eurozone in general are now expected to be severely affected by a prolonged disruption and lockdown caused by the COVID-19 pandemic. The IMF is expecting real GDP in Germany, France, Italy and Spain to contract by 7.0%, 7.2%, 9.1% and 8.0%, respectively.[2] Germany was set to suffer weaker industrial production following global trade disputes and disruptions to supply chains. Italy has been facing a slowing business investment and a softening labor market and France has been experiencing lower public and private investment and slower growth in private consumption. The potential impact of a sovereign default on the Eurozone countries, and the possibility that some Member States could leave the Eurozone altogether (either voluntarily or involuntarily), continues to raise concerns about the ongoing viability of the euro currency and the EMU. In an attempt to mitigate the economic fallout caused by the COVID-19 pandemic, various fiscal initiatives as well as an expanded quantitative easing ("**QE**") program of the ECB have been implemented. These measures are designed to improve confidence in Eurozone equities and encourage private bank lending. However, there remains considerable uncertainty as to whether such measures, will be sufficient to ensure economic recovery or avert the threat of sovereign default.

The United Kingdom officially withdrew from the European Union on 31 January 2020 (commonly referred to as Brexit). The United Kingdom and the EU are currently in a transition period, which largely maintains current arrangements and provides time for the UK and the EU to negotiate the details of their future relationship. However, many of the more permanent arrangements between the UK and the EU are yet to be negotiated and the transition period is currently expected to end on 31 December 2020. If no broad agreement as to the UK's relationship with the EU is reached before 31 December 2020, the default scenario would be a non-negotiated Brexit. In the event of a non-negotiated Brexit, the UK will depart the EU with no agreements in place beyond any temporary arrangements which have been or may be put in place by the EU or individual EU Member States, and the UK as part of no-deal contingency efforts and those conferred by mutual membership of the World Trade Organization. Accordingly, there continues to be uncertainty with respect to the process surrounding Brexit and the outcome of the ongoing Brexit negotiations, including any related regulatory changes, and over the future economic relationship between the UK and the rest of the world (including the EU). The COVID-19 pandemic has also put into question whether the negotiations can be concluded in 2020 and whether there is political appetite to extend the transition period for further negotiations. This uncertainty is likely to create further volatility in the markets which could in turn have an adverse impact on BNG Bank's ability to access wholesale markets or result in an increased cost of funding. See *'– A weakening of economic growth in Europe may adversely affect BNG Bank's business and financial condition'* and '*Uncertainties surrounding the United Kingdom's exit from the European Union may adversely affect BNG Bank's business and results of operations'*.

The Dutch economy saw growth in 2017, 2018 and 2019. In 2019, the government's budget deficit continued to remain under the ceiling of 3% of gross domestic product (GDP), and the Dutch EMU debt continued to remain below the threshold of 60% of GDP. GDP in the Netherlands increased by 1.8% in 2019 compared with an increase of 2.5% in 2018.[3] However, the COVID-19 pandemic is expected to result in a decline in GDP in 2020 within a range of -1.2% and -7.3% depending on the measures taken by authorities to support the economy through fiscal and monetary policy initiatives coupled with public health measures and restrictions imposed to contain and manage the spread of the COVID-19 virus.[4] The IMF is forecasting a decline in real GDP for the Netherlands of around 7.5%.[5] The exportation of goods and services increased by 3.8% in 2019 compared to a 1.8% decrease in 2018, and projections suggest it is set to decrease within a range of -0.8% and -7.5% in 2020.[6] Government consumption as a percentage of GDP

2 Source: IMF: World Economic Outlook 2020.

3 Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

4 Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).

5 Source: IMF: World Economic Outlook 2020.

6 Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).

remained stable at approximately 24.8% in 2019 when compared with 2018.[7] Investments in tangible fixed assets were 8% greater in December 2019 than in December 2018, mainly driven by an increase in investments in passenger cars and aircraft.[8] In 2019, the average number of people unemployed in the Netherlands decreased to 3.4% of the working population, from 3.8% in 2018 (2017: 4.9%). According to government sources, the impact of the expected recession will cause unemployment in the Netherlands to either increase slightly or significantly (worst case scenario is an expected unemployment rate of a 9%).[9] In contrast, the IMF is forecasting an unemployment rate for the Dutch working population of 6.5%.[10] Inflation in the Netherlands was approximately 2.7% in 2019 (2018: 1.6%; 2017: 1.3%), and government projections suggest it is set to decrease to within a range of 0.6% and 1.2% in 2020.[11] The increasing inflation rate in 2019 was influenced by a VAT increase and higher energy costs. In the Eurozone as a whole, inflation edged up slightly for the year-end 2019 to 1.6% (2018: 1.5%; 2017: 1.5%).[12] The IMF is forecasting an inflation rate of 0.5% for the Netherlands in 2020.[13]

As evidenced by the statistics above, economic recovery in Europe and the Netherlands following the global economic and financial crisis has generally resulted in GDP growth, lower unemployment rates and more stable property markets, which has moderately raised investment and consumer spending. Although the Dutch economy improved in 2018 and 2019, volatility resulting from factors such as changes in interest rates, securities prices, credit and liquidity spreads, exchange rates, consumer spending, business investment, real estate valuations, government spending, inflation, the capital markets and other destabilizing forces such as geopolitical tensions or acts of terrorism, all in combination with, or as a result of the effects of, the COVID-19 epidemic, is expected to create a significantly less favourable environment for BNG Bank's public sector clientele in 2020.

BNG Bank has not ruled out the possibility that an addition to its debt provisions or an impairment may be required in 2020 in light of the possibility that a few debtors will default on their payment obligations, as well as the change in accounting standards with respect to impairment included in IFRS 9. For the impact of IFRS 9 on impairment, see "*Operating and Financial Review - Regulatory changes and operating expenses*".

BNG Bank believes that the economic and market conditions in the Netherlands and Western Europe in general will continue to affect BNG Bank's results of operations. In particular, BNG Bank's ability to generate revenues and expand its loan portfolio in the future largely depends on good economic and market circumstances within the Netherlands, which in turn relies on good economic and market circumstances in Western Europe. For more information relating to macro-economic risks to BNG Bank, see "*Risk Factors – BNG Bank's business and results of operations may be negatively affected by actual or perceived local and global economic and financial market conditions*" and "*Risk Factors - A weakening of economic growth in Europe may adversely affect BNG Bank's business and financial condition* and *Uncertainties surrounding the United Kingdom's exit from the European Union may adversely affect BNG Bank's business and results of operations*".

*Lending*

New long-term lending volumes have gradually recovered from the immediate post-global economic and financial crisis levels, driven by increased investment from local authorities and housing associations in particular, including for the purposes of residential construction and sustainability measures for existing real estate. At the same time, budgetary constraints affecting local and regional authorities, a lower level of investment in housing as a result of the amendments to the Housing Act, the decentralisation of certain tasks from the central government to the municipalities, and, to a lesser extent, increased competition, continue to weigh on further acceleration of long-term lending volumes.

BNG Bank's total new long-term lending volumes increased to €14 billion 2019, compared to €11.6 billion in 2018, reflecting an increase in the level of sustainable investments being made. New long-term lending

7 Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

8 Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

9 Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).

10 Source: IMF: World Economic Outlook 2020.

11 Source: CPB Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau).

12 Source: Eurostat.

13 Source: IMF: World Economic Outlook 2020.

to the housing association sector increased to €5.7 billion in 2019, compared to €5.5 billion in 2018 and €4.5 billion in 2017, reflecting a reversal of the decline in the total debt position of housing associations seen in recent years. BNG Bank's long-term lending portfolio based on principal amounts increased by €2.6 billion to €84.2 billion in 2019. The increase was principally due to the increased demand from municipalities and the healthcare sector.

The amendments to the Housing Act, which entered into force on 1 July 2015, limit the scope of business activities of housing associations. The amendments, together with the Landlord Levy, initially resulted in the delay of investments by housing associations. The legal conditions under which these investments must take place under the Housing Act have since been confirmed and accordingly, investments have re-commenced. BNG Bank expects an increase in investments in the coming years. In addition, competition in housing association lending continued to increase in the last years particularly in the very long-term loan segment.

The demand for new long-term lending from municipal and provincial authorities increased in 2019 to €5.4 billion, compared to €4.6 billion in 2018 and €3.1 billion in 2017. Almost all of the increased demand was generated in the solvency-free sector. Nearly €0.8 billion was provided to municipalities and provincial authorities which, owing to their sustainability scores, are eligible for financing under BNG Bank's sustainability bond. Nonetheless, demand for new long-term lending from municipal and provincial authorities remains subject to mitigating factors such as the new local and regional authorities' obligation to engage in treasury banking with the Dutch central government which became effective as of 1 January 2014 (as described in more detail below) resulting in excess cash on deposits being lent between municipalities and/or provinces, which reduced the need for long-term loans in this sector. Furthermore, the Dutch Sustainability of Public Finances Act (*Wet houdbare overheidsfinanciën*), which took effect in December 2013, depressed financing requirements of the Dutch public sector as it imposed budgetary rules for local and regional authorities that fit in the broader policy of lowering EMU debt. This act places a macro-level cap on the local and regional authorities' EMU deficit, thereby limiting their scope for investments and thus financing needs. These factors may continue to impact demand for long-term loans in the public sector in 2020. In addition, the recent measures introduced nationally to reduce nitrogen and PFAS group substance levels has had a considerable impact on local authorities in 2019, however, this has had only a limited effect on turnover and loan portfolio and resulted in relatively few projects financed by BNG Bank being delayed.

The demand for new long-term lending to the healthcare sector in 2019 was €1 billion, slightly above the prior year level of €0.9 billion in 2018 and €0.8 billion in 2017. Demand for long-term loans has generally declined in all healthcare sectors in recent years but increased in 2019. This trend is also reflected in the long-term loans provided by BNG Bank over the same period. In addition, the higher concentration risk in the portfolio arising from the relatively high long-term lending in recent years has led BNG Bank to be more selective in meeting funding demand from the healthcare sector for loans subject to solvency requirements.

The foregoing factors may continue to affect demand for long-term loans in the public sector in 2020.

*Funding*

At the end of 2014, the Dutch Central Bank confirmed BNG Bank's status as a 'promotional lender' within the framework of the liquidity coverage requirements under the CRR. This means that debt securities issued by BNG Bank qualify as level 1 assets for the calculation of the LCR. In 2014, many banks already considered BNG Bank's debt instruments to be securities with the highest liquidity standard, which caused the interest on the part of bank treasuries in BNG Banks' debt securities to rise, which in turn contributed to the favourable long-term funding rates BNG Bank was able to achieve in 2014. In April 2015, the ECB added BNG Bank to the list of institutions whose securities are eligible for the public sector purchase program.

In 2017, 2018 and 2019, increased confidence in the European capital markets generated a broad supply of long-term funds, which was reflected in a marked improvement in credit and liquidity spreads that BNG Bank paid to raise long-term funds throughout this period. However, as risk aversion declined in the Eurozone, there was a contraction in the excessive supply of flight capital to low risk securities, and BNG Bank was required to pay higher spreads to attract short-term funding during 2017, 2018 and 2019. BNG

Bank was able to fulfil its short-term liquidity requirements at attractive rates in 2017, 2018 and 2019, but not as attractive as previously.

For both refinancing and lending purposes, BNG Bank raised €17.5 billion in long-term funding in 2019 compared to €18.1 billion in 2018 and €17.2 billion in 2017, by issuing among other things, six benchmark loans in euros and US dollars ranging in size from 500 million to 3.0 billion. BNG Bank expects its long-term funding requirement for 2020 to be approximately €16.0 billion.

*Interest rates*

The U.S. Federal Reserve ended its quantitative easing program in October 2014 and in December 2015 raised its target range for the federal funds rate for the first time since June 2006. In December 2016, the U.S. Federal Reserve raised its target range for the federal funds rate by 25 basis points, to a range of 0.50% to 0.75%, with further increases in each of March, June, September and December 2018. In response to slowing growth, however, the U.S. Federal Reserve reduced the federal funds rate in August, September and October 2019. In response to the impact of the COVID-19 outbreak significant decreases in the federal funds rate were made in March 2020. The target range for the federal funds rate after these decreases is forecast to be 0% to 0.25%. Further, both the U.S. Federal Reserve and the ECB have aggressively expanded asset purchase programs. Globally, central banks have committed to new and expanded asset purchase programs for as long as necessary to reinforce the accommodative impact of its policy rates.

Interest rates in Europe have remained at historically low levels for the past several years. Interest rates for the EONIA have fluctuated since 2017, from an average of negative 0.370% at year-end 2017 to negative 0.464% at October, 1 2019.[14] The euro-short term rate (€STR) was launched on October, 2 2019 as a replacement for EONIA and has currently traded within a range of negative 0.555% and negative 0.512% in March 2020. The ECB benchmark interest rate has been falling since 2013. In September 2016, the ECB lowered the refinancing rate to an historic low of negative 0.5%. The current ECB rate remains at negative 0.5%, in addition to the other expansive measures the ECB is implementing in an effort to support the Eurozone economies particularly in response to the COVID-19 pandemic.

Fluctuations in short-term and medium- to long-term interest rates impact BNG Bank's interest result differently based upon the repricing profile of its interest-earning assets and interest-bearing liabilities, which is set forth in *Risk Section – Liquidity and funding risk – Maturity analysis of financial assets and liabilities on the basis of the remaining contractual period* to the 2019 financial statements incorporated by reference herein. BNG Bank's repricing profile depends upon the pricing terms applicable to its products (including base interest rates and yield curves), the mix of funding and lending instruments in BNG Bank's portfolio and the extent of BNG Bank's use of interest rate-related derivative contracts. As a general matter, the very low interest rates do not affect BNG Bank's interest rate margins as significantly as certain other financial institutions, as BNG Bank relies mainly on funding from the capital markets rather than from deposits and current accounts, and BNG Bank's borrowing and lending margins are more closely matched. BNG Bank also uses a variety of derivative products to minimise the risks related to fluctuations in interest rates and foreign exchange rates due to cross-currency basis spreads (see below). In 2019, result on financial transactions was a net gain of €37 million, compared to a net gain of €112 million in 2018. The net gain of €37 million in 2019 was partly due to realised value adjustments in the amount of EUR 21 million, largely due to changes in the liquidity portfolio. Unrealised changes in the market value of financial instruments recognised at fair value and stated in the income statement also represented the lesser part of this result (43%). Realised changes in market value of €21 million, largely due to changes in the liquidity portfolio, made up the remaining amount (57%). In 2018, result on financial transactions was a net gain of €112 million, compared to a net gain of €181 million in 2017. The net gain of €112 million in 2018 was partly due to the low interest rates and spreads resulting from the ECB's monetary policy. Result on financial transactions was a net gain of €181 million in 2017. See "*Risk Factors – BNG Bank may be unable to manage its risks successfully through derivatives*".

*Hedging*

BNG Bank generally applies economic hedging in order to minimise foreign exchange risks, due to the variability of foreign currency cash flows caused by the fluctuations of exchange rates and cross-currency basis spreads, and to keep interest rate risks at desired levels. BNG Bank maintains a system of limits and

[14] Source: https://www.euribor-rates.eu/eonia.asp

procedures that are monitored on a daily basis. Foreign exchange and interest rate risks are hedged by using derivatives. The treatment of derivatives and hedged items in the balance sheet and income statement is such that they are aligned with the actual economic hedging. For accounting purposes, BNG Bank processes this hedging relationship under IFRS through micro and portfolio fair value hedging as well as cash flow hedging.

BNG Bank values the derivatives, for which collateral is exchanged daily, that BNG Bank uses for hedging currency and interest rate risks, using the OIS curve which is compiled on the basis of daily interest rates. The OIS curve is also used to determine the interest fee for the collateral exchanged daily with financial counterparties with which the derivatives are entered into.

Micro fair value hedging ("**MH**") is applied to individual transactions involved in an economic hedge relationship to offset interest rate risks. Micro hedging relates to individual transactions where interest rate risk exposure is concerned, which transactions become involved in an economic hedge relationship. MH is applied to a large part of the financial obligations listed under the debt securities and funds entrusted items, as well as to large portions of the highly liquid assets in the financial assets at fair value through other comprehensive income. In the case of micro hedging, there is a demonstrable one-to-one relationship between the hedged item and the hedging instrument. The interest rate risks are hedged by means of derivatives, mainly interest rate swaps. The issues are fully offset against the derivatives so that, on a net basis, the fixed coupons of the issues are converted into variable interest amounts in Euros. Both the issues and the accompanying derivatives can contain structures such as options which are also fully offset. The revaluation effect of hedged MH transactions with regard to fair value hedging is accounted for in the same balance sheet item as the hedged items.

BNG Bank applies cash flow hedge accounting ("**CFH**") to virtually all long-term financial obligations in foreign currencies, as well as to a small portion of highly liquid assets in the financial assets at fair value through other comprehensive income included in MH by using mainly cross-currency interest rate swaps in order to protect its result against possible variability in future cash flows due to exchange rate fluctuations, specifically due to cross-currency basis spreads. Under IFRS, BNG Bank is obligated to recognise the change in the instrument's fair value in its accounts. Under IFRS, the effects of this accounting mismatch must be recognised in the income statement as value adjustments to derivatives. With the use of cash flow hedge accounting, the effective part of the cash flow hedge, arising from changes in the cross currency basis spread, is recognised in the cash flow hedge reserve in equity. The interest results of both the hedging instrument and the hedged item are accounted for in the same period in the income statement. For the year ended 31 December 2019, BNG Bank recognised an increase of €3 million (2018: decrease of €9 million) effective value adjustment of hedging instruments in equity (cash flow hedge reserve) by virtue of cash flow hedging. The large decrease in 2018 was due to the implementation of the new accounting standard IFRS 9 for financial instruments which became effective on 1 January 2018 and subsequent movements during the course of the accounting year.

In portfolio fair value hedging ("**PH**"), the interest rate risks of a group of transactions is hedged by means of a group of several types of derivatives. The hedging relationship is constructed and controlled at an aggregate level, thus precluding relationships with individual transactions. PH is applied to a large part of the loans and advances as well as to large portions of the highly liquid assets in the financial assets at fair value through other comprehensive income. Any ineffectiveness that occurs is also recognised in the income statement. The revaluation of hedged PH items is accounted for in the balance sheet item, value adjustments on loans in portfolio hedge accounting. In both types of hedge accounting, the derivatives in question are measured at fair value and included in the Derivatives item.

As mentioned above, BNG Bank uses PH and MH respectively to hedge its principal assets (loans and advances and its securities portfolio) as well as respectively its main liabilities (principally borrowings). There can be significant movements in line items although the net effects, due to its policy on matching, results in relatively small net movements. Some of the movements in the period under discussion were exacerbated by the financial crisis and the differentials that arose between floating-rate and fixed-rate interest rates.

Although BNG Bank uses derivatives for economic hedging purposes, it is not possible in all cases to include these in a hedge accounting relationship, as permitted by IFRS. For the derivatives that are not involved in a hedge accounting relationship, in virtually all cases there is an economic hedged position

which is also recognised at fair value through the income statement so that, in total, the volatility of the results due to interest rate and foreign exchange risks is limited.

*Regulatory changes and operating expenses*

Increased regulatory burdens, stricter requirements imposed by supervisory authorities, the change to prudential supervision by the ECB under the SSM, the implementation of the BRRD and the SRM, the further development of CRR and CRD standards, the application of EMIR, the transition to the single European payments area and more complex accounting rules make considerable demands on relatively small financial institutions like BNG Bank. Most implications for BNG Bank are due to additions and amendments to IFRS regulations, the new Basel III regulations and the steps taken by the European Commission to create the EU banking union. In addition, the SSM has a significant impact on BNG Bank. The large volumes of data requested within increasingly shorter time frames require adjustments to be made to BNG Bank's processes and systems. Furthermore, the increased regulatory burden has required additional workforce. Although total operating expenses during the years under review have remained relatively stable, BNG Bank expects that its total operating expenses may rise in the coming years as a result of the foregoing factors.

With the culmination of several extensive reporting requirements and data and process quality improvement projects, BNG Bank increased its permanent workforce (to 309 FTEs in 2019 from 302 FTEs in 2018). As a result of these additions, total staff costs increased to €41 million in 2019 from €40 million in 2018.

The lump sum bank levy paid during 2019 was €30 million (2018: €31 million and, 2017: €36 million). BNG Bank's payable bank levy in 2020, which is determined based on the balance sheet as of 31 December 2019, is expected to be €34 million and is expected to be charged to the income statement on 1 October 2020. In addition, in 2019 BNG paid almost €8 million to the SRF as a lump sum in June 2019. BNG Bank will have to pay a contribution again to the SRF in 2020.

The implementation of IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments Recognition' almost entirely, apart from the macro hedge accounting section. The new standard is compulsory for financial years commencing on or after 1 January 2018. With regard to the classification and valuation of financial assets under IFRS 9, a number of transactions that are measured at fair value under IAS 39 were recognised at amortised cost under IFRS 9 for the first time in 2018. The differences in carrying amount were incorporated in the IFRS 9 opening balance sheet under the other reserves in equity. Transition to the opening balance sheet in accordance with the new standard resulted in 2018 in a decrease in equity of €266 million (after tax). This decrease was mainly attributable to adjustments relating to hedge accounting (€174 million). Equity (after tax) declined in 2019 by €104 million largely due to a decrease in net profit to €163 million and an increase in retained earnings.

The classification and valuation of financial liabilities remains unchanged, except for financial liabilities classed as measured at fair value through the income statement. For these liabilities, the value movement due to changes in BNG Bank's creditworthiness ("**Own Credit Adjustment**" or "**OCA**") must be included in the equity (revaluation reserve) and not in the income statement. In the event of a buyback of financial liabilities at fair value through the income statement, the OCA for the transaction in question is transferred from the revaluation reserve to the realised portion of the equity (other reserves). The total value of the OCA as at 31 December 2019 was €8 million positive (after tax) in equity (2018: €9 million positive).

BNG Bank has applied IFRS 9 from 2018, and although it has restated its balance sheet as at January 2018, it has elected not to restate comparative information as at 31 December 2017. As a result, the comparative balance sheet information provided as at 31 December 2017 in the section entitled "*Operating and Financial Review*" below, continues to be accounted for in accordance with BNG Bank's previous accounting policy (unless stated otherwise).

BNG Bank has been assessing and will continue to assess the impact of these accounting changes on its own funds, results of operations and disclosure requirements. In response to these accounting changes, BNG Bank has made and will continue to make adjustments to its risk management and accounting processes, which may require additional investments in systems and additional staff.

**Results of Operations**

The table below sets forth BNG Bank's consolidated results of operations for the years ended 31 December 2019, 31 December 2018 and 31 December 2017:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | **(€ millions)** | |
| Interest revenue | 5,523 | 5,720 | 5,905 |
| Interest expenses | 5,088 | 5,286 | 5,470 |
| Interest result | 435 | 434 | 435 |
| | | | |
| Commission income | 32 | 30 | 26 |
| Commission expenses | 2 | 2 | 3 |
| Commission result | 30 | 28 | 23 |
| Result on financial transactions | 37 | 112 | 181 |
| Results from associates and joint ventures | 3 | 4 | 2 |
| Other results | 1 | 2 | 2 |
| **Total income** | **506** | **580** | **643** |
| Staff costs | 41 | 40 | 44 |
| Other administrative expenses | 37 | 33 | 26 |
| Depreciations | 3 | 3 | 2 |
| **Total operating expenses** | **81** | **76** | **72** |
| Impairments | 160 | 2 | (10) |
| Contribution to resolution fund | 8 | 12 | 9 |
| Bank levy | 30 | 31 | 36 |
| **Total other expenses** | **198** | **45** | **35** |
| **Profit before tax** | **227** | **459** | **536** |
| Tax expenses | 64 | 122 | 143 |
| **Net Profit** | **163** | **337** | **393** |
| – of which attributable to holders of hybrid capital | 21 | 19 | 18 |
| – of which attributable to shareholders | 142 | 318 | 375 |

***Description of key income statement items***

*Interest result*

Interest result comprises interest revenue and interest expenses. Interest revenue includes all positive interest results from both traditional financial instruments and derivatives, including negative interest expenses on financial liabilities. In addition, other credit-related income received is included in this item. Interest revenue on assets that were subject to impairment are recognised in full based on the original effective interest percentage, as long as the expected interest cash flows are received. Interest expense, on the other hand, includes all negative interest results from both traditional financial instruments and derivatives, including negative interest revenue on financial assets. The cost of borrowing as well as other interest-related charges are also recognised.

Since the introduction of IFRS in 2005, BNG Bank has shown the revenue from its assets and the associated hedging instruments (derivatives) under interest revenue. Expenses resulting from liabilities and the associated hedging instruments were shown under interest expenses. The consistent decline in interest rates (leading to negative interest in some cases), however, prompted BNG Bank to adjust this method. In the 2017, 2018 and 2019 financial statements, the interest revenue (interest income in 2017) from all assets and liabilities are included under the Interest revenue line item. In the 2017, 2018 and 2019 financial statements, interest expenses from all assets and liabilities are included under the Interest expenses line item.

BNG Bank takes the view that such changes will provide more relevant and reliable information as, under the new method, interest revenue and interest expenses more accurately reflect BNG Bank's primary income and expenditure.

*Commission result*

Commission result comprises commission income and commission expenses. Commission income includes income received from and to be received for services provided to third parties. Commission expense includes fees paid or to be paid for services rendered by third parties in relation to loans and credit facilities and payment services.

*Result on financial transactions*

Results on financial transactions includes the unrealised market value adjustments in: all financial instruments due to exchange rate fluctuations; derivatives measured at fair value, including market value changes due to the counterparty credit risk (Credit Valuation Adjustment) and due to own credit risk (Debit Value Adjustment) for derivative transactions without a daily or limited exchange of collateral; financial instruments measured at fair value, with changes in fair value recognised through the income statement; effective portions of the hedged interest rate risk in financial assets involved in a fair value hedge accounting relationship; the amortisation of changes in value to loans and advances in the hedge accounting portfolio; and the ineffective portion of the hedged risk in cash-flow hedge accounting.

Results on financial transactions also includes sales and buyout results for financial instruments measured at fair value. These realised results comprise the difference between the net proceeds of the sale and the carrying amount, including the release of value movements accumulated in the equity. Finally, differences between the fair value and transaction price of financial assets and liabilities measured at fair value on initial recognition are also included.

*Other results*

The Other results include the results not relating to BNG Bank's operational core activities.

*Administrative expenses*

Administrative expenses includes staff costs and other administrative expenses. Other administrative expenses includes the cost of outsourcing, maintenance of property and equipment, printing costs, training expenses and advertising costs.

*Impairments*

The impairments item includes the impairments of financial and non-financial fixed assets.

Impairments are recognised in the income statement if the carrying amount of a financial or non-financial asset or the cash flow generating unit to which the financial or non-financial asset pertains exceeds the estimated realisable value. If the financial or non-financial asset was provided against collateral, the proceeds minus costs from the sale of that collateral are taken into account in estimating future cash flows. If irrecoverable financial or non-financial assets generate cash flows after having been written down, these cash flows are recognised directly in the income statement.

*Impairments on Financial Assets*

BNG Bank assesses on a forward-looking basis the expected credit losses ("**ECLs**") of financial assets that are not measured at fair value through the income statement, being financial assets at amortised cost (interest-bearing securities and loans and advances), impairments of financial assets at fair value through other comprehensive income and impairments of loan commitments and financial guarantee contracts (provision for off-balance sheet commitments), cash and balances held with central banks, amounts due from banks and cash collateral posted. The amount of the impairment is the difference between the carrying amount and the present value based on expected future cash flows.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to BNG Bank in accordance with the contract and the cash flows that BNG Bank expects to receive.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to BNG Bank if the commitment is drawn down and the cash flows that BNG Bank expects to receive.

- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that BNG Bank expects to recover.

In the case of debt instruments measured at fair value through other comprehensive income, the measurement of impairments is based on the three-stage approach as applied to financial assets at amortised cost. BNG Bank recognises the impairment charge in the income statement, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

*Impairments of non-financial assets*

The carrying amount of BNG Bank's non-financial assets (property and equipment, investments in associates and joint ventures), with the exception of deferred tax assets, is assessed twice a year in order to determine whether there are objective indications of impairment. To determine impairments, an estimate is made of the realisable value and individual assets are divided into groups at the lowest level at which future cash flows can be identified (cash flow generating units). BNG Bank has not recognised any goodwill.

The realisable value of an asset or cash flow generating unit is equal to the higher of the value in use and the fair value minus selling costs. In determining the value in use, the present value of the estimated future cash flows is calculated using a discount rate before tax which reflects both the current market appraisals of the time value of money and the specific risks relating to the asset. Impairments recognised in respect of cash flow generating units are first offset against the carrying amount of any goodwill allocated to the units and subsequently offset pro rata against the carrying amount of the other assets of the unit (or group of units).

Non-financial assets which were subject to impairment are reassessed at each balance sheet date. Impairment of a non-financial asset, with the exception of goodwill included in non-financial assets, is reversed through the income statement (Impairments item) if it is possible to establish reliably that the negative effects of the indication for the impairment recognised earlier are mitigated. An impairment is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount minus depreciation or amortisation, which would have been determined if no impairment had been recognised.

*Contribution to resolution fund*

Expenses relating to the resolution fund as required under the BRRD and SRM Regulation are deductible for corporate income tax purposes. The full amount payable is charged to the result in the month of payment. The €8 million payable for 2019 was paid as a lump sum in June and was charged to the income statement. BNG Bank will have to pay a contribution again to the SRF in 2020.

*Bank levy*

The Bank Tax Act (*Wet Bankenbelasting*) entered into force on 1 October 2012. Expenses relating to the bank levy are not deductible for corporate tax purposes. As a result, the effective tax burden exceeds the nominal tax burden. BNG Bank is due to pay the bank levy on 1 October of every year. In that month, the amount paid is charged to the result as a lump sum. The amount payable for 2019 was €30 million (2018: €31 million).

***Results of operations for 2019 compared to 2018***

*Interest result*

Interest result remained largely the same at €435 million in 2019 in versus €434 million in 2018. The favourable rates for new long-term borrowings had a positive impact on the result in 2019.

*Interest revenue*

The table below shows interest revenue for the years 2019 and 2018.

| | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| | **(€ millions)** | |
| Interest revenue calculated by using the effective interest method: | | |
| - Financial assets at amortised cost | 2,149 | 2,255 |
| - Financial assets at fair value through other comprehensive income | 143 | 182 |
| - Derivatives involved in hedge accounting | 2,561 | 2,673 |
| - Negative interest expenses on financial liabilities | 36 | 44 |
| | **4,889** | **5,154** |
| Other interest revenue: | | |
| - Financial assets designated at fair value through the income statement | 42 | 47 |
| - Financial assets mandatorily at fair value through the income statement | 3 | 3 |
| - Derivatives not involved in hedge accounting | 589 | 516 |
| - Other | - | - |
| | 634 | 566 |
| **Total interest revenue** | **5,523** | **5,720** |

Total interest revenue slightly decreased from €5,720 million in 2018 to €5,523 million in 2019, a decrease of €197 million, or 3%. The decrease was primarily the result of persistently low interest rates.

*Interest expenses*

The table below shows interest expenses for the years 2019 and 2018.

| | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| | **(€ millions)** | |
| Interest expenses calculated by using the effective interest method: | | |
| - Financial liabilities at amortised cost | 2,416 | 2,370 |
| - Derivatives involved in hedge accounting | 2,429 | 2,705 |
| - Negative interest expenses on financial assets | 149 | 104 |
| | **4,994** | **5,179** |
| Other interest expenses: | | |
| - Financial liabilities designated at fair value through the income statement | 31 | 64 |
| - Derivatives not involved in hedge accounting | 58 | 36 |
| - Other | 5 | 7 |
| **Total interest expenses** | **5,088** | **5,286** |

Total interest expenses slightly decreased from €5,286 million in 2018 to €5,088 million in 2019, a decrease of €198 million, or 4%. This decrease was mainly due to the continuation of persistently low interest rates in 2019.

*Commission result*

Commission result was €30 million in 2019 and €28 million in 2018. Commission result increased by €2 million mainly due to the increase in fees received for providing liquid securities to other parties.

Commission income was €32 million in 2019, compared to €30 million in 2018. Commission income from the lending business increased by €2 million (€23 million in 2019, compared to €21 million in 2018). Commission income from payment services was unchanged in 2019 at €9 million when compared to 2018.

Commission expense was unchanged in 2019 at €2 million when compared to 2018.

*Result on financial transactions*

The table below sets out the realised and unrealised fair value movements of various financial transactions recorded on the income statement as financial transactions for 2019 and 2018.

| | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| | **(€ millions)** | |
| **Market value changes in financial assets at fair value through the income statement resulting from changes in credit and liquidity spreads, consisting of:** | | |
| Interest-bearing securities | 29 | 11 |
| Structured loans | 0 | (2) |
| | 29 | 9 |
| **Result on hedge accounting** | | |
| Portfolio fair value hedge accounting | (28) | 18 |
| Micro fair value hedge accounting | 38 | (2) |
| Micro cash flow hedge accounting | (2) | (2) |
| | 8 | 14 |
| Changes in counterparty credit risk on derivatives (CVA/DVA) | (10) | 12 |
| Realised sales and buyout results | 21 | 36 |
| Other market value changes | (11) | 40 |
| **Total result on financial transactions** | **37** | **111** |

Result on financial transactions was a net gain of €37 million in 2019, compared to a net gain of €111 million in 2018, a decrease in net gain of €74 million. The net gain of €37 million mainly resulted from low interest rates and spreads resulting from the ECB's monetary policy.

In 2019, BNG Bank recorded €21 million in realised sales and buyout results (2018: €36 million), which represents profits on sales of interest-bearing securities on BNG Bank's initiative.

The result on hedge accounting attributable to portfolio fair value hedge accounting amounted to €28 million negative in 2019 (2018: €18 million positive). The principal cause of the €46 million decrease was due to the amortisation potential as a result of ineffective hedge accounting relationships in the past. The result on hedge accounting attributable to micro fair value hedge accounting amounted to €38 million positive in 2019 (2018: €2 million negative). The principal cause of the €40 million increase was a result of ineffective hedge accounting relationships. The result on hedge accounting attributable to micro cash flow hedge accounting amounted to €2 million negative in 2019 (2018: €2 million negative).

The other market value changes relate to financial assets which had a loss of €11 million in 2019, compared with a gain of €40 million in 2018, mainly caused by movements in the USD/EUR and EUR/GBP cross-currency basis in the derivatives not involved in a hedge accounting relationship.

The bulk of the interest rate risk and cross-currency basis risk to which BNG Bank is exposed in relation to its financial assets or liabilities is customarily hedged through the use of financial instruments. In market value terms, value movements resulting from interest rate fluctuations and cross-currency basis spreads are

offset through the use of derivatives, although there may be significant movements in the individual assets, liabilities and derivatives from year to year. BNG Bank only uses derivatives as a hedging instrument and these are stated at fair value in the balance sheet. Although BNG Bank's hedge accounting is believed to be highly effective, market conditions in recent years have created levels of volatility in BNG Bank's results that are unusually high. Positive and negative results from hedge accounting should generally cancel each other out in the longer term.

*Other results*

Other results comprised income from consultancy services of BNG Gebiedsontwikkeling B.V., which decreased to €1 million in 2019 (2018: €2 million).

*Staff costs and other administrative expenses*

Staff costs and other administrative expenses increased to €78 million in 2019 from €73 million in 2018, primarily as a result of increased external appointments and advisory costs.

The table below sets out staff costs for 2019 (2018: €40 million).

| | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| | **(€ millions)** | |
| Wages and salaries | 28 | 27 |
| Pension costs | 5 | 4 |
| Social security costs | 3 | 3 |
| Additions to the employee benefits provision | 0 | 0 |
| Other staff costs | 5 | 6 |
| **Total staff costs** | **41** | **40** |

Staff costs increased to €41 million in 2019 from €40 million in 2018.

Other administrative expenses increased to €37 million in 2019 from €33 million in 2018.

*Impairments*

Impairments of negative €153 million and positive €2 million were recognised in 2019 and 2018, respectively. The €153 million negative impairment for the year ended 31 December 2019 reflects provisions taken in response to the decreased creditworthiness of an obligor that provides services to municipalities. Impairments on four associates and joint ventures (relating to BNG Gebiedsontwikkeling B.V.) amounted to €10 million (2018: €5 million) and impairments on two associates and joint ventures were reversed for a total of €3 million in 2019 (2018: €1 million). The reversal is primarily a consequence of renegotiations with other associates and joint ventures relating to restructuring and the improved market conditions. Those associates and joint ventures are now valued as a going concern.

In 2019, in view of the development of a number of non-performing and/or defaulted individual loans and advances, BNG Bank's movement in the allowance for expected credit losses was €148 million positive (2018: €9 million negative).

*Contribution to resolution fund*

Expenses relating to the resolution fund as required under the BRRD and SRM Regulation are deductible for corporate income tax purposes. The full amount payable is charged to the result in the month of payment. The €8 million payable for 2019 (2018: €12 million) was paid as a lump sum in June 2019 and was charged to the income statement.

*Bank levy*

The Bank Tax Act (*Wet Bankenbelasting*) took effect on 1 October 2012. Banks have to pay a lump-sum bank levy on 1 October of every year, which for 2019 amounted to a non-deductible amount of €30 million (2018: €31 million). Based on the methodology and assumptions laid down in the Act, the bank levy owed for 2019 is expected to be around €34 million.

*Profit before tax*

Profit before tax decreased from €459 million in 2018 to €227 million in 2019, a decrease of €232 million. The decrease was due to the factors described above. BNG Bank's cost to income ratio (total operating expenses as a percentage of total income) increased from 13% in 2018 to 16% in 2019.

*Taxes*

Tax expenses decreased from €122 million in 2018 to €64 million in 2019, a decrease of €58 million, or 48%. The decrease was primarily the result of the decrease in profit before tax. In 2019, the tax paid at the effective tax rate of 28.2% (2018: 26.6%) was greater than the nominal tax rate of 25.0%.

*Net profit*

As a result of the foregoing, net profit decreased from €337 million in 2018 to €163 million in 2019, a decline of €174 million, or 52%. The decrease was mainly attributable to increased impairments in respect of a single large obligor.

***Results of operations for 2018 compared to 2017***

*Interest result*

Interest result remained largely the same at €434 million in 2018 in versus €435 million in 2017. The favourable rates for new long-term borrowings had a positive impact on the result in 2018. Following the adoption of IFRS 9, interest revenue calculated using the effective interest method is required to be presented separately on the face of the income statement. As a result, interest expenses and interest revenue are presented in separate line items on the face of the income statement and comparative figures for the 2017 interest result have been restated accordingly.

*Interest revenue*

The table below shows interest revenue for the years 2018 and 2017.

| | Year ended 31 December | |
|---|---|---|
| | **2018** | **2017** |
| | **(€ millions)** | |
| Interest revenue calculated by using the effective interest method: | | |
| - Financial assets at amortised cost | 2,255 | 2,325 |
| - Financial assets at fair value through other comprehensive income | 182 | - |
| - Financial assets available-for-sale | - | 244 |
| - Derivatives involved in hedge accounting | 2,673 | 2,798 |
| - Negative interest expenses on financial liabilities | 44 | 39 |
| | **5,154** | **5,406** |
| Other interest revenue: | | |
| - Financial assets designated at fair value through the income statement | 47 | 55 |
| - Financial assets mandatorily at fair value through the income statement | 3 | 3 |
| - Derivatives not involved in hedge accounting | 516 | 427 |
| - Other | - | 17 |

| | | |
|---|---|---|
| | 566 | 499 |
| **Total interest revenue** | **5,720** | **5,905** |

Total interest revenue slightly decreased from €5,905 million in 2017 to €5,720 million in 2018, a decrease of €185 million, or 3%. The decrease was primarily the result of persistently low interest rates.

Financial assets available-for-sale have been reclassified to financial assets at fair value though other comprehensive income for 2018.

*Interest expenses*

The table below shows interest expenses for the years 2018 and 2017.

| | Year ended 31 December | |
|---|---|---|
| | **2018** | **2017** |
| | **(€ millions)** | |
| Interest expenses calculated by using the effective interest method: | | |
| - Financial liabilities at amortised cost | 2,370 | 2,228 |
| - Derivatives involved in hedge accounting | 2,705 | 3,003 |
| - Negative interest expenses on financial assets | 104 | 86 |
| | **5,179** | **5,317** |
| Other interest expenses: | | |
| - Financial liabilities designated at fair value through the income statement | 64 | 41 |
| - Derivatives not involved in hedge accounting | 36 | 57 |
| - Other | 7 | 55 |
| **Total interest expenses** | **5,286** | **5,470** |

Total interest expenses decreased from €5,470 million in 2017 to €5,286 million in 2018, a decrease of €184 million, or 3%. This decrease was mainly due to the continuation of persistently low interest rates in 2018.

*Commission result*

Commission result was €28 million in 2018 and €23 million in 2017. Commission result increased by €5 million mainly due to the increase in fees received for providing liquid securities to other parties.

Commission income was €30 million in 2018, compared to €26 million in 2017. Commission income from the lending business increased by €5 million (€21 million in 2018, compared to €16 million in 2017). Commission income from payment services decreased by €1 million (€9 million in 2018, compared to €10 million in 2017).

Commission expense decreased by €1 million (€2 million in 2018, compared to €3 million in 2017).

*Result on financial transactions*

The table below sets out the realised and unrealised fair value movements of various financial transactions recorded on the income statement as financial transactions for 2018 and 2017.

| | Year ended 31 December | |
|---|---|---|
| | **2018** | **2017** |
| | **(€ millions)** | |
| **Market value changes in financial assets at fair value through the income statement resulting from changes in credit and liquidity spreads, consisting of:** | | |
| Interest-bearing securities | 11 | 42 |

| | | |
|---|---|---|
| Structured loans | (2) | 2 |
| | 9 | 44 |
| **Result on hedge accounting** | | |
| Portfolio fair value hedge accounting | 18 | 48 |
| Micro fair value hedge accounting | (2) | (24) |
| Micro cash flow hedge accounting | (2) | (3) |
| | 14 | 21 |
| Changes in counterparty credit risk on derivatives (CVA/DVA) | 12 | 37 |
| Realised sales and buyout results | 36 | 52 |
| Other market value changes | 40 | 27 |
| **Total result on financial transactions** | **111** | **181** |

Result on financial transactions was a net gain of €111 million in 2018, compared to a net gain of €181 million in 2017, a decrease in net gain of €70 million. The net gain of €111 million mainly resulted from low interest rates and spreads resulting from the ECB's monetary policy. Unrealised changes in market value of financial instruments recognised at fair value and stated in the income statement, represent the greater part of this result (68%). Realised changes in market value (€36 million), largely due to changes in the liquidity portfolio, make up the remaining 32%.

In 2018, BNG Bank recorded €36 million in realised sales and buyout results (2017: €52 million), which represents profits on sales of interest-bearing securities on BNG Bank's initiative.

The result on hedge accounting attributable to portfolio fair value hedge accounting amounted to €18 million positive in 2018 (2017: €48 million positive). The principal cause of the €30 million decrease was due to the amortisation potential as a result of ineffective hedge accounting relationships in the past. The result on hedge accounting attributable to micro fair value hedge accounting amounted to €2 million negative in 2018 (2016: €24 million negative). The principal cause of the €22 million increase was a result of ineffective hedge accounting relationships. The result on hedge accounting attributable to micro cash flow hedge accounting amounted to €2 million negative in 2018 (2017: €3 million negative). The principal cause of the €1 million decrease was movements in the USD/EUR and EUR/GBP cross-currency basis in the derivatives involved in a hedge accounting relationship.

The other market value changes relate to financial assets which had a gain of €40 million in 2018, compared with a gain of €27 million in 2017, mainly caused by movements in the USD/EUR and EUR/GBP cross-currency basis in the derivatives not involved in a hedge accounting relationship.

The bulk of the interest rate risk and cross-currency basis risk to which BNG Bank is exposed in relation to its financial assets or liabilities is customarily hedged through the use of financial instruments. In market value terms, value movements resulting from interest rate fluctuations and cross-currency basis spreads are offset through the use of derivatives, although there may be significant movements in the individual assets, liabilities and derivatives from year to year. BNG Bank only uses derivatives as a hedging instrument and these are stated at fair value in the balance sheet. Although BNG Bank's hedge accounting is believed to be highly effective, market conditions in recent years have created levels of volatility in BNG Bank's results that are unusually high. Positive and negative results from hedge accounting should generally cancel each other out in the longer term.

*Results of Joint Ventures and Associates*

Result from participating interests was a net gain of €4 million in 2018, compared to a net gain of €2 million in 2017. The gain of €4 million was mainly due to better performance of the companies at the subsidiary level.

*Other results*

Other results comprised income from consultancy services of BNG Gebiedsontwikkeling B.V., which remained stable at €2 million in 2018 and in 2017.

*Staff costs and other administrative expenses*

Staff costs and other administrative expenses increased to €73 million in 2018 from €70 million in 2017, primarily as a result of investments made in information technology required to make processes more efficient.

The table below sets out staff costs for 2018 (2017: €44 million).

| | Year ended 31 December | |
|---|---|---|
| | **2018** | **2017** |
| | **(€ millions)** | |
| Wages and salaries | 27 | 26 |
| Pension costs | 4 | 4 |
| Social security costs | 3 | 3 |
| Additions to the employee benefits provision | 0 | 0 |
| Other staff costs | 6 | 11 |
| **Total staff costs** | **40** | **44** |

Staff costs decreased to €40 million in 2018 from €44 million in 2017.

Other administrative expenses increased to €33 million in 2018 from €26 million in 2017.

*Impairments*

Impairments of positive €2 million and negative €10 million were recognised in 2018 and 2017, respectively. The €2 million positive impairment for the year ended 31 December 2018 was largely caused by the reduction of allowances as a result of derecognition of assets (positive €16 million) offset in part by an increase due to origination and acquisition (negative €12 million). Impairments on six associates and joint ventures (relating to BNG Gebiedsontwikkeling B.V.) amounted to €5 million (2017: €1 million) and impairments on two associates and joint ventures were reversed for a total of €1 million in 2018 (2017: €4 million). The reversal is primarily a consequence of renegotiations with other associates and joint ventures relating to restructuring and the improved market conditions. Those associates and joint ventures are now valued as a going concern.

In 2018, in view of the development of a number of non-performing and/or defaulted individual loans and advances, BNG Bank's movement in the allowance for expected credit losses was €9 million negative.

*Contribution to resolution fund*

Expenses relating to the resolution fund as required under the BRRD and SRM Regulation are deductible for corporate income tax purposes. The full amount payable is charged to the result in the month of payment. The €12 million payable for 2018 (2017: €9 million) was paid as a lump sum in December 2018 and was charged to the income statement.

*Bank levy*

The Bank Tax Act (*Wet Bankenbelasting*) took effect on 1 October 2012. Banks have to pay a lump-sum bank levy on 1 October of every year, which for 2018 amounted to a non-deductible amount of €31 million (2017: €36 million). Based on the methodology and assumptions laid down in the Act, the bank levy owed for 2019 is expected to be around €30 million.

*Profit before tax*

Profit before tax decreased from €536 million in 2017 to €459 million in 2018, a decrease of €77 million. The decrease was due to the factors described above. BNG Bank's cost to income ratio (total operating expenses as a percentage of total income) increased from 11% in 2017 to 13% in 2018.

*Taxes*

Tax expenses decreased from €143 million in 2017 to €122 million in 2018, a decrease of €21 million, or 15%. The decrease was primarily the result of the decrease in profit before tax. In 2018, the tax paid at the effective tax rate of 26.6% (2017: 26.7%) was greater than the nominal tax rate of 25.0%.

*Net profit*

As a result of the foregoing, net profit decreased from €393 million in 2017 to €337 million in 2018, a decline of €56 million, or 14%. The decrease was mainly attributable to a lower contribution from the result on financial transactions.

**Selected Balance Sheet Items for 2019, 2018 and 2017**

The following changes in presentation have been applied to the balance sheet:

- In the 2019 and 2018 financial statements, there are separate balance sheet items for Cash collateral posted (assets) and Cash collateral received (liabilities). In the 2017 financial statements, cash collateral posted was recorded in the item Amounts due from banks whereas cash collateral received was recorded in the items Amounts due to banks and Funds entrusted.

This leads to the following changes in balance sheet amounts:

*as 31 December 2017:*

| | **31/12/2017 2017 Annual Report** | **Change** | **31/12/2017 2018 Annual Report** |
|---|---|---|---|
| | | **(€ millions)** | |
| Amounts due from banks | 13,997 | -13,892 | 105 |
| Cash collateral posted | - | 13,892 | 13,892 |
| | | | |
| Amounts due to banks | 2,393 | -314 | 2,079 |
| Funds entrusted | 5,472 | -55 | 5,417 |
| Cash collateral received | - | 369 | 369 |

The table below summarises selected balance sheet items of BNG Bank as of 31 December 2019, 31 December 2018 and 31 December 2017:

| | **As of 31 December** | | | |
|---|---|---|---|---|
| | **2019** | **2018** | **01/01/2018** | **2017** |
| | **(IFRS 9)** | **(IFRS 9)** | **(IFRS 9)** | **(IAS 39)** |
| | | **(€ millions)** | | |
| **Assets** | | | | |
| Cash and balances with the central banks | 1,272 | 1,587 | 2,996 | 2,996 |
| Amounts due from banks | 66 | 82 | 12 | 105 |
| Cash collateral posted[1] | 14,643 | 12,043 | 13,892 | 13,892 |
| Financial assets at fair value through the income statement | 1,746 | 1,606 | 1,628 | 2,006 |
| Derivatives | 10,004 | 8,390 | 8,978 | 8,982 |
| Financial assets at fair value through other comprehensive income | 9,222 | 9,648 | 10,794 | - |

| | | | | |
|---|---|---|---|---|
| Financial assets available-for-sale | - | - | - | 14,110 |
| Interest bearing securities at amortised cost | 7,764 | 7,406 | 5,134 | - |
| Loans and advances at amortised costs | 88,279 | 85,034 | 84,640 | 86,008 |
| Value adjustments on loans in portfolio hedge accounting | 16,462 | 11,566 | 11,685 | 11,813 |
| Associates and joint ventures | 35 | 44 | 47 | 47 |
| Property & equipment | 18 | 17 | 17 | 17 |
| Current tax assets | 30 | 7 | - | - |
| Other assets | 130 | 79 | 19 | 19 |
| Assets classified as held for sale | - | - | 30 | 30 |
| **Total assets** | **149,689** | **137,509** | **139,872** | **140,025** |
| **Liabilities** | | | | |
| Amounts due to banks | 1,933 | 2,383 | 2,079 | 2,079 |
| Cash collateral received[1] | 1,137 | 419 | 369 | 369 |
| Financial liabilities at fair value through the income statement | 674 | 762 | 944 | 944 |
| Derivatives | 22,651 | 19,223 | 21,870 | 21,870 |
| Debt securities | 112,661 | 103,722 | 104,323 | 104,127 |
| Funds entrusted | 5,575 | 5,800 | 5,421 | 5,417 |
| Subordinated debts | 33 | 32 | 31 | 31 |
| Current tax liabilities | - | - | 18 | 17 |
| Deferred tax liabilities | 78 | 99 | 83 | 173 |
| Other liabilities | 60 | 78 | 47 | 45 |
| **Total liabilities** | **144,802** | **132,518** | **135,185** | **135,072** |

1. As of the 2018 financial statements, there are separate balance sheet items for Cash collateral posted (assets) and Cash collateral received (liabilities). In the 2017 financial statements, cash collateral posted was recorded in the item Amounts due from banks whereas cash collateral received was recorded in the items Amounts due to banks and Funds entrusted.

***General***

Loans and advances increased by €3.2 billion in 2019 to €88.0 billion from €85.0 billion in 2018, primarily due to the growth in long-term loans. Because of the slight increase in long-term interest rates, the value of derivatives transactions in absolute terms in 2019 increased as compared to 2018. The effects thereof on the balance sheet are primarily reflected in an increase in the negative net derivative position (due to the increase in the value of derivative transactions for hedging currency and interest rate risks). As almost all derivatives are collateralised on a daily basis, the net position was stable at €1.1 billion in 2019 when compared to 2018.

See also "*Principal Factors Affecting Results of Operations – Lending*" and "*Principal Factors Affecting Results of Operations – Funding*".

***Assets***

In 2019, BNG Bank's total assets increased substantially by €12.2 billion to €149.7 billion compared to €137.5 billion in 2017. The increase was largely attributable to an increase in value adjustments on loans in portfolio hedge accounting.

*Cash and balances with the central banks, amounts due from banks and loans and advances*

Cash and balances with the central banks comprises all legal tender as well as cash balances and deposits held with the Dutch Central Bank and the ECB. Amounts due from banks includes all receivables from banks measured at amortised cost. In 2017, this item included interest-bearing securities issued by banks which were reclassified from available-for-sale to amortised cost upon the application of IFRS 9. The Loans and advances item includes short-term and long-term loans to clients insofar as they pass the SPPI test, as well as current account debt balances held by clients. In addition, upon the application of IFRS 9, interest-bearing securities at amortised cost are presented in a separate line item (whereas in 2017 they were included in Amounts due from banks and Loans and advances line items, insofar as they were not traded on an active market). Assets in the Amounts due from banks and Loans and advances are measured at amortised cost using the effective interest method.

*2019 compared to 2018*

Cash and balances with the central banks decreased by €0.3 billion to €1.3 billion in 2019 from €1.6 billion in 2018.

Amounts due from banks decreased by €16 million to €66 million in 2019, compared to €82 million in 2018.

Cash collateral posted increased by €2.6 billion to €14.6 billion in 2019 from €12.0 billion in 2018.

Loans and advances at amortised cost increased by €3 billion to €88 billion in 2019, compared to €85 billion in 2018. This increase was mainly due to growth in long-term loans.

New long-term lending to client groups increased by €2.4 billion to €14.0 billion in 2019. The total long-term lending portfolio to clients based on principal amounts rose by €2.6 billion to €84.2 billion in 2019 primarily due to the increase in long-term lending in the municipal and provincial authorities and the healthcare sector. The average volume of short-term lending to clients remained stable at €4.2 billion in 2019 (2018: €4.2 billion), primarily as a result of low interest rates.

Total lending subject to solvency requirements (including financing for projects in public-private partnerships) rose by €0.8 billion to €8.3 billion in 2019.

*2018 compared to 2017*

Cash and balances with the central banks decreased by €1.4 billion to €1.6 billion in 2018 from €3.0 billion in 2017.

Amounts due from banks decreased by €23 million (increased by €70 million on a restated basis) to €82 million in 2018, compared to €105 million (€12 million on a restated basis) in 2017, primarily due to Cash collateral posted being recorded as a separate line item in 2018. In 2017, cash collateral posted was recorded in the item Amounts due from banks.

Cash collateral posted decreased by €1.9 billion to €12 billion in 2018 from €13.9 billion in 2017.

Loans and advances decreased by €1 billion (increased by €394 million on a restated basis) to €85 billion in 2018, compared to €86 billion (€84.6 billion on a restated basis) in 2017. This increase was mainly due

to reclassification as part of the transition to IFRS 9 of €1.4 billion in interest-bearing securities of clients to the line item Interest-bearing securities at amortised cost.

New long-term lending to client groups increased by €2.1 billion to €11.6 billion in 2018. The total long-term lending portfolio to clients based on principal amounts rose by €1 billion to €81.6 billion in 2018 primarily due to the increase in long-term lending in the local authorities, housing associations and healthcare institutions. The average volume of short-term lending to clients declined by €0.3 billion to €4.3 billion in 2018 from €4.6 billion in 2017, primarily as a result of low interest rates.

Total lending subject to solvency requirements (including financing for projects in public-private partnerships) rose slightly by €0.4 billion to €7.2 billion in 2018

*Financial assets at fair value through the income statement*

This item includes financial assets specifically designated as at fair value with changes in fair value recognised in the income statement.

*2019 compared to 2018*

Financial assets at fair value increased slightly by €32 million to €555 million in 2019 from €523 million in 2018, and interest-bearing securities at fair value increased by €126 million in 2019 to €1,073 million from €947 million in 2018. The increase in loans and advances at fair value and of interest-bearing assets at fair value was primarily attributable to the reduced credit and liquidity risk spreads. The total redemption value of the loans and advances and interest bearing securities at 31 December 2019 was €1,122 million (2018: €1,114 million).

*2018 compared to 2017*

Financial assets at fair value decreased by €319 million to €523 million in 2018 from €842 million in 2017, and interest-bearing securities at fair value decreased by €217 million in 2018 to €947 million from €1,164 million in 2017. The decrease in loans and advances at fair value and of interest-bearing assets at fair value was primarily attributable to the restatement as a result of the introduction of IFRS 9. The total redemption value of the loans and advances and interest bearing securities at 31 December 2018 was €1,114 million (2017: €1,463 million).

*Financial assets at fair value through other comprehensive income*

This item includes interest-bearing securities that are held with the hold to collect and sell business model and for which BNG Bank has not used the fair value option.

Financial assets at fair value through other comprehensive income decreased by €0.4 billion to €9.2 billion in 2019 compared to €9.6 billion in 2018. This decrease was primarily attribute to a disposal of €0.3 billion of government bonds. At year-end 2019, BNG Bank had transferred no financial assets in repurchase transactions without derecognition.

*Derivatives (Assets)*

This balance sheet item includes the positive fair value of derivatives not settled-to-market.

*2019 compared to 2018*

The positive fair value of derivatives, which are used to hedge interest rate and cross-currency basis risk, increased by €1,614 million to €10 billion in 2019 from €8,390 million in 2018, as a result of a decrease in interest rates and the movement of the USD/EUR and EUR/GBP cross-currency basis spread.

*2018 compared to 2017*

The positive fair value of derivatives, which are used to hedge interest rate and cross-currency basis risk, decreased by €592 million (€588 million on a restated basis) to €8,390 million in 2018 from €8,982 million (€8,978 million on a restated basis) in 2017, as a result of a decrease in interest rates and the movement of the USD/EUR and EUR/GBP cross-currency basis spread.

*Interest-bearing securities at amortised cost*

Interest-bearing securities at amortised cost includes purchased interest-bearing securities that are held within the Hold-to-Collect business model and for which BNG Bank has not used the fair value option.

*2019 compared to 2018*

Interest bearing securities at amortised cost increased by €0.4 billion to €7.8 billion in 2019, compared to €7.4 billion in 2018, as a result of the purchase of interest-bearing securities issued by governments, other financial institutions and non-financial corporations to improve the liquidity portfolio, and the slight rise in long-term interest rates.

*2018 compared to 2017*

Interest bearing securities at amortised cost increased by €2.3 billion to €7.4 billion in 2018, compared to €5.1 billion (on a restated basis) in 2017, primarily as a result of the purchase of interest-bearing securities issued by governments, other financial institutions and non-financial corporations to improve the liquidity portfolio, and the rise in long-term interest rates.

***Liabilities***

In 2019, total liabilities increased by €12.3 billion to €144.8 billion compared to €132.5 billion in 2018 but decreased by €2.6 billion to €135.1 billion when compared to 2017. The increase in 2019 was largely due to an increase in debt securities issuances and the negative fair value of derivatives. In 2018, the decrease was largely due to the decrease in debt securities and the negative fair value of derivatives and financial liabilities at fair value through the income statement.

*Amounts due to banks*

Amounts due to banks mainly comprises deposits and private loans..

*2019 compared to 2018*

Amounts due to banks decreased by €0.5 billion to €1.9 billion in 2019, compared with €2.4 billion in 2018. The decrease was primarily due to a decrease in deposits.

*2018 compared to 2017*

Amounts due to banks increased by €0.3 billion to €2.4 billion in 2018, compared with €2.1 billion in 2017. The increase was primarily due to an increase in private loans. In 2018, cash collateral received is recorded as a separate line item. In 2017, cash collateral received was previously recorded in the item Amounts due from banks but has been reclassified to Cash collateral received.

*Cash collateral received*

*2019 compared to 2018*

Cash collateral received increased by €718 million to €1,137 million in 2019, compared with €419 million in 2018. The increase was primarily due to an increase of the fair value of the derivatives held by BNG Bank.

*2018 compared to 2017*

Cash collateral received increased by €50 million to €419 million in 2018, compared with €369 million in 2017. The increase was primarily due to an increase of the fair value of the derivatives held by BNG Bank.

*Debt securities*

Debt securities includes bonds and other issued negotiable debt securities with either fixed or variable interest rates. Any unsold portions of issuances are deducted from the relevant bond loan.

*2019 compared to 2018*

Debt securities increased by €9 billion to €112.7 billion in 2019, compared with €103.7 billion in 2018. Debenture loans and Euro notes increased to €94.4 billion in 2019 from €89.5 billion in 2018. This increase was primarily due to increased sales of bonds and other negotiable debt securities.

Commercial paper increased to €9.3 billion in 2019, compared to €5.3 billion in 2018. BNG Bank uses its Euro Commercial Paper ("**ECP**") programme (maximum of €20 billion) and its US Commercial Paper programme (with a maximum of USD 15 billion) to raise short-term funding.

*2018 compared to 2017*

Debt securities decreased by €0.4 billion (€0.6 billion on a restated basis) to €103.7 billion in 2018, compared with €104.1 billion (€104.3 billion on a restated basis) in 2017. Debenture loans and Euro notes decreased to €89.5 billion in 2018 from €89.9 billion in 2017. This decrease was primarily due to the rise in the long-term interest rate on hedge accounting and the devaluation of the British Pound and the U.S. dollar.

Commercial paper decreased to €5.3 billion in 2018, compared to €9.2 billion in 2017. The decrease in commercial paper in 2018 was primarily due to BNG Bank achieving a higher leverage ratio by reducing the balance sheet total and a decrease of cash collateral posted as a result in changes in interest rates during the year 2018.

*Funds entrusted*

*2019 compared to 2018*

The funds entrusted item decreased by €0.2 billion to €5.6 billion in 2019, compared with €5.8 billion in 2018, primarily as a result of an decrease in long term deposits.

*2018 compared to 2017*

The funds entrusted item increased by €0.4 billion to €5.8 billion in 2018, compared with €5.4 billion in 2017, primarily as a result of an increase in short term deposits.

*Financial liabilities at fair value through the income statement*

This item includes debt securities designated at fair value with changes in fair value recognised in the income statement.

*2019 compared to 2018*

Publicly placed debt securities increased by €0.2 billion to €0.4 billion in 2019 compared to €0.2 billion in 2018. Privately placed debt securities decreased by €0.3 billion between 2019 and 2018. The total redemption value of the debt securities was €0.5 billion (€0.6 billion in 2018).

*2018 compared to 2017*

Publicly placed debt securities decreased by €0.5 billion to €0.2 billion in 2018 compared to €0.7 billion in 2017. Privately placed debt securities increased by €0.3 billion between 2018 and 2017. The total redemption value of the debt securities was €0.6 billion (€0.8 billion in 2017).

*Derivatives*

This balance sheet item includes the negative fair value of derivatives.

*2019 compared to 2018*

The negative fair value of derivatives increased by €3,428 million to €22,651 million in 2019 from €19,223 million in 2018. The increase in the negative fair value of derivatives was primarily the result of the impact of counterparty credit risk of derivatives and other market value changes. The other market value changes also include the effects of movements in the USD/EUR and EUR/GBP cross-currency basis spreads of derivatives not involved in a hedge accounting relationship.

*2018 compared to 2017*

The negative fair value of derivatives decreased by €2,647 million to €19,223 million in 2018 from €21,870 million in 2017. The decrease in the negative fair value of derivatives was primarily the result of the impact of the increase of long-term interest rates on derivatives involved in a portfolio hedge accounting relationship and micro hedge accounting relationships.

***Information on financial assets***

The tables below provide information on amounts due from banks and loans and advances as at 31 December 2019, 2018, and 2017.

| | As at 31 December[1] | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | **(€ millions)** | |
| Amounts due from banks | 66 | 82 | 105 |
| Loans and advances | 88,279 | 85,034 | 86,008 |
| **Total** | **88,345** | **85,116** | **86,113** |
| Of which an allowance for expected credit losses is included in the loans and advances item | (193) | (47) | - |
| Of which an incurred loss provision is included in the loans and advances item | - | - | (34) |

1 BNG Bank has applied IFRS 9 for 2018, but it has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with BNG Bank's previous accounting policy (IAS 39).

The table below sets forth the analysis of amounts due from banks and loans and advances by remaining contractual term to maturity as at the dates indicated.

| | As at 31 December[1] | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | **(€ millions)** | |
| **Amounts due from banks and loans and advances by remaining contractual term to maturity** | | | |
| Up to three months | 7,392 | 6,530 | 7,016 |
| Longer than three months but not longer than one year | 8,555 | 9,333 | 9,477 |
| Longer than one year but not longer than five years | 32,236 | 32,785 | 33,160 |
| Longer than five years | 40,162 | 36,468 | 36,460 |
| **Total** | **88,345** | **85,116** | **86,113** |

1. BNG Bank has applied IFRS 9 for 2018, but it has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with BNG Bank's previous accounting policy (IAS 39).

The table below sets forth the movement in allowances and provisions for expected credit losses as at the dates indicated.

| | As at 31 December 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Opening Balance | Increases due to origination and acquisition | Decrease due to derecognition repayments and disposals | Changes due to change in credit risk (NET) | Decrease in allowance account due to write-offs | Closing Balance |
| | (€ millions) | | | | | |
| **Allowances** | | | | | | |
| Cash and cash balances held with central banks | - | - | - | - | - | 0 |
| Amounts due from banks | 0 | 0 | 0 | 0 | - | 0 |
| Financial assets at fair value through OCI | 1 | 0 | 0 | 0 | - | 1 |
| Interest-bearing securities at amortised cost | 7 | 0 | -2 | 1 | - | 6 |
| Loans and advances | 47 | 5 | -3 | 149 | -5 | 193 |
| | **55** | **5** | **-5** | **150** | **-5** | **200** |
| **Provision** | | | | | | |
| Off-balance sheet commitments | 2 | 1 | -1 | 3 | - | 5 |

The table below breaks down the financial assets carried on the balance sheet.

| | As at 31 December | | | |
|---|---|---|---|---|
| | 2019 | 2018 | 01/01/2018 | 2017 |
| | Balance sheet value | Balance sheet value | Balance sheet value | Balance sheet value |
| | (IFRS 9) | (IFRS 9) | (IFRS 9) | (IAS 39) |
| | (€ millions) | | | |
| Cash and balances with the central banks | 1,272 | 1,587 | 2,996 | 2,996 |
| Amounts due from banks | 66 | 82 | 12 | 105 |
| Cash collateral posted[1] | 14,643 | 12,043 | 13,892 | 13,892 |
| Financial assets at fair value through the income statement | 1,764 | 1,606 | 1,628 | 2,006 |
| Derivatives | 10,004 | 8,390 | 8,978 | 8,982 |
| Financial assets at fair value through other comprehensive income | 9,222 | 9,648 | 10,794 | - |
| Financial assets available for sale | - | - | - | 14,110 |
| Interest bearing securities at amortised cost | 7,764 | 7,406 | 5,134 | - |
| Loans and advances | 88,279 | 85,034 | 84,640 | 86,008 |

| | | | | |
|---|---|---|---|---|
| Value adjustments on loans in portfolio hedge accounting ..... | 16,462 | 11,566 | 11,685 | 11,813 |
| Associates and joint ventures ..... | 35 | 44 | 47 | 47 |
| Property & equipment ..... | 18 | 17 | 17 | 17 |
| Current tax assets ..... | 30 | 7 | - | - |
| Other assets ..... | 130 | 79 | 19 | 19 |
| Assets held-for-sale ..... | - | - | 30 | 30 |
| **Total** | **149,689** | **137,509** | **139,872** | **140,025** |

1. In the 2018 financial statements, there is a separate balance sheet item for Cash collateral posted. In the 2017 financial statements, Cash collateral posted was recorded in the item Amounts due from banks.

***Interest-bearing securities portfolio***

BNG Bank's total interest-bearing securities portfolio can be subdivided into a liquidity portfolio and an asset and liability management ("**ALM**") portfolio. The tables below provide an overview of the remaining notional amounts of BNG Bank's liquidity portfolio and ALM portfolio as at 31 December 2019 and 2018 analysed by credit ratings. The liquidity portfolio consists exclusively of highly negotiable securities and is subdivided according to the various LCR classes. The ALM portfolio is subdivided according to type of security. The ratings presented in the tables are based on a maximum of four credit ratings by recognised rating agencies (Standard & Poor's, Moody's, Fitch and/or DBRS). In the case of more than one rating for a security, the ratings are ordered from highest to lowest credit rating and the second rating is taken.

| | **As at 31 December 2019** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **(€ millions)** | | | | | | |
| | **AAA** | **AA** | **A** | **BBB** | **Non-investment grade** | **Total Nominal Value** | **Total Balance Sheet value** |
| **Liquidity portfolio** | | | | | | | |
| Level I – Government / Supranational..... | 5,351 | 2,204 | 220 | 135 | 46 | 7,956 | 9,125 |
| Level I B – Covered Bonds | 1,370 | - | - | - | - | 1,370 | 1,428 |
| Level II A – Government / Supranational..... | - | 59 | - | - | - | 59 | 102 |
| Level II B – Corporates..... | - | - | 25 | - | - | 25 | 25 |
| Level II B – RMBS ..... | 1,061 | - | - | - | - | 1,061 | 1,068 |
| | **7,782** | **2,263** | **245** | **135** | **46** | **10,471** | **11,748** |
| **ALM portfolio** | | | | | | | |
| RMBS..... | 20 | 295 | 127 | - | 23 | 465 | 463 |
| ABS..... | - | 58 | 117 | 28 | 55 | 258 | 254 |
| RMBS-NHG..... | 3,008 | 89 | 159 | - | - | 3,256 | 3,260 |
| Other..... | 473 | 380 | 442 | 260 | 75 | 1,630 | 2,333 |
| | **3,501** | **822** | **845** | **288** | **153** | **5,609** | **6,310** |
| **Total.....** | **11,283** | **3,085** | **1,090** | **423** | **199** | **16,080** | **18,058** |

| | **As at 31 December 2018** |
|---|---|
| | **(€ millions)** |

| | AAA | AA | A | BBB | Non-investment grade | Total Nominal Value | Total Balance Sheet value |
|---|---|---|---|---|---|---|---|
| **Liquidity portfolio** | | | | | | | |
| Level I – Government / Supranational | 5,618 | 2,290 | 220 | 195 | 46 | 8,369 | 9,664 |
| Level I B – Covered Bonds | 1,121 | - | - | - | - | 1,121 | 1,177 |
| Level II A – Government / Supranational | - | 56 | - | - | 2 | 58 | 91 |
| Level II B – Corporates | - | - | 25 | - | - | 25 | 25 |
| Level II B – RMBS | 1,488 | - | - | - | - | 1,488 | 1,496 |
| | **8,227** | **2,346** | **245** | **195** | **48** | **11,061** | **12,453** |
| **ALM portfolio** | | | | | | | |
| RMBS | 23 | 245 | 275 | 7 | 37 | 587 | 583 |
| ABS | - | 64 | 140 | 30 | 57 | 291 | 288 |
| RMBS-NHG | 2,285 | 103 | 181 | - | - | 2,569 | 2,569 |
| Other | 376 | 388 | 422 | 256 | 78 | 1,520 | 2,108 |
| | **2,684** | **800** | **1,018** | **293** | **172** | **4,967** | **5,548** |
| **Total** | **10,911** | **3,146** | **1,263** | **488** | **220** | **16,028** | **18,001** |

As at 31 December 2019, over 96.1% of the securities portfolio had ratings of A or better (over 95.5% in 2018) with over 70% of the securities portfolio carrying ratings of AAA (over 68% in 2018) and 19% carrying ratings of AA (over 20% in 2018).

***Long-term foreign exposure***

BNG Bank's loan portfolio is strongly focused on the Netherlands. Improving geographic diversification is a reason for BNG Bank to consciously seek to include foreign securities in its liquidity portfolio. With respect to interest-bearing securities and the lending of credits, BNG Bank exclusively deals with countries within the EU and has set an overall limit on long-term exposures in foreign countries of 15% of its balance sheet total. BNG Bank also applies limits for individual countries, which are partly determined on the basis of country credit ratings. In many cases, such foreign credit lending is directly or indirectly guaranteed by the relevant governments. BNG Bank is gradually reducing its exposure in Eurozone countries with deteriorating creditworthiness. This is mainly done by ensuring that existing exposures are not replaced by new ones once they have expired. At the end of 2019, BNG Bank's long-term foreign exposure (expressed in balance sheet value) totalled €9.9 billion (2018: €10.3 billion).

The following tables provide an overview of foreign long-term exposures in BNG Bank's liquidity portfolio as at 31 December 2019 and 2018 analysed by credit ratings. Derivative transactions and short-term transactions (including in particular cash collateral with banks) have not been included.

The ratings presented in the tables are based on a maximum of four credit ratings by recognised rating agencies (Standard & Poor's, Moody's, Fitch and/or DBRS). In the case of more than one rating for a security, the ratings are ordered from highest to lowest credit rating and the second rating is taken.

| | As at 31 December 2019 (€ millions) | | | | | | |
|---|---|---|---|---|---|---|---|
| | AAA | AA | A | BBB | Non-investment grade | Total Nominal Value | Total Balance Sheet value |
| Supranational institutions | 269 | 204 | - | - | - | 473 | 493 |
| Multilateral development banks | 405 | - | - | - | - | 405 | 434 |
| Austria | - | 471 | - | - | - | 471 | 521 |
| Belgium | - | 281 | - | 136 | - | 417 | 595 |
| Denmark | 90 | - | - | - | - | 90 | 91 |
| Finland | - | 486 | - | - | - | 486 | 543 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| France | 496 | 806 | 100 | 5 | - | 1,407 | 1,678 |
| Germany | 1,453 | 30 | 54 | - | - | 1,537 | 1,815 |
| Italy | - | 19 | 18 | 135 | 60 | 232 | 234 |
| Portugal | - | | 54 | 50 | 100 | 204 | 209 |
| Spain | 65 | 276 | 319 | - | 69 | 729 | 830 |
| Switzerland | - | - | 90 | - | - | 90 | 102 |
| United Kingdom | 609 | 380 | 301 | 261 | 54 | 1,605 | 2,291 |
| United States | 22 | - | - | - | - | 22 | 23 |
| **Total** | **3,409** | **2,953** | **936** | **587** | **283** | **8,168** | **9,859** |

| | As at 31 December 2018 (€ millions) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **AAA** | **AA** | **A** | **BBB** | **Non-investment grade** | **Total Nominal Value** | **Total Balance Sheet value** |
| Supranational institutions | 369 | 155 | - | - | - | 524 | 543 |
| Multilateral development banks | 741 | - | - | - | - | 741 | 802 |
| Austria | - | 554 | - | - | - | 554 | 628 |
| Belgium | - | 350 | - | 140 | - | 490 | 589 |
| Denmark | - | 90 | - | - | - | 90 | 91 |
| Finland | - | 500 | - | - | - | 500 | 577 |
| France | 473 | 681 | 100 | 5 | - | 1,259 | 1,528 |
| Germany | 1,342 | 30 | 70 | | - | 1,442 | 1,760 |
| Italy | - | 27 | 25 | 195 | 67 | 314 | 325 |
| Portugal | - | - | 89 | 58 | 100 | 247 | 253 |
| Spain | 70 | 238 | 443 | - | 83 | 834 | 925 |
| Switzerland | - | - | 99 | - | - | 99 | 113 |
| United Kingdom | 636 | 349 | 281 | 273 | 34 | 1,573 | 2,146 |
| United States | 22 | - | - | - | - | 22 | 22 |
| **Total** | **3,653** | **2,974** | **1,107** | **671** | **284** | **8,689** | **10,302** |

**Liquidity and Capital Resources**

***Cash flow analysis for BNG Bank for 2019, 2018 and 2017***

The following table sets out selected cash flow information for the years ended 31 December 2019, 2018 and 2017.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | **(€ millions)** | |
| Total cash flow from operating activities | (5,412) | 3,255 | (4,589) |
| Total cash flow from investing activities | 224 | (1,320) | 1,702 |
| Total cash flow from financing activities | 4,873 | (3,343) | (535) |
| **Net movement in cash and cash equivalents** | **(315)** | **(1,408)** | **(3,422)** |

*Cash flow from operating activities*

BNG Bank's total cash flow from operating activities was a cash outflow of €5,412 million in 2019, compared with a cash inflow of €3,255 million in 2018 and cash outflow of €4,589 million in 2017.

The change in 2019 was primarily due to a cash outflow in respect of movements in cash collateral posted and received (outflows of €1.9 billion in 2019, compared to inflows of €1.9 billion in 2018), movements in

cash outflows from changes in loans and advances (outflows of €3.4 billion in 2019, compared to outflows of €181 million in 2018) and movements in cash outflows from changes in derivates (inflow of €626 million in 2019, compared to an inflow of €1,323 million in 2018).

The change in 2018 was primarily due to an increase in cash inflows from movements in cash collateral posted and received (inflows of €1.9 billion in 2018, compared to outflows of €3.7 billion in 2017), movements in cash inflows from changes in derivatives (inflows of €1.3 billion in 2018, compared to outflows of €843 million in 2017) and an increase in level of funds entrusted (inflows of €283 million in 2018, compared to outflows of €1,748 million in 2017).

*Cash flow from investing activities*

Cash flows from investing activities were inflows of €224 million in 2019, compared with outflows of €1,320 million in 2018 and inflows of €1,702 million in 2017. Cash flows from investing activities in 2019 mainly reflect the cash inflows related to disposals and redemptions pertaining to financial assets and interest securities purchases and the cash outflows related to investments and acquisitions pertaining to financial assets. Cash flows from investing activities in 2018 mainly reflect the cash outflows related to purchases, sales and redemptions in the investment portfolio, purchases and sales of associates and joint ventures as well as property and equipment.

*Cash flow from financing activities*

Cash flows from financing activities were inflows of €4,873 million in 2019, outflows of €3,343 million in 2018 and outflows of €535 million in 2017. Net borrowings in 2019 reflected cash inflows of €5 billion (receipts of debt securities exceeding repayments of debt securities). Net borrowings in 2018 reflected cash outflows of €3 billion (repayments of debt securities exceeding receipts of debt securities).

BNG Bank paid dividends to shareholders of €159 million, €141 million and €91 million in 2019, 2018 and 2017, respectively. In 2019, BNG Bank paid dividends of €25 million to holders of hybrid capital.

***External sources of funding, financing and indebtedness***

Following a period of relative stability, financial markets have experienced higher volatility since the last quarter of 2014 which continued through 2018 and into 2019. In addition, the European markets may be negatively impacted by uncertainties surrounding the exit the United Kingdom from the European Union and the attendant exit process, and potential consequences for the EU and other Member States. During periods of volatility, BNG Bank has benefited from its low risk profile and has always been able to access the capital markets. See also "*Principal Factors Affecting Results of Operations – Funding*".

BNG Bank obtained long-term funding for its lending and refinancing purposes in 2019 of €17,8 billion (2018: €18.1 billion; 2017: €17.2 billion) by means of 112 issues (2018: 102 issues; 2017: 65 issues). The amount of long-term funding in 2019 met BNG Bank's expectations. In addition, BNG Bank focused on attracting long-term funding and reducing the use of its (short-term) ECP programme for obtaining funding for its lending and refinancing purposes. In line with the relatively short maturities of new long-term lending, the weighted average maturity of the issues increased by 0.4 years to 7.5 years in 2019 from 7.1 years in 2018 (2017: 5.5 years). In 2019, BNG Bank issued in six different currencies and in 2018 and 2017 BNG Bank issued in seven and five different currencies, respectively.

BNG Bank's long-term funding is almost entirely carried out through the issuance of bonds under this Programme with €100 billion (or the equivalent in other currencies) available to be issued under this Programme. At 31 December 2019, the equivalent of €98.7 billion had been issued under this Programme. BNG Bank's funding policy is designed to provide it with flexibility to respond to investor demand. This approach seeks to strengthen relations with investors and enable BNG Bank to attract funding on competitive terms. BNG Bank raises funding in several currencies, with the terms and conditions tailored to the needs of both institutional and private investors. In addition to this Programme, BNG Bank has a Kangaroo Medium Term Note Programme for issuing up to AUD 10 billion denominated in Australian and New Zealand dollars and a Samurai shelf registration and an Uridashi shelf registration specifically designed for Japanese investors. At 31 December 2019, AUD 6.8 billion had been issued under this Kangaroo Medium Term Note Programme. The currency and interest risks of bonds are fully hedged.

In 2019, BNG Bank issued three new 'Socially Responsible Investment' bonds, the proceeds of which are used solely for the balance-sheet financing of the Dutch municipalities that have achieved the best scores in their category for sustainability and social policy. The loans enabled BNG Bank to raise EUR 750 million and AUD 400 million in the capital markets. As per 31 December 2019 BNG Bank issued 9 SRI bonds in total. BNG Bank also issued in 2019 its fourth 'Social Housing Bond', which enabled BNG Bank to raise USD 1 billion. The net proceeds of the bond were used to finance loans to the 'best-in-class' housing associations mentioned in a framework developed at BNG Bank's request by Telos, the institute for sustainable development of Tilburg University; the framework was in turn based on the United Nations' sustainable development goals. In view of the interest shown by international investors for this form of financing, BNG Bank expects to issue further sustainable bonds in 2020.

The following table sets out certain details of BNG Bank's funding for each of the last three years.

| | **2019** | **2018** | **2017** |
|---|---|---|---|
| Volume (€ billions) | 17.5 | 18.1 | 17.2 |
| Average duration (years) | 7.5 | 7.2 | 5.5 |
| Number of trades | 112 | 102 | 65 |
| Percentage of volume by currency | | | |
| EUR | 46.8% | 51.3% | 36.2% |
| USD | 42.5% | 35.5% | 53.9% |
| GBP | 4.0% | 6.6% | 6.9% |
| JPY | 0.0% | 0.0% | 0.0% |
| CHF | 0.0% | 0.0% | 0.0% |
| Kangaroo AUD | 5.7% | 5.5% | 2.7% |
| Other AUD | 0.5% | 0.2% | 0.0% |
| Kauri NZD | 0,2% | 0.0% | 0.0% |
| Other NZD | 0.2% | 0.0% | 0.0% |
| Maple CAD | 0.0% | 0.0% | 0.0% |
| Other CAD | 0.0% | 0.0% | 0.0% |
| HKD | 0.0% | 0.0% | 0.0% |
| Nordic fx | 0.4% | 1.1% | 0.3% |
| Emerging fx | 0.0% | 0.0% | 0.0% |
| Other | 0.0% | 0.3% | 0.0% |
| Number of currencies | 6 | 7 | 5 |
| Plain Vanilla | 98.8% | 92.9% | 97.6% |
| Structured | 1.2% | 3.7% | 2.4% |
| Public | 99.7% | 97.8% | 99.1% |
| Private | 0.3% | 2.2% | 0.9% |
| New issues | 71.4% | 76.4% | 77.9% |
| Taps | 28.6% | 23.6% | 22.1% |
| Benchmarks | 77.8% | 71.1% | 87.3% |
| Other | 22.2% | 28.9% | 12.7% |

Each year, BNG Bank issues a number of benchmark loans so that BNG Bank yield curves in Euros and U.S. dollars that continue to be available to institutional investors. In 2019, BNG Bank issued six benchmark loans in Euros and U.S. dollars with amounts ranging from 600 million to 3.0 billion. In 2018, BNG Bank issued eight benchmark loans in Euros and U.S. dollars with amounts ranging from 500 million to 2.50 billion. In 2017, BNG Bank issued 23 benchmark loans in Euros and U.S. dollars with amounts ranging from 50 million to 2.25 billion.

The Euro equivalent of the total amount of issued benchmark loans (including taps of benchmark loans) in 2019 was €13.6 billion (€12.9 billion in 2018 and €14.8 billion in 2017). The share of bonds denominated in U.S. dollars increased in 2019 to 42.5% (35.5% in 2018 and 53.9% in 2017) due to the availability of funds in the United States. The share of Euro-denominated issues decreased to 46.8% in 2019 (51.3% in 2018 and 36.2% in 2017).

The following table presents BNG Bank's long-term funding by currency of issuance as at 31 December for each of the last three years.

| | **As at 31 December** | | |
|---|---|---|---|
| **2019** | **2018** | **2017** |

| | | (€ billions) | |
|---|---|---|---|
| Euros | 57.5 | 55.1 | 48.3 |
| U.S. dollars | 27.0 | 26.2 | 29.6 |
| British pounds | 4.1 | 5.4 | 6.1 |
| Australian and New Zealand dollars | 5.3 | 4.4 | 4.2 |
| Swiss francs | 2.3 | 2.7 | 3.4 |
| Japanese yen | 1.2 | 1.3 | 1.4 |
| Other | 1.3 | 2.0 | 2.3 |
| **Total (in Euros)** | **98.7** | **97.1** | **95.3** |

BNG Bank also obtained funding through borrowings from banks and funds entrusted. In 2019, borrowings from banks decreased by €450 million to €1.9 billion principally as a result of a decrease in deposits, and in 2018 borrowings from banks increased by €304 million to €2.4 billion principally as a result of an increase in private loans. In 2019, the funds entrusted item decreased by €225 million to €5,575 million, principally as a result of decrease in long term deposits. In addition, during 2018, the funds entrusted item increased by €379 million to €5,800 million, principally as a result of increased demand for depositing with BNG Bank.

***Analysis of financial liabilities according to remaining contractual terms to maturity***

The amounts shown in the table below represent all BNG Bank's non-discounted future cash flows of financial liabilities as at 31 December 2019.

| | Up to three months | Longer than three months but not longer than one year | Longer than one year but not longer than five years | Longer than five years | Total |
|---|---|---|---|---|---|
| Amounts due to banks | 1,337 | 68 | 96 | 443 | 1,944 |
| Cash collateral received | 1,138 | | | | 1,138 |
| Financial liabilities at fair value through the income statement | 14 | 6 | 217 | 503 | 740 |
| Derivatives | 821 | 1,619 | 6,656 | 13,683 | 22,779 |
| Debt securities | 17,172 | 13,493 | 47,114 | 44,700 | 122,479 |
| Funds entrusted | 2,764 | 267 | 1,816 | 1,023 | 5,870 |
| Subordinated debt | 1 | | 22 | 22 | 30 |
| Deferred tax liabilities | | | | | |
| Other liabilities | 53 | | | | 130 |
| **Total liabilities** | 23,300 | **15,453** | 55,921 | 60,374 | 155,048 |

***Irrevocable facilities and encumbered assets***

Irrevocable commitments include all irrevocable commitments that may lead to the granting of loans and advances. The following table sets forth BNG Bank's irrevocable facilities as at 31 December 2019and 2017.

| | As at 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | (€ millions) | |
| **Irrevocable facilities** | | |
| Outline agreements concerning the undrawn part of credit facilities | 5,230 | 5,887 |
| Contracted loans and advances to be distributed in the future ..... | 1,921 | 1,737 |
| **Total.....** | **7,151** | **7,624** |

The contracted loans and advances to be distributed in the future are granted in accordance with the contracts, as set forth in the table below.

| | As at 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | (€ millions) | |
| **Contracted loans and advances to be distributed in the future** | | |
| Up to three months | 687 | 448 |
| Longer than three months but not longer than one year | 583 | 549 |
| Longer than one year but not longer than five years | 651 | 705 |
| Over five years | 0 | 35 |
| **Total** | **1,921** | **1,737** |

A part of BNG Bank's financial assets is encumbered because these assets act as collateral for money market transactions and lending transactions. The following table shows the nominal values of collateral (extended debenture loans and subordinated loans) pledged to DNB for funds withdrawn, as well as securities pledged to other financial institutions. See for further detail "*Other Notes to the Consolidated Financial Statements – Encumbered financial assets and liabilities*" in the 2019 financial statements incorporated by reference herein.

| | As at 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | (€ millions) | |
| **Type of Collateral** | | |
| Collateral pledged to the central banks | 13,709 | 14,203 |
| Securities provided in derivatives transactions | 3,336 | 4,566 |
| Cash deposited in relation to derivatives transactions | 14,649 | 12,046 |
| **Total** | **31,694** | **30,815** |

***Solvency and Capital***

In December 2010, the Basel Committee on Banking Supervision published Basel III. Basel III is being implemented in the EU through the CRD IV Directive and the CRR and aims to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the market access to banking activities while the CRR establishes the majority of prudential requirements institutions need to respect.

The CRR entered into force on 1 January 2014, and has direct effect in the Netherlands. The CRD IV Directive was implemented in Dutch law per 1 August 2014. A number of the requirements introduced under CRD IV will be further supplemented through the Regulatory and Implementing Technical Standards (RTSs/ITSs) produced by the EBA.

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital, requires increased capital against derivative positions and introduces a capital conservation buffer, a counter-cyclical buffer, systemic risk buffer, a new liquidity framework (LCR) and net stable funding ratio (NSFR) as well as a leverage ratio. The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e. that long-term assets are covered with sufficient stable funding. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets (including specific off-balance sheet items).

In May 2019, a further package of reforms to CRD IV, the BRRD and the SRM Regulation was adopted in the form of the EU Banking Reforms, including measures to increase the resilience of EU institutions and enhance financial stability.

As described above under "*Risk Factors - BNG Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of BNG Bank's regulators could have a material adverse effect on BNG Bank's operations or profitability*", the EU Banking Reforms are wide-ranging and cover multiple areas, including a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new

category of 'non-preferred' senior debt, the implementation of the TLAC standard, the amendment of a number of aspects of the MREL framework to align it with the TLAC standard, and the transposition of the FRTB conclusions into EU legislation. As such, the EU Banking Reforms may affect BNG Bank (including with regard to the MREL it is required to maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in). The EU Banking Reforms have entered into force on 27 June 2019. Most of the new rules in respect of CRD IV will apply from 28 June 2021 and those in respect of the BRRD and SRM Regulation will apply by the end of 2020, subject in certain cases to transposition in the Member States. As such, the EU Banking Reforms may affect BNG Bank (including with regard to the MREL it must maintain in the future) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in, which risk is however not expected to become higher), all as described in more detail under "Bank Recovery and Resolution Directive and Bail-in Tool" above).

As part of the EU Banking Reforms, the BRRD Amendment Directive was published. The BRRD Amendment Directive changes the insolvency hierarchy and introduces a new statutory category of unsecured "non-preferred" senior debt for banks. This category ranks just below the ordinary senior debt and other senior liabilities for the purposes of resolution, but still ranks as part of the senior unsecured debt category (only as a "non-preferred" senior debt). The BRRD Amendment Directive does not affect the existing stock of bank debt and only applies to debt when designated as such by the issuing bank. A bill implementing the BRRD Amendment Directive in the Netherlands came into force in December 2018, introducing the senior non-preferred asset class to the insolvency hierarchy applicable to credit institutions in Article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*).

It should be noted that the adopted proposals not yet introduce the FRTB into European law (in view of inter alia the announcement by the Basel Committee of a delay of the implementation deadline of the FRTB standard to 1 January 2022) as initially proposed by the European Commission as this would oblige institutions to meet requirements subject to change in the short term. Instead, the co-legislators have adopted a reporting requirement, which will apply once elements reviewed at international level are introduced via a number of level 2 measures. Another deviation in the adopted text from the proposals by the European Commission in respect of the EU Banking Reforms relates to the fact that the co-legislators agreed to retain a single moratorium power (as opposed to two different tools for supervisors and resolution authorities as initially proposed by the Commission and the European Parliament), which should be triggered after the bank is determined to be "failing or likely to fail" by the relevant competent authority. The power to impose a moratorium includes covered deposits and could be imposed for a maximum duration of two days, in line with the ISDA (International Swaps and Derivatives Association) agreements.

The solvency ratios presented in the table below are based on the fully phased-in CRD IV/CRR principles that apply during 2019, which means that the revaluation reserve has been included in full in the calculation of the ratios. The minimum requirements set forth in the table below represent the situation to be achieved under CRD IV/CRR principles as of 2019.

| | As at 31 December | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | Minimum requirement | Present | Minimum requirement | Present |
| Regulatory capital (€ millions) | 1,697 | 4,692 | 1,506 | 4,614 |
| Total capital ratio (%) | 13.83% | 38.2% | 12.45% | 38.1% |
| CET 1 capital (€ millions) | 1,258 | 3,959 | 1,083 | 3,881 |
| CET 1 ratio (%) | 10.25% | 32.3% | 8.95% | 32.1 |
| Risk-weighted assets (€ millions) | N/A | 12,271 | N/A | 12,096 |
| Leverage ratio (%)[1] | N/A | 3.6% | N/A | 3.8% |

***Liquidity***

The LCR and the NSFR were introduced under the CRD IV regulations. The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. The NSFR requires

that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities over a one-year period, i.e. that long-term assets are covered with sufficient stable funding. This ratio is calculated by dividing available stable funding by required stable funding. Both the LCR and the NSFR should be at least 100%. As discussed above, a binding detailed NSFR will be introduced part of the EU Banking Reforms.

BNG Bank makes relatively little use of deposits and much use of the capital markets. Deposits have a more even expected redemption pattern than issues on the capital markets. The LCR may fluctuate when issues are placed or redeemed. Since such developments are easier to predict, however, pre-emptive steps can be taken. In addition, the movements in the market value of the derivatives used to hedge the interest rate risk and foreign exchange risks cause the level of the LCR to fluctuate via the collateral obligations securing these derivatives. The LCR is calculated a year in advance each month using an LCR projection model. In this way, BNG Bank can identify potential deficits in advance. The LCR at 31 December 2019 amounted to 158% (2018: 175%) and, as such, met the minimum standard. Given that the NSFR has a longer horizon, its results are more stable in nature than those of the LCR. The NSFR at 31 December 2019 amounted to 126% (2018: 133%) and, as such, was also well above the 100% limit.

BNG Bank has a liquidity portfolio, which enables it to create additional liquidity in a relatively short period under stressful circumstances, as a result of prudential liquidity policy and the obligation to fulfil the new regulatory requirements.

At 31 December 2019, the LCR value of the liquidity portfolio amounted to €14.9 billion (2018: €15 billion). The decrease of €0.1 billion in 2019 was largely attributable to the decrease of investments in government and supranational institutions.

***Hedging risks with derivatives***

BNG Bank applies economic hedging in order to mitigate foreign exchange risks due to the variability of foreign currency cash flows caused by the fluctuations of the exchange rates, and keep interest rate risks at the desired level. It has put in place a system of limits and procedures that are strictly adhered to and monitored on a daily basis. Foreign exchange and interest rate risks are principally hedged with derivatives. The treatment of derivatives and hedged items in the balance sheet and income statement is such that they are aligned as much as possible with the actual economic hedging. For accounting purposes, BNG Bank processes this hedging relationship under IFRS through micro and portfolio fair value hedging, as well as cash flow hedging. The paragraph on accounting principles in the 2019 financial statements incorporated by reference herein describes the conditions that need to be met before these forms of hedge accounting can be applied.

Although BNG Bank uses derivatives for economic hedging purposes as permitted by IFRS, it is not always possible to include these in a hedge accounting relationship. For the derivatives that are not involved in a hedge accounting relationship, in almost all cases there is an economic hedged item, which is also recognised as a derivative so that, on a net basis, the volatility of the result arising from derivatives is limited.

The derivatives are included in the balance sheet. Derivatives are always recognised in the balance sheet at fair value. Derivatives contracts with a positive fair value are stated as assets on the balance sheet while derivatives with a negative value are stated as liabilities.

BNG Bank applies cash flow hedge accounting to virtually all long-term funding transactions and some assets in the financial assets at fair value through other comprehensive income portfolio in foreign currencies in order to protect its result against possible variability in future cash flows due to exchange rate fluctuations, in particular due to fluctuations in cross-currency basis spreads. Under IFRS, BNG Bank is obligated to recognise the change in the instrument's fair value in its accounts and the effects of this accounting mismatch must be recognised in the income statement as value adjustments to derivatives. With the use of cash flow hedge accounting, the effective part of the cash flow hedge, arising from changes in the cross currency basis spread, is recognised in a cash flow hedge reserve in equity. The interest results of both the hedging instrument and the hedged item are accounted for in the income statement in the same period. At year-end 2019, BNG Bank recognised €13 million positive (2018: €10 million positive) as effective value adjustment of hedging instruments in equity by virtue of cash flow hedging.

See also *Other Notes to the Consolidated Financial Statements – Hedging of risks with derivatives* to the 2019 financial statements.

**Off Balance Sheet Arrangements and Contingent Liabilities**

***Off balance sheet arrangements***

Other than the irrevocable commitments set forth under "*Liquidity and Capital Resources – Irrevocable facilities and encumbered assets*", BNG Bank has no off balance sheet arrangements, as determined for purposes of IFRS-EU.

***Contingent liabilities***

This includes all commitments arising from transactions for which BNG Bank has issued guarantees on behalf of a third party. To a limited extent, these guarantees are covered by a counter-guarantee from public authorities. This mainly relates to letters of credit with a remaining contractual term of more than five years, which BNG Bank has issued on behalf of clients in the utility sector. BNG Bank records contingent liabilities at the underlying principal amount that would need to be paid in the event of the borrower defaulting. BNG Bank's contingent liabilities as at 31 December 2019 were €60 million (2018: €32 million; 2017: €78 million).

**Critical Accounting Policies and Estimates**

The preparation of BNG Bank's consolidated financial statements requires BNG Bank to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are described in the principle accounting policies that can be found in the Notes to the 2019 financial statements included in BNG Bank's 2019 annual report which is incorporated by reference in this Base Prospectus.

**Consolidated Financial Information**

| CONSOLIDATED BALANCE SHEET (€ millions) | As of 31 December[1] | | | |
|---|---|---|---|---|
| | **2019** | **2018** | **01/01/2018** | **2017** |
| | **(IFRS 9)** | **(IFRS 9)** | **(IFRS 9)** | **(IAS 39)** |
| | | | **(€ millions)** | |
| **Assets** | | | | |
| Cash and balances held with the central banks | 1,272 | 1,587 | 2,996 | 2,996 |
| Amounts due from banks | 66 | 82 | 12 | 105 |
| Cash collateral posted[2] | 14,643 | 12,043 | 13,892 | 13,892 |
| Financial assets at fair value through the income statement | 1,764 | 1,606 | 1,628 | 2,006 |
| Derivatives | 10,004 | 8,390 | 8,978 | 8,982 |
| Financial asset at fair value through other comprehensive income | 9,222 | 9,648 | 10,794 | - |
| Financial assets available-for-sale | - | - | - | 14,110 |
| Interest-bearing securities at amortised cost | 7,764 | 7,406 | 5,134 | - |
| Loans and advances | 88,279 | 85,034 | 84,640 | 86,008 |
| Value adjustments on loans in portfolio hedge accounting | 16,462 | 11,566 | 11,685 | 11,813 |
| Associates and joint ventures | 35 | 44 | 47 | 47 |
| Property & equipment | 18 | 17 | 17 | 17 |
| Current tax assets | 30 | 7 | - | - |
| Other assets | 130 | 79 | 19 | 19 |
| Assets classified as held-for-sale | - | - | 30 | 30 |
| **Total assets** | **149,689** | **137,509** | **139,872** | **140,025** |
| | | | | |
| **Liabilities** | | | | |
| Amounts due to banks | 1,933 | 2,383 | 2,079 | 2,079 |
| Cash collateral received[2] | 1,137 | 419 | 369 | 369 |
| Financial liabilities at fair value through the income statement | 674 | 762 | 944 | 944 |
| Derivatives | 22,651 | 19,223 | 21,870 | 21,870 |
| Debt securities | 112,661 | 103,722 | 104,323 | 104,127 |
| Funds entrusted | 5,575 | 5,800 | 5,421 | 5,417 |
| Subordinated debts | 33 | 32 | 31 | 31 |
| Current tax liabilities | - | - | 18 | 17 |
| Deferred tax liabilities | 78 | 99 | 83 | 173 |
| Other liabilities | 60 | 78 | 47 | 45 |
| **Total liabilities** | **144,802** | **132,518** | **135,185** | **135,072** |
| Equity | 4,887 | 4,991 | 4,687 | 4,953 |
| **Total liabilities and equity** | **149,689** | **137,509** | **139,872** | **140,025** |

1. The amounts for the period ended 31 December 2018 and 1 January 2018 have been prepared in accordance with IFRS 9, the adoption of which led to new presentation requirements; prior period amounts have not been restated.
2. In the 2018 financial statements, there are separate balance sheet items for Cash collateral posted (assets) and Cash collateral received (liabilities). In the 2017 financial statements, Cash collateral posted was recorded in the item Amounts due from banks whereas Cash collateral received was recorded in the items Amounts due to banks and Funds entrusted.

| CONSOLIDATED INCOME STATEMENT | Year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | **(€ millions)** | |
| - Calculated using the effective interest method[1] | 4,889 | 5,154 | 5,406 |
| - Other interest revenue | 634 | 566 | 499 |
| Total interest revenue | 5,523 | 5,720 | 5,905 |
| - Interest expenses calculated using the effective interest method | 4,994 | 5,179 | 5,317 |
| - Other interest expenses | 94 | 107 | 153 |
| Total interest expenses | 5,088 | 5,286 | 5,470 |
| Interest result | 435 | 434 | 435 |
| - Commission income | 32 | 30 | 26 |
| - Commission expenses | 2 | 2 | 3 |
| Commission result | 30 | 28 | 23 |
| Result on financial transactions | 37 | 112 | 181 |
| Results from associates and joint ventures | 3 | 4 | 2 |
| Result from sale of assets held for sale | - | 0 | - |
| Other results | 1 | 2 | 2 |
| **Total income** | **506** | **580** | **643** |
| Staff costs | 41 | 40 | 44 |
| Other administrative expenses | 37 | 33 | 26 |
| Depreciations | 3 | 3 | 2 |
| **Total operating expenses** | **81** | **76** | **72** |
| - Net impairment losses on financial assets | 153 | (2) | (7) |
| - Net impairment losses on associates and joint ventures | 7 | 4 | (3) |
| Contribution to resolution fund | 8 | 12 | 9 |
| Bank levy | 30 | 31 | 36 |
| **Total other expenses** | **198** | **45** | **35** |
| **Profit before tax** | **227** | **459** | **536** |
| Income tax expense | 64 | 122 | 143 |
| **Net Profit** | **163** | **337** | **393** |
| – of which attributable to holders of hybrid capital | 21 | 19 | 18 |
| – of which attributable to shareholders | 142 | 318 | 375 |

1. In 2018, interest revenue and the interest expenses are divided into separate line items on the face of the income statement, i.e. Interest revenue (or expenses) using the effective interest method and Other interest revenue (or expenses). The comparative figures for the 2017 interest result have been changed to align with the new presentation requirements. The 2016 figures have not been restated a this did not affect the overall Total interest revenue.

## CONSOLIDATED CASH FLOW STATEMENT

| | Year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | (€ millions) | |
| **Cash flow from operating activities** | | | |
| Profit before tax | 227 | 459 | 536 |
| Adjusted for: | | | |
| Depreciation | 3 | 3 | 2 |
| Impairments | 160 | 2 | (10) |
| Unrealised results through the income statement | (20) | (78) | (129) |
| Changes in operating assets and liabilities: | | | |
| Changes in amounts due from and due to banks (not due on demand) | (532) | 3 | 521 |
| Changes in Cash collateral posted and received | (1,854) | 1,908 | (3,736) |
| Changes in repos and reverse repos | - | (1) | - |
| Changes in loans and advances | (3,432) | (181) | 1,191 |
| Changes in funds entrusted | (272) | 283 | (1,748) |
| Changes in derivatives | 626 | 1,323 | (843) |
| Corporate income tax paid | (86) | (140) | (157) |
| Other changes from operating activities | (232) | (326) | (216) |
| **Total cash flow from operating activities** | **(5,412)** | **3,255** | **(4,589)** |
| **Cash flow from investing activities** | | | |
| Investments and acquisitions pertaining to: | | | |
| Financial assets at fair value through the income statement | (3) | - | - |
| Financial assets available-for-sale | - | - | (3,560) |
| Financial assets at fair value through other comprehensive income | (1,776) | (162) | - |
| Interest-bearing securities at amortised cost | (1,824) | (2,796) | - |
| Investments in associates and joint ventures | (1) | - | (2) |
| Property and equipment | (3) | (3) | (3) |
| Disposals and redemptions pertaining to: | | | |
| Financial assets at fair value through the income statement | 45 | 23 | 287 |
| Financial assets available-for-sale | - | - | 4,980 |
| Financial assets at fair value through other comprehensive income | 2,267 | 1,085 | - |
| Interest-bearing securities at amortised cost | 1,516 | 503 | - |
| Assets held for sale | - | 29 | 0 |
| Investments in associates and joint ventures | 3 | 1 | 0 |
| **Total cash flow from investing activities** | **224** | **(1,320)** | **1,702** |
| **Cash flow from financing activities** | | | |
| Amounts received on account of: | | | |
| Financial liabilities at fair value through the income statement | 12 | - | 11 |
| Debt securities | 401,879 | 313,242 | 222,828 |
| Amounts paid on account of: | | | |
| Financial liabilities at fair value through the income statement | (143) | (185) | (183) |
| Debt securities | (396,691) | (316,234) | (223,076) |
| Subordinated debts | 0 | 0 | (1) |
| Dividend attributable to holders of hybrid capital | (25) | (25) | (23) |
| Dividend attributable to shareholders | (159) | (141) | (91) |
| **Total cash flow from financing activities** | **4,873** | **(3,343)** | **(535)** |

| CONSOLIDATED CASH FLOW STATEMENT | Year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Net change in cash and cash equivalents** | **(315)** | **(1,408)** | (3,422) |
| Cash and cash equivalents as at 1 January | 1,591 | 2,999 | 6,421 |
| **Cash and cash equivalents as at 31 December** | **1,276** | **1,591** | **2,999** |
| Cash and cash equivalents as at 31 December: | | | |
| Cash and balances with the central banks | 1,272 | 1,587 | 2,996 |
| Cash equivalents in the Amount due from banks item | 4 | 4 | 3 |
| Cash equivalents in the Amount due to banks item | 0 | 0 | 0 |
| | **1,276** | **1,591** | **2,999** |

# TAXATION

## General

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

### *Scope of Discussion*

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 or to different interpretation, 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 advisors regarding the tax consequences relating to the acquisition, holding and disposal of the Notes in light of their particular circumstances.

### *Withholding tax*

All payments of principal and/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, unless the Notes qualify as equity of the Issuer for Netherlands tax purposes.

### *Taxes on income and capital gains*

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

i. holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to

acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

ii. 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

iii. holders of Notes which are, as of 1 January 2021, affiliated (*gelieerd*) entities to the Issuer within the meaning of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

*Residents of the Netherlands - Netherlands Resident Entities*

Generally speaking, if the holder of the Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes ("**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 19% with respect to taxable profits up to €200,000 and 25% with respect to profits in excess of that amount (rates and brackets for 2020).

*Residents of the Netherlands - Netherlands Resident Individuals*

If a holder of the Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes ("**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 income tax rates (with a maximum of 49.5% in 2020), if:

i. the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur (*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 the 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, variable return (with a maximum of 5.60% in 2019) of his/her net investment assets for the year (*rendementsgrondslag*) at an income tax rate of 30%. 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. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands income tax.

For the net investment assets on 1 January 2020, the deemed return ranges from 1.79% up to 5.28% (depending on the aggregate amount of the net investment assets on 1 January 2020). The deemed, variable return will be adjusted annually on the basis of historic market yields.

*Non-residents of the Netherlands*

A holder of the Notes 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 is neither a Netherlands Resident Entity nor a Netherlands Resident Individual;

ii. 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

iii. 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 activities 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 his/her death.

*Non-residents of the Netherlands*

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

***Value added tax (VAT)***

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

**United States Federal Income Taxation**

The following is a discussion of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Registered Notes by U.S. Holders as described below. This disclosure does not address Bearer Notes, which generally may not be offered or sold in the United States or to U.S. persons. Unless an exemption applies, a U.S. Holder of a Bearer Note or Coupon generally will be subject to adverse U.S. federal income tax consequences. This discussion applies only to the U.S. Holders described below who purchase (i) Notes in their initial offering at the "issue price," which generally will equal the first price to the public (not including bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money, (ii) Additional Notes (as defined below) in their initial offering, and who hold the Notes or Additional Notes as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances, including the possible application of the income accrual rules set forth in section 451 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or any alternative minimum tax or Medicare contribution tax consequences, nor does it describe all of the tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;

- regulated investment companies;
- insurance companies;
- real estate investment trusts;
- dealers in securities or foreign currencies;
- traders in securities that elect to use a mark-to-market method of tax accounting;
- persons holding Notes as part of a straddle or integrated transaction;
- persons whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- persons holding Notes in connection with a trade or business conducted outside the United States.

If a partnership holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding Notes and partners in a partnership holding Notes should consult their tax advisors.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this Base Prospectus may affect the tax consequences described herein, possibly with retroactive effect. Persons considering the purchase of Notes are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion applies only to Notes that are classified as indebtedness for U.S. federal income tax purposes. This discussion does not apply to every type of Note that may be issued under the Programme, including certain Dual Currency Interest Notes, Dual Currency Redemption Notes, certain Notes with maturities over 30 years, Step-Up Interest Notes, Step-Down Interest Notes and any other Notes that are subject to different U.S. federal income tax consequences than those described below. Additional or alternative U.S. federal income tax consequences of such Notes may be addressed in a supplement, new base prospectus or drawdown prospectus, as applicable.

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

*Stated Interest*

Stated interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, provided that the interest is qualified stated interest (as defined below). Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder's foreign tax credit limitation. Special rules governing the treatment of interest paid with respect to OID Notes, including certain Variable Rate Notes and Foreign Currency Notes (each as defined below), are described under *"— Original Issue Discount and Variable Rate Notes" and " — Foreign Currency Notes*" below.

Any amounts withheld with respect to interest paid on the Notes and, without duplication, any additional amounts paid with respect thereto pursuant to the terms of the Notes would be treated as ordinary interest income.

*Original Issue Discount and Variable Rate Notes*

A Note that is issued at an issue price less than its "stated redemption price at maturity" will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to in this section as an "**OID Note**") unless the Note satisfies a *de minimis* threshold (as described below) or is a Short-Term Note (as defined below). The "stated redemption price at maturity" of a Note will equal the sum of all payments required under the Note other than payments of "qualified stated interest". "Qualified stated interest" is stated interest unconditionally payable in cash or property (other than in debt instruments of the Issuer) at least annually at a single fixed rate or, subject to certain conditions, based on one or more floating rates or indices of certain types.

All stated interest on a Note that is a Variable Rate Debt Instrument (as defined below) will constitute qualified stated interest if it provides for stated interest at either a "single qualified floating rate" or a "single objective rate" (as described below) throughout the term of the Note that is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually. Therefore, a Note that is a Variable Rate Debt Instrument that provides (or is treated as providing, as described below) for interest at a single qualified floating rate or a single objective rate will not be treated as having been issued with original issue discount unless it is issued at a "true" discount (*i.e.*, at a price below the Note's stated principal amount in excess of a specified *de minimis* amount). In general, a "**Variable Rate Debt Instrument**" is a Note that provides for one or more qualified floating rates of interest, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate, as such terms are defined in applicable Treasury regulations, provided that the issue price of the Note does not exceed the total noncontingent principal payments due under the Note by more than an amount equal to the lesser of (x) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date or (y) 15% of the total noncontingent principal payments.

In general, a "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note that is a Variable Rate Debt Instrument is denominated. An interest rate that is based on the product of a qualified floating rate and a fixed multiple, or that subjects a qualified floating rate to a cap, floor, governor or similar restriction, may also be treated as a qualified floating rate if certain conditions are satisfied. An "objective rate" is generally a rate that is determined using a single fixed formula and that is based on objective financial or economic information. A rate is not objective for these purposes if it is based on information within the control of the Issuer or that is unique to the Issuer's circumstances (other than a rate based on the Issuer's credit quality). A "qualified inverse floating rate" is an objective rate that is equal to a fixed rate minus a qualified floating rate if variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding for those purposes any cap, floor, governor or similar restriction). If a Note that is a Variable Rate Debt Instrument provides for two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. If interest on a debt instrument is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. Two or more qualified floating rates or a fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding two sentences if the values of the applicable rates on the issue date are within 1/4 of one percentage point of each other. If a Note that is a Variable Rate Debt Instrument provides for a single variable interest rate and is issued at a discount in an amount equal to or in excess of the specified *de minimis* amount described below, such discount must be allocated to a U.S. Holder's accrual periods using the constant-yield method described below by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., 1/4 of one percent of the stated redemption price at maturity, generally multiplied by the number of complete years to maturity, then the Note will not be considered to have original issue discount.

A U.S. Holder of OID Notes will be required to include any qualified stated interest payments in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, as described under *"—Stated Interest*". U.S. Holders of OID Notes will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest. Under this method, U.S. Holders of OID Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Under applicable Treasury regulations, if the Issuer or the holder has an unconditional option to redeem a Note prior to its stated maturity, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, in the case of the Issuer's option, the yield on the Note would be lower than its yield to stated maturity or, in the case of the holder's option, the yield on the Note would be higher than its yield to stated maturity. If this option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. A Note's adjusted issue price is generally its issue price (as defined above), increased by the amount of any original issue discount previously includible in gross income and decreased by the amount of any payment previously made on the Note other than payment of qualified stated interest.

A U.S. Holder may make an election to include in gross income all interest that accrues on any Note (including stated interest, original issue discount, *de minimis* original issue discount and in the case of Additional Notes market discount and *de minimis* market discount, as adjusted by any amortisable bond premium) in accordance with a constant-yield method based on the compounding of interest (a "constant-yield election").

A Note that matures one year or less from its date of issuance, taking into account the last possible date on which the Note could be outstanding in accordance with its terms (a "**Short-Term Note**") will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. In general, a cash-method U.S. Holder of a Short-Term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so (but should include in income any stated interest upon receipt). U.S. Holders who so elect and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant-yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange or retirement of the Short-Term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant-yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, such U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry Short-Term Notes in an amount not exceeding the accrued discount that has not been included in income.

*Additional Notes*

Under the terms of the Notes, if the Issuer issues additional Notes with the same CUSIP, ISIN, Common Code or other identifying number of outstanding Notes ("**Additional Notes**"), the Additional Notes and outstanding Notes must be fungible for U.S. federal income tax purposes. U.S. Holders that purchase Additional Notes from the Issuer upon their issuance may exclude from income the portion of the interest paid on the first interest date on Additional Notes that relates to the period from the preceding interest payment date on the outstanding Notes to the issue date of the additional Notes ("prior accrued interest"). Prior accrued interest not included in income will not form part of any amortisable bond premium (as described below under "*—Amortisable Bond Premium*"). A U.S. Holder's tax basis in an Additional Note will generally equal the cost of such Note to the U.S. Holder, reduced by any prior accrued interest excluded from income.

*Market Discount*

If a U.S. Holder purchases Additional Notes for an amount that is less than their principal amount (or less than the adjusted issue price in the case of OID Notes), excluding any amount attributable to accrued and unpaid interest, the amount of the difference will generally be treated as market discount for U.S. federal income tax purposes, unless this difference satisfies a prescribed *de minimis* test.

If a U.S. Holder purchased an Additional Note at a market discount, the U.S. Holder generally will be required to treat any payment on the Additional Note that is not qualified stated interest, or any gain on the sale or other disposition of an Additional Note, as ordinary income to the extent of the market discount accrued on the Additional Note at the time of the payment or disposition unless the U.S. Holder previously included this market discount in income. In addition, the U.S. Holder may be required to defer, until the maturity of the Additional Note or its earlier disposition, the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry the Additional Note.

*Contingent Debt Obligations*

Special rules govern the tax treatment of debt obligations that are treated under applicable Treasury regulations as providing for contingent payments ("**Contingent Debt Obligations**"). These rules generally require accrual of interest income on a constant-yield basis at an assumed yield determined at the time of issuance of the obligation. Adjustments will be required to these accruals when any contingent payments are made that differ from the projected amounts. Any gain on the sale, exchange or retirement of a Contingent Debt Obligation will be ordinary income. The U.S. federal income tax treatment of any Notes that are treated as Contingent Debt Obligations will be more fully described in a supplement, new base prospectus or drawdown prospectus, as applicable.

*Amortisable Bond Premium*

If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortisable bond premium equal to this excess. The U.S. Holder may elect to amortise this premium, using a constant-yield method, over the remaining term of the Note. Special rules may limit the amount of bond premium that can be amortised during certain accrual periods in the case of Notes that are subject to optional redemption. A U.S. Holder may generally use the amortisable bond premium allocable to an accrual period to offset qualified stated interest required to be included in the U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder who elects to amortise bond premium must reduce the U.S. Holder's tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations held by the U.S. Holder on or after the first day of the taxable year in which the election is made and may be revoked only with the permission of the Internal Revenue Service (the "**IRS**").

If a U.S. Holder makes a constant-yield election (as described under "*—Original Issue Discount and Variable Rate Notes*" above) for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder's debt instruments with amortisable bond premium and may be revoked only with the permission of the IRS with respect to debt instruments held or acquired after the election.

*Sale, Exchange or Retirement of the Notes*

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. Gain or loss, if any, will generally be U.S. source for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued qualified stated interest, which will be taxed as interest as described under "*—Stated Interest*" above to the extent not previously included in income. A U.S. Holder's adjusted tax basis in a Note generally (and in the case of Additional Notes, any market discount) previously will equal such U.S. Holder's initial investment in the Note, increased by any original issue discount included in income, and decreased by any bond premium previously amortised and principal payments or payments other than qualified stated interest previously received, and in the case of Additional Notes further

decreased by any prior accrued interest excluded from income as described in "*—Prior Accrued Interest on Additional Notes*" above.

Except as described below, gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. Exceptions to this general rule apply in the case of a Short-Term Note to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See "*—Original Issue Discount and Variable Rate Notes*" above. In addition, other exceptions to this general rule apply in the case of certain Foreign Currency Notes, Contingent Debt Obligations and Additional Notes to the extent of any accrued market discount not previously included in income. See "—Foreign Currency Notes" below and "*—Contingent Debt Obligations" and "—Additional Notes*" above.

*Benchmark Event*

Certain Notes are issued with an interest rate that references a benchmark rate such as LIBOR. As discussed in more detail above, on the occurrence of a Benchmark Event or Benchmark Transition Event (as the case may be) the Issuer may determine a Replacement Reference Rate or a Benchmark Replacement (as the case may be) for such Notes. The U.S. federal income tax consequences of such an event are unclear. In general, if a Note is "substantially modified," then, for U.S. federal income tax purposes, the Note is treated as retired and exchanged for a newly issued note with the modified terms. A U.S. Holder of such a Note may recognize capital gain or loss on such an exchange and the "new" notes may be treated as issued with, or with different amounts of OID.

In December 2019, the Treasury Department issued Proposed Treasury Regulations, which if adopted in final form, would provide that the alternation of a debt instrument to substitute a different interest rate in place of an interbank offered rate (such as LIBOR) would not be treated as a modification of the debt instrument for U.S. federal income tax purposes, provided certain requirements are satisfied.

U.S. Holders are encouraged to consult their tax advisers regarding the application of these rules to any Notes that may be subject to a Benchmark Event or a Benchmark Transition Event.

*Foreign Currency Notes*

The rules applicable to Notes denominated in (or the payments on which are determined by reference to) a single currency other than U.S. dollars (referred to in this section as "**Foreign Currency Notes**") could require some or all of the gain or loss on the sale, exchange or retirement of a Foreign Currency Note to be recharacterised as ordinary income or loss. The rules applicable to Foreign Currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections depends on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Foreign Currency Notes.

A U.S. Holder who uses the cash method of tax accounting and who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or retirement attributable to accrued qualified stated interest) in a foreign currency with respect to a Foreign Currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted into U.S. dollars at that time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency received.

An accrual-method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, reduced by amortisable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, an accrual-method U.S. Holder may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within

five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. The U.S. Holder may recognise ordinary income or loss (which will not be treated as interest income or expense, and will be treated as U.S. source income or loss) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or retirement attributable to accrued interest is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of cash-method U.S. Holders who are required to currently accrue original issue discount on a Foreign Currency Note.

Original issue discount, amortisable bond premium and market discount on a Foreign Currency Note are to be determined in the relevant foreign currency.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Gain or loss attributable to fluctuations in currency exchange rates will be realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as it would have been treated on the sale, exchange or retirement of the Foreign Currency Note. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any bond premium will be taken into account in determining the overall gain or loss on the Notes and any loss realised on the sale, exchange or retirement of a Foreign Currency Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium, subject to the discussion of foreign currency loss below.

A U.S. Holder's tax basis in a Foreign Currency Note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis (including adjustments for original issue discount included as income and any bond premium previously amortised or principal payments received), will be the U.S. dollar value of the foreign currency amount paid for such Foreign Currency Note, as discussed below, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. The amount realised on a sale, exchange or retirement of a Foreign Currency Note will generally be the U.S. dollar value of the foreign currency received (except to the extent attributable to accrued interest), determined on the date of the sale, exchange or retirement. However, if a Foreign Currency Note is traded on an "established securities market" and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the U.S. dollar value of the foreign currency amount paid for such Note and the amount realised on the disposition of such Note will be determined based on the spot rate on the settlement date of the purchase or disposition. An accrual-method U.S. Holder making the election described in the preceding sentence must apply such election consistently to all debt instruments denominated in foreign currency which are traded on "established securities market" and cannot change it without the consent of the IRS.

Gain or loss realised upon the sale, exchange or retirement of a Foreign Currency Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined generally on the date the payment is received or the Note is disposed of; and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes described above. The foreign currency gain or loss with respect to the sale or other taxable disposition (including with respect to payments attributable to accrued interest received on the sale or other taxable disposition) will be recognised only to the extent of the total gain or loss realised by a U.S. Holder on the sale, exchange or retirement of the Foreign Currency Note. The foreign currency gain or loss for U.S. Holders will be U.S. source. Any gain or loss realised by a U.S. Holder in excess of the foreign currency gain or loss will be capital gain or loss (except in the case of a Short-Term Note, to the extent of any discount not previously included in the U.S. Holder's income).

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Foreign Currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement (or if the Note is traded on an "established securities market", on the settlement date of the sale, exchange or retirement if the U.S. Holder is a cash basis taxpayer or an electing accrual-

method taxpayer). Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase Foreign Currency Notes) will be ordinary income or loss.

A U.S. Holder may be required to file a reportable transaction disclosure statement with the U.S. Holder's U.S. federal income tax return, if such U.S. Holder realises a loss on the sale, exchange or retirement of a Foreign Currency Note and such loss is greater than applicable threshold amounts, which differ depending on the status of the U.S. Holder. A U.S. Holder that claims a deduction with respect to a Foreign Currency Note should consult its own tax adviser regarding the need to file a reportable transaction disclosure statement.

*Backup Withholding and Information Reporting*

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (and certain specified U.S. entities closely-held by individuals) may be required to report to the IRS certain information relating to Notes or to accounts maintained with financial institutions through which the Notes may be held. U.S. Holders who fail to report the required information could be subject to substantial penalties.

**Taxation in Luxembourg**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

***Withholding tax***

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain Luxembourg resident individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain Luxembourg resident individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

*Luxembourg residents*

In accordance with the law of 23 December 2005 (the "**Relibi Law**"), as amended, on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 20 per cent. withholding tax. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Pursuant to the Relibi Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 20 per cent levy on interest payments made by paying agents located in an EU Member State or in a State of the EEA other than Luxembourg. If such an option is exercised by an individual tax resident Noteholder for a year, that option is irrevocable for that individual for that year and

makes him/her responsible for applying and paying the 20 per cent levy in respect of interest they receive on Notes.

**FATCA Withholding**

Pursuant to FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. BNG Bank is a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Instruments, under proposed U.S. Treasury Regulations, such withholding would generally not apply to payments made before the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and instruments characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders are urged to consult their own tax advisers and any banks or brokers through which they will hold Notes as to the consequences (if any) of these rules to them. In the event any withholding would be required pursuant to FATCA or an IGA between a non-U.S. jurisdiction and the United States with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

**Proposed EU Financial Transaction Tax**

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain transactions relating to the Notes (including secondary market transactions) in certain circumstances. Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or deemed to be, 'established' in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State, or (b) where the financial instrument which is the subject of the transaction is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Given the lack of certainty surrounding the proposals and their implementation, it is not possible to predict what effect the proposed FTT might have on the business of the Issuer; it could materially adversely affect its business. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## BENEFIT PLAN INVESTOR CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the Code, impose certain requirements on (a) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (b) individual retirement accounts, "Keogh" plans or other "plans" (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, (c) persons or entities whose underlying assets include, or are deemed to include "plan assets" by reason of any such employee benefit plan's or plan's investment therein under the U.S. Department of Labor (the "**DOL**") regulation at 29 C.F.R. § 2510.3-101, as modified in application by Section 3(42) of ERISA, or otherwise for purposes of Title I of ERISA or Section 4975 of the Code (the foregoing (a)-(c), collectively, "**Plans**") and (d) persons who are fiduciaries with respect to Plans. In addition, plans maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens ("**Foreign Plans**"), "governmental plans" (as defined in Section 3(32) of ERISA), "church plans" (as defined in Section 3(33) of ERISA) that have made no election under Section 410(d) of the Code and non-U.S. plans (as defined in Section 4(b)(4) of ERISA) (collectively, "**Non-ERISA Arrangements**"), while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code, but may be subject to other U.S. federal state, local or non-U.S. law or regulation that contains one or more provisions that are substantially similar to ERISA or the Code ("**Similar Law**").

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, *i.e.*, "parties in interest" as defined in Section 3(14) of ERISA) or "disqualified persons" (as defined in Section 4975 of the Code) (the foregoing, collectively, "**parties in interest**"), unless exemptive relief is available under an exemption issued by the DOL. Parties in interest that engage in a non-exempt "prohibited transaction" may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. Any of the Issuer, the Arranger, any Dealer, any Stabilising Manager, the Calculation Agent or any of their current or future affiliates (each, a "**Transaction Party**"), may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the Notes (or an interest therein) should also consider whether such an investment might constitute or give rise to a non-exempt "prohibited transaction" under ERISA or Section 4975 of the Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between BNG Bank and an investing Plan which would be prohibited if BNG Bank is a party in interest with respect to the Plan unless exemptive relief were available.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the Notes (or an interest therein), should consider the relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption ("**IPAM**") (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption ("**QPAM**") (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan neither pays more nor receives less than adequate consideration in connection with the transaction (the so-called "**service provider exemption**"). BNG Bank, the Dealers and their current and future affiliates make no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Each purchaser or holder of a Note (or an interest therein), and each fiduciary who causes any entity to purchase or hold a Note (or an interest therein), shall be deemed to have represented and warranted, on each day such purchaser or holder holds such a Note (or an interest therein), that either (i) it is not a Plan or a Non-ERISA Arrangement and it is not purchasing or holding the Note (or an interest therein) on behalf of or with the assets of any Plan or Non-ERISA Arrangement; or (ii) its acquisition, holding and subsequent disposition of such a Note (or an interest therein) shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law.

Each purchaser or holder of any Note (or interest therein) that is a Plan will be deemed to represent, warrant and agree that (i) none of the Transaction Parties or any of their affiliates has provided any investment

recommendation or investment advice to the Plan, or any fiduciary or other person investing on behalf of the Plan (a "**Plan Fiduciary**"), on which either the Plan or the Plan Fiduciary has relied in connection with the decision to acquire such Note, and that the Transaction Parties and their affiliates are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of such Note, and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

Fiduciaries of any Plan and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes (or an interest therein). Each purchaser and holder of the Notes (or an interest therein) will have exclusive responsibility for ensuring that its purchase, holding and subsequent deposition of the Notes (or an interest therein) does not violate the fiduciary responsibility or "prohibited transaction" rules of ERISA, the Code or any applicable Similar Law. Nothing herein shall be construed as a representation that an investment in the Notes (or an interest therein) would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement. Additionally, neither this discussion nor anything in this Base Prospectus is or is intended to be investment advice directed at any purchaser or holder that is using plan assets of a Plan or Non-ERISA Arrangement, or at such purchasers or holders generally.

# PLAN OF DISTRIBUTION

Under the Programme, Notes may be issued from time to time by the Issuer to any one or more of the Dealers. The Dealers have, in an amended and restated dealer agreement dated 7 December 1993 and most recently amended and restated on 25 May 2020 (the "**Dealer Agreement**"), agreed with the 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 Dealer Agreement, the Issuer has agreed 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.

If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several (or several, in the case of 144A Notes) and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of BNG Bank or BNG Bank's affiliates. Certain of the Dealers or their affiliates have a lending relationship with BNG Bank and routinely hedge their credit exposure to BNG Bank consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in BNG Bank's securities, including potentially the Notes of any Series. Any such short positions could adversely affect future trading prices of the Notes of such Series. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to their clients that they acquire, long and/or short positions in such securities and instruments, which may include the Notes of any Series.

## GENERAL

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

**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 Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A or in offshore transactions pursuant to 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.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Dealer Agreement provides that any other Dealer may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to qualified institutional buyers pursuant to Rule 144A.

Bearer Notes with a term of more than 365 days (taking into account any unilateral extension or rollover rights) will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code (the "**D Rules**"), unless the applicable Final Terms specify that the 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**").

In respect of Bearer Notes issued or to be issued in accordance with the D Rules, each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that:

(a) except to the extent permitted under the D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

(b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if such Dealer is a United States person, it represents that it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and, if such Dealer retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) or any successor provision for purposes of Section 4701 of the Code;

(d) with respect to each affiliate (if any) that acquires from such Dealer Bearer Notes for the purposes of offering or selling such Notes during the restricted period, such Dealer either (i) hereby represents and agrees on behalf of such affiliate (if any) to the effect set forth in sub-paragraphs (a), (b) and (c) of this paragraph or (ii) agrees that it will obtain from such affiliate (if any) for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph; and

(e) with respect to any person other than its affiliate with whom a Dealer enters into a written contract, as defined in U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(4) or any successor provision for purposes of Section 4701 of the Code, for the offer and sale of Notes during the restricted period, such Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake that it will obtain from such person for the benefit of the Issuer the representations, warranties and undertakings contained in paragraphs (a), (b), (c) and (d) above.

Terms used in the above paragraph have the meanings given to them by the Code and regulations thereunder, including the D Rules.

Notes issued pursuant to the D Rules and any receipts or coupons appertaining thereto will bear the following legend:

"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."

Where the C Rules are specified in the applicable Final Terms as being applicable in relation to any issue of Bearer Notes, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Accordingly, each Dealer has represented and agreed (and each additional Dealer appointed under the programme will be required to represent and agree) in respect of such 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 has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) in connection with the original issuance of such Bearer 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 the U.S. office of such Dealer in the offer and sale of Bearer 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, 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.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS**

Unless the Final Terms in respect of any Notes specifies the 'Prohibition of Sales to EEA and UK Retail Investors' as 'Not Applicable', each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies 'Prohibition of Sales to EEA and UK Retail Investors' as 'Not Applicable', in relation to each members state of the EEA and the United Kingdom ("**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of Notes to the public in that Relevant State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

***provided that*** no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

**SELLING RESTRICTIONS ADDRESSING ADDITIONAL SECURITIES LAWS**

**UNITED KINGDOM**

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

(a) *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 Financial Services and Markets Act 2000, as amended ("**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 any Notes in, from or otherwise involving the United Kingdom.

**THE NETHERLANDS**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (*Wet inzake Spaarbewijzen*) of 21 May 1985 (as amended). No such mediation is required in respect of (a) in respect of the transfer and acceptance

of rights representing an interest in a Global Note or a Global Note Certificate, (b) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, (c) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (d) the transfer and acceptance of Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Note in global form) of any particular Series or Tranche are issued outside the Netherlands and are not distributed into the Netherlands in the course of their initial distribution or immediately thereafter. In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. For purposes of this paragraph, "**Zero Coupon Notes**" means Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

**REPUBLIC OF ITALY**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations;

(ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended from time to time); and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

**FRANCE**

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (investisseurs qualifiés) as defined in Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Base Prospectus, the Final Terms or any other offering material relating to the Notes.

**BELGIUM**

Other than in respect of Notes for which 'Prohibition of Sales to Belgian Consumers' is specified as 'Not Applicable' in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not advertised, offered, sold or delivered and will not advertise, offer, sell or deliver, directly or indirectly, Notes to any Belgian

Consumers, and has not distributed or caused to be distributed and will not distribute or cause to be distributed, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer. For these purposes, a "**Belgian Consumer**" has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van 28 februari 2013 van economisch recht/Code du 28 février 2013 de droit économique*), being any natural person resident or located in Belgium and acting for purposes which are outside his/her trade, business or profession.

**SPAIN**

Neither the Notes nor this Base Prospectus have been registered with the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes may not be offered, sold or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws.

The Notes may only be offered or sold in Spain by institutions authorised under the consolidated text of the Securities Market Law approved by Royal Legislative Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the "**Spanish Securities Market Law**"), Royal Decree 217/2008 of 15 February on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*) and related legislation to provide investment services in Spain and in accordance with the provisions of the Spanish Securities Market Law and further developing legislation.

**JAPAN**

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

**THE PEOPLE'S REPUBLIC OF CHINA**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor any of its affiliates has offered or sold, or will offer or sell, any of the Notes directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan (the "**PRC**")). This Base Prospectus, the Notes and any material or information contained or incorporated by reference therein in relation to the Notes have not been, and will not be, submitted to or approved/verified by or registered with any relevant governmental authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. Neither this Base Prospectus nor any material or information contained or incorporated by reference therein constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested by PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for obtaining all relevant government approvals, licences, verification and/or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking and Insurance Regulatory Commission, and/or other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

**HONG KONG**

(a) Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

**SINGAPORE**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented, warranted, acknowledged and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, prior to making any offering of Notes, the Issuer shall make a determination in relation to each issue of Notes, and notify all relevant persons (as defined in Section 309A(1) of the SFA), whether the Notes are either 'prescribed capital markets products' (as defined in the CMP Regulations 2018) or capital markets products other than 'prescribed capital markets products' (as defined in the CMP Regulations 2018.*

**CANADA**

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

# TRANSFER RESTRICTIONS

*As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.*

**Regulation S Notes**

Each purchaser of Bearer Notes or Unrestricted Registered Notes offered and sold outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:

(a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and

(b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that such Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:

(a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

(b) to the Issuer; or

(c) in the case of Unrestricted Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or the account of one or more QIBs;

in each case in accordance with any applicable securities laws of any State of the United States; and

(iii) either (A) it is not, it is not acting on behalf of, and for so long as it holds a Note (or any interest therein), it will not be (i) an "employee benefit plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) that is subject to Title I of ERISA, (ii) an individual retirement account "Keogh" plan or other "plan" (as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) that is subject to Section 4975 of the Code (iii) a person or entity whose underlying assets include, or are deemed to include "plan assets" by reason of any such employee benefit plan's or plan's or arrangement's investment therein under the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, or otherwise for purposes of Title I of ERISA or Section 4975 of the Code (the foregoing (i)-(iii), "**Plans**") or (iv) a plan maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens, "governmental plan" (as defined in Section 3(32) of ERISA), "church plan" (as defined in Section 3(33) of ERISA) that has made no election under Section 410(d) of the Code or non-U.S. plan (as described in Section 4(b)(4) of ERISA) (collectively, "**Non-ERISA Arrangements**") that is not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code and that is subject to other U.S. federal, state, local or non-U.S. law or regulation that contains one or more provisions that are substantially similar to the foregoing provisions of ERISA or the Code ("**Similar Law**"), or (B) its acquisition, holding and subsequent disposition of such a Note (or an interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law;

(iv) if it is a Plan, (A) none of the Issuer, the Arranger, any Dealer, any Stabilising Manager, the Calculation Agent or any of their respective affiliates (each, a "**Transaction Party**") has provided

any investment recommendation or investment advice to it, or any fiduciary or other person investing on behalf of it (a "**Plan Fiduciary**"), on which either it or the Plan Fiduciary has relied in connection with the decision to acquire such Note, (B) the Transaction Parties and their affiliates are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to it or the Plan Fiduciary in connection with its acquisition of such Note, and (C) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction;

(v) neither this discussion nor anything in this Base Prospectus is or is intended to be investment advice directed at any purchaser or holder that is using plan assets of a Plan or Non-ERISA Arrangement, or at such purchasers or holders generally; and

(vi) it understands that the Issuer, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer.

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note Certificate only upon receipt by the relevant Registrar of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note Certificate, as described above under "Forms of the Notes".

Notes represented by an interest in a Restricted Global Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Note Certificate, but only upon receipt by the relevant Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in a Note represented by an Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Note Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Note Certificate and become an interest in a Note represented by a Restricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Note Certificate.

**Rule 144A Notes**

Each purchaser of Restricted Registered Notes in reliance on Rule 144A, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the

Issuer or any of its affiliates, in each case in accordance with any applicable securities laws of any state of the United States and (2) it will, and each subsequent holder of the Restricted Registered Notes is required to, notify any purchaser of the Restricted Registered Notes from it of the resale restrictions applicable to the Restricted Registered Notes;

(iii) either (A) it is not, it is not acting on behalf of, and for so long as it holds a Note (or an interest therein), it will not be (i) an "employee benefit plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) that is subject to Title I of ERISA, (ii) an individual retirement account, "Keogh" plan or other "plan" (as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) that is subject to Section 4975 of the Code (iii) a person or entity whose underlying assets include, or are deemed to include, "plan assets" by reason of any such employee benefit plan's or plan's investment therein under the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, or otherwise for purposes of Title I of ERISA or Section 4975 of the Code (the foregoing (i)-(iii) collectively, "**Plans**") or (iv) a plan maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens, "governmental plan" (as defined in Section 3(32) of ERISA), "church plan" (as defined in Section 3(33) of ERISA) that has made no election under Section 410(d) of the Code or non-U.S. plan (as described in Section 4(b)(4) of ERISA) (collectively, "**Non-ERISA Arrangements**") that is not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code and that is subject to other U.S. federal, state, local or non-U.S. law or regulation that contains one or more provisions that are substantially similar to the foregoing provisions ERISA or the Code ("**Similar Law**"), or (B) its acquisition, holding and subsequent disposition of such a Note (or an interest therein) will not constitute or result in a non-exempt "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law;

(iv) if it is a Plan, (A) none of the Issuer, the Arranger, any Dealer, any Stabilising Manager, the Calculation Agent or any of their respective affiliates (each, a "**Transaction Party**") has provided any investment recommendation or investment advice to it, or any fiduciary or other person investing on behalf of it (a "**Plan Fiduciary**"), on which either it or the Plan Fiduciary has relied in connection with the decision to acquire such Note, (B) the Transaction Parties and their affiliates are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to it or the Plan Fiduciary in connection with its acquisition of such Note, and (C) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction;

(v) neither this discussion nor anything in this Base Prospectus is or is intended to be investment advice directed at any purchaser or holder that is using plan assets of a Plan or Non-ERISA Arrangement, or at such purchasers or holders generally;

(vi) the purchaser understands that the Restricted Global Note Certificate and any restricted Individual Note Certificate (a "Restricted Individual Note Certificate") will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF THE NOTES REPRESENTED HEREBY, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY EXCEPT IN ACCORDANCE WITH THE ISSUING AND PAYING AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE ISSUE DATE AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH NOTES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A

UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTES REPRESENTED HEREBY ARE TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS NOTE CERTIFICATE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE ISSUING AND PAYING AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF BUT UPON NOTICE TO, THE HOLDERS OF THE NOTES REPRESENTED HEREBY SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THE NOTES REPRESENTED HEREBY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THE NOTES REPRESENTED HEREBY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THE NOTES REPRESENTED HEREBY AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

BY ITS PURCHASE AND HOLDING OF THE NOTES REPRESENTED HEREBY (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY SUCH PURCHASER AND HOLDER HOLDS THE NOTES REPRESENTED HEREBY (OR ANY INTEREST THEREIN), THAT EITHER A) IT IS NOT, IT IS NOT ACTING ON BEHALF OF, AND FOR SO LONG AS IT HOLDS A NOTE (OR AN INTEREST THEREIN), IT WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO TITLE I OF ERISA, (II) AN INDIVIDUAL RETIREMENT ACCOUNT, "KEOGH" PLAN OR OTHER "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE (III) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT THEREIN UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (THE FOREGOING (I)-(III) COLLECTIVELY, "**PLANS**") OR (IV) A PLAN MAINTAINED OUTSIDE OF THE UNITED STATES PRIMARILY FOR THE BENEFIT OF PERSONS SUBSTANTIALLY ALL OF WHOM ARE NONRESIDENT ALIENS, "GOVERNMENTAL PLAN" (AS DEFINED IN SECTION 3(32) OF ERISA), "CHURCH PLAN" (AS DEFINED IN SECTION 3(33) OF ERISA) THAT HAS MADE NO ELECTION UNDER SECTION 410(d) OF THE CODE OR NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(b)(4) OF ERISA) (COLLECTIVELY, "**NON-ERISA ARRANGEMENTS**") THAT IS NOT SUBJECT TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE AND THAT IS SUBJECT TO OTHER U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FOREGOING PROVISIONS ERISA OR THE CODE ("**SIMILAR LAW**"), OR (B) ITS ACQUISITION, HOLDING AND SUBSEQUENT DISPOSITION OF SUCH A NOTE (OR AN INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT "PROHIBITED TRANSACTION" UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW.

EACH PURCHASER OR HOLDER OF THIS NOTE (OR ANY INTEREST THEREIN) THAT IS A PLAN WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE ISSUER, THE ARRANGER, ANY DEALER, ANY STABILISING MANAGER, THE CALCULATION

AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES (EACH, A "**TRANSACTION PARTY**") HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE PLAN, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE PLAN (A "**PLAN FIDUCIARY**"), ON WHICH EITHER THE PLAN OR THE PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO ACQUIRE SUCH NOTE, (II) THE TRANSACTION PARTIES AND THEIR AFFILIATES ARE NOT OTHERWISE ACTING AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE PLAN OR THE PLAN FIDUCIARY IN CONNECTION WITH THE PLAN'S ACQUISITION OF SUCH NOTE, AND (III) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION.

(vii) if it is acquiring any Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(viii) it understands that the Issuer, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer.

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the Issuer will deliver only a Restricted Global Note Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the relevant Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate will, upon transfer, cease to be an interest in a Restricted Global Note Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Note Certificate.

Prospective purchasers who are QIBs are hereby notified that sellers of the Restricted Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

## GENERAL INFORMATION

1. The establishment of the Programme was authorised by the Executive Board of the Issuer on 29 November 1993, pursuant to the authorisation of the Supervisory Board of the Issuer of 12 November 1993. Increases of the size of the Programme were, pursuant to authorisation of the Supervisory Board, duly authorised by resolutions by the Executive Board dated 19 July 1995, 25 March 1996, 7 July 1997, 10 February 1998, 7 September 1998, 21 December 1998, 2 December 2002, 1 December 2003, 11 March 2008, 18 October 2011, 28 April 2015 and 7 March 2016. On 28 June 2010, the Executive Board, pursuant to the authorisation of the Supervisory Board of 25 June 2010, resolved to update the Programme and to issue Notes, which may be offered in accordance with Rule 144A and Regulation S, in order to enable BNG Bank to offer securities to qualified institutional buyers (as defined under Rule 144A) inside the United States and to investors outside the United States under the Programme without registration under the Securities Act. On 17 March 2020, the Executive Board, pursuant to the authorisation of the Supervisory Board of 13 March 2020, resolved to update the Programme and to issue Notes under the Programme.

2. There are not and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

3. There has been no material adverse change in the prospects of the Issuer nor has there been any significant change in the financial performance or financial position of the Issuer or its subsidiaries, taken as a whole, which has occurred since 31 December 2019.

4. Application may be made to list Notes on the regulated market of the Luxembourg Stock Exchange. A notice relating to the issue (*Notice Légale*) as well as the Articles of Association (*statuten*) of the Issuer will be lodged with the *Registre de Commerce et des Sociétés à Luxembourg* where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme no. 2286 for listing purposes.

5. Application may be made to list Notes on Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V. and on SIX Swiss Exchange Ltd.

6. The financial statements of the Issuer have been audited since 2016 by PricewaterhouseCoopers Accountants N.V. ("**PwC**"), chartered accountants (*registeraccountants*), and an unqualified opinion has been reported thereon. PwC is located at Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands. The individual auditors of PricewaterhouseCoopers Accountants N.V. are members of the NBA, the *Nederlandse Beroepsorganisatie van Accountants*, the Dutch accountants board.

   The auditor's reports in respect of the financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 (incorporated by reference) are incorporated herein in the form and context in which they appear with the consent of PwC, who has authorised the inclusion of these auditor's reports.

7. For the life of the Base Prospectus and for so long as any Notes are outstanding, copies and, where appropriate, English translations of the following documents may be inspected to the extent available at the investor relation section of the website of BNG Bank, https://www.bngbank.com/funding/issuance-programmes or alternatively during normal business hours at the specified office of the Paying Agents in Amsterdam, London and Luxembourg, and be obtained free of charge, namely:

   (a) the Deed of Incorporation and the Articles of Association (*statuten*) of the Issuer;

   (b) the Issuing and Paying Agency Agreement (as amended);

(c) the audited financial statements for the three financial years preceding the date of the Base Prospectus and the latest audited financial statements and unaudited semi-annual financial statements of the Issuer;

(d) a copy of this Base Prospectus and any further prospectus or prospectus supplement prepared by the Issuer for the purpose of updating or amending any information contained herein or therein;

(e) each Final Terms in relation to listed issues of Notes; and

(f) any press releases that are published in relation to the Issuer or to issues of Notes.

For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

8. The Issuer has no patents, licenses or agreements which are of significance to its business activities or its profit.

9. The price and amount of Notes will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. The issue price will be disclosed in the relevant Final Terms.

10. The appropriate Common Code, International Securities Identification Number (ISIN), CUSIP, Financial Short Name (FISN), Classification of Financial Instruments (CFI) code or Valor (as applicable) in relation to the Notes of each Series will be contained in the applicable Final Terms.

11. The Legal Entity Identifier (LEI) Code of the Issuer is 529900GGYMNGRQTDOO93.

12. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

**ISSUER**

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

**ARRANGER**

**RBC Europe Limited**
Riverbank House
2 Swan Lane
London EC4R 3BF
England

**PRINCIPAL DEALERS**

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

**Bank of Montreal, London Branch**
95 Queen Victoria Street
London EC4V 4HG
England

**Barclays Bank Ireland PLC**
One Molesworth Street
Dublin 2
D02 RF29
Ireland

**Barclays Bank PLC**
5 The North Colonnade
Canary Wharf
London E14 4BB
England

**BNP Paribas**
16, boulevard des Italiens
75009 Paris
France

**BofA Securities Europe SA**
51 rue La Boétie
75008 Paris
France

**Citigroup Global Markets Europe AG**
Reuterweg 16
60323 Frankfurt am Main
Germany

**Citigroup Global Markets Limited**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
England

**Commerzbank Aktiengesellschaft**
Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Federal Republic of Germany

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

**Crédit Agricole Corporate and Investment Bank**
12, Place des Etats-Unis
CS 70052
92547 Montrouge Cedex
France

**Daiwa Capital Markets Europe Limited**
5 King William Street
London EC4N 7AX
England

**Deutsche Bank AG, London Branch**
Winchester House
1 Great Winchester Street
London EC2N 2DB
England

**DZ BANK AG Deutsche**
Zentral-Genossenschaftsbank, Frankfurt am Main
Platz der Republik
60325 Frankfurt am Main
Germany

**Goldman Sachs International**
Plumtree Court
25 Shoe Lane
London EC4A 4AU
England

**HSBC Bank plc**
8 Canada Square
London E14 5HQ
England

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

**J.P. Morgan Securities plc**
25 Bank Street
Canary Wharf
London E14 5JP
England

**Landesbank Baden-Württemberg**
Am Hauptbahnhof 2
70173 Stuttgart
Germany

**Merrill Lynch International**
2 King Edward Street
London EC1A 1HQ
England

**Mizuho International plc**
Mizuho House
30 Old Bailey
London EC4M 7AU
England

**Mizuho Securities Europe GmbH**
Taunustor 1
60310 Frankfurt am Main
Germany

**Morgan Stanley & Co. International plc**
25 Cabot Square
Canary Wharf
London E14 4QA
England

**Natixis**
30, avenue Pierre Mendès-France
75013 Paris
France

**NatWest Markets Plc**
250 Bishopsgate
London EC2M 4AA
England

**Nomura International plc**
1 Angel Lane
London EC4R 3AB
England

**Norddeutsche Landesbank - Girozentrale -**
Friedrichswall 10
30159 Hanover
Germany

**RBC Capital Markets, LLC**
Brookfield Place
200 Vesey Street, 8th Floor
New York
NY 10281-8908
United States

**RBC Europe Limited**
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