

# Information Memorandum



## Issuer

# N.V. Bank Nederlandse Gemeenten

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

N.V. Bank Nederlandse Gemeenten is not a bank which is authorised under the Banking Act 1959 of the Commonwealth of Australia. Each offer to purchase or invitation to buy Notes in Australia must comply with the Banking (Exemption) Order No. 82.

# A\$5,000,000,000

## Medium Term Note Programme

The Programme has been rated AAA by Standard & Poor's Rating Services, AAA by Fitch Ratings Limited and Aaa by Moody's Investors Service, Inc.

*Arranger/Manager*

**Commonwealth** Bank



## Dealers

ABN AMRO Bank N.V., Australian Branch  
Citigroup Global Markets Australia Pty Limited  
Commonwealth Bank of Australia  
Deutsche Bank AG, Sydney Branch  
The Toronto-Dominion Bank  
UBS AG, Australia Branch  
Westpac Banking Corporation

**6 September 2007**

## CONTENTS

	<b>Page</b>
<b>1. Important Notice</b>	<b>3</b>
<b>2. Documents Incorporated by Reference</b>	<b>5</b>
<b>3. Programme Summary</b>	<b>5</b>
<b>4. Corporate Profile</b>	<b>8</b>
<b>5. Recent Developments</b>	<b>14</b>
<b>6. Plan of Distribution</b>	<b>14</b>
<b>7. Further Information</b>	<b>19</b>

---

## 1. IMPORTANT NOTICE

This Information Memorandum relates solely to an Australian Dollar and New Zealand Dollar Medium Term Note Programme (“Programme”) for N.V. Bank Nederlandse Gemeenten (“BNG” or the “Issuer”) under which BNG may issue Medium Term Notes (“Notes” or “MTNs”) up to a maximum aggregate amount outstanding at any time of A\$5,000,000,000 (or its equivalent, at the time of issue of New Zealand Notes, in NZ\$).

This Information Memorandum should be read in conjunction with the information incorporated by reference together with any additional information distributed with this Information Memorandum and any further information, which is (in each case) authorised in writing by BNG to supplement or update that information (collectively referred to as “Additional Information”). In this Information Memorandum the Additional Information and this Information Memorandum are collectively referred to as “this Memorandum”.

This Memorandum has been approved by BNG which has provided, and accepts responsibility for, the information contained in it. BNG has requested and authorised the distribution of this Memorandum.

***This Information Memorandum supersedes in its entirety the Information Memorandum issued by BNG dated 13 April 2007***

The information in this Information Memorandum and any Additional Information has been prepared and is correct in all material respects as of its respective Effective Date (as defined below). The delivery at any time after the Effective Date of this Memorandum or any part of this Memorandum does not imply that the information contained in this Memorandum or that part of this Memorandum is correct at any time subsequent to that Effective Date. Accordingly, neither the delivery of this Memorandum (or any part thereof) nor any offer or sale of Notes implies or should be relied upon as a representation or warranty that:

- there has been no change since the relevant Effective Date in the affairs or financial condition of BNG; or
- the information contained in this Memorandum or any part thereof remains correct at any time after its respective Effective Date.

This Memorandum is not intended to be and does not constitute an invitation or recommendation by either BNG or the Arranger, the Manager or the Dealers, as mentioned below under 3. PROGRAMME SUMMARY, (nor their respective shareholders, subsidiaries, related bodies corporate, officers, employees, representatives or advisers) (“Relevant Party”) for applications or offers to subscribe for or buy any Notes, nor an offer of Notes for subscription or purchase. Accordingly, each recipient of this Memorandum and persons contemplating the purchase of Notes should make (and will be deemed to have made) their own decision as to the sufficiency and relevance for their purpose of the information contained in this Memorandum, and their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness of BNG, after taking all appropriate advice from qualified professional persons. Any investment decision should be based on that decision, investigation and appraisal referred to above and not on this Memorandum.

This Information Memorandum has been prepared for distribution to professional investors whose business includes buying and selling debt securities as principal or agent.

**Notes may only be offered, sold, transferred or delivered within the European Economic Area, in accordance with paragraph 6(d) on page 16 of this Information Memorandum.**

Each recipient of this Memorandum and intending purchasers of Notes should consult their own tax advisers concerning the application of any tax laws applicable to their particular situation.

Each recipient of this Memorandum and intending purchasers of Notes will be taken to have undertaken such assessment, investigation, decision and consultation.

No Relevant Party undertakes for the benefit of any holder of a Note to review at any time the financial conditions or affairs of BNG or any other person or entity or to advise any holder of a Note of any information coming to its attention with respect to BNG or any other person.

The Issuer is not a bank which is authorised under the Banking Act 1959 of the Commonwealth of Australia or a registered bank under the Reserve Bank of New Zealand Act 1989 of New Zealand.

The Arranger has reviewed and authorised the description of the Programme set out below under 3. PROGRAMME SUMMARY. No other information contained in this Memorandum has been independently verified by the Arranger. The Arranger, the Manager, each Dealer and the Registrar (as mentioned below under 3. PROGRAMME SUMMARY) have each confirmed that their respective descriptions and address and contact details set out in this Information Memorandum are correct as at the date of this Information Memorandum. Accordingly, no representation, warranty or undertaking is made or may be implied and no responsibility or liability is accepted by the Arranger, the Manager, any Dealer or the Registrar to or for the origin, accuracy, completeness or distribution of, or any errors or omissions from this Memorandum whether arising out of negligence or otherwise (other than respectively for the abovementioned section or details, as the case may be, in this Information Memorandum).

Also, the Arranger, the Manager and each Dealer acts solely through a separate division in the context of this Memorandum and the Programme, without reference to any of its or its subsidiaries' respective personnel or operations outside that division, and are therefore not to be taken to be aware of any matters within the knowledge of such personnel or operations relating to BNG or the Programme.

No person is authorised to give any information or to make any representation which is not contained in this Memorandum and any information or representation not contained in this Memorandum must not be relied upon as having been authorised by or on behalf of any Relevant Party.

No Relevant Party stands behind or guarantees the success or the performance of BNG, the repayment of principal on the Notes, the payment of interest or any rate of return on the Notes or any other payments on the Notes or makes any statement (including but not limited to any representations) in respect of such matters or otherwise and such parties are in no way liable to any person in any such respect except as provided in the Deed of Terms and Conditions dated 14 September 1999 as amended by the Amendment and Restatement Deed dated 6 March 2002, the Amendment and Restatement Deed dated 13 April 2007 and the Supplemental Deed Poll dated 6 September 2007 (the "Deed of Terms and Conditions").

Each purchase of Notes is intended to be done in a manner which constitutes an excluded issue, offer or invitation (as defined in the Corporations Act 2001). Accordingly, this Memorandum has not been, nor will be, lodged with or registered by the Australian Securities and Investments Commission.

The distribution and use of this Memorandum and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Memorandum comes must inform themselves about and observe all such restrictions. Nothing in this Memorandum is to be construed as authorising distribution of this Memorandum or the offer or sale of Notes in any jurisdiction other than the Commonwealth of Australia or New Zealand, and neither BNG nor any Relevant Party accepts any liability in that regard.

No person may (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for, buy or sell the Notes, nor distribute this Memorandum in the Commonwealth of Australia, its territories or possessions or to any resident of Australia except in accordance with the Corporations Act 2001, the Corporations Regulations and any other applicable laws and in compliance with the Banking (Exemption) Order No. 82 promulgated under the Banking Act 1959 of the Commonwealth of Australia.

In this Important Notice, "Effective Date" means in relation to:

- this Information Memorandum, 6 September 2007; and
- any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on the face of the item of information as being the date of its release, or the date to which it relates, as the case may be.

The Arranger, the Manager, each Dealer and the Registrar discloses that it, its respective subsidiaries, directors and employees:

- may have pecuniary or other interests in the Notes; and
- will receive fees, brokerage and commissions and may act as principal in any dealing in the Notes.

Unless otherwise indicated, all references hereinafter in this Information Memorandum to “dollars”, “Dollars”, “AUD” or “A\$” are to the currency for the time being of the Commonwealth of Australia and references to “NZD”, “NZ\$” or “New Zealand dollars” are to the lawful currency for the time being of New Zealand.

## 2. DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated into this Memorandum by reference:

- the most recently published annual reports, including the latest audited financial statements of BNG;
- the most recently published, unaudited financial statements of BNG;
- the most recently published Ratings Report of Standard & Poor’s Rating Services, Fitch Ratings Limited and Moody’s Investors Service, Inc. as amended from time to time;
- the Deed of Terms and Conditions dated 14 September 1999 as amended by the Amendment and Restatement Deed dated 6 March 2002, the Amendment and Restatement Deed dated 13 April 2007 and the Supplemental Deed Poll dated 6 September 2007,

and such corporate information as BNG may make available from time to time including:

- Articles of Association; and
- any press releases published in relation to BNG or to issues of Notes.

Copies of these documents may be obtained (to the extent available) free of charge from the website of BNG at <http://www.bng.com>.

Any statement contained in this Information Memorandum or any of the documents incorporated by reference in, and forming part of, this Information Memorandum, is modified or superseded for the purposes of this Information Memorandum to the extent that any document subsequently incorporated by reference modifies or supersedes such statement and without limiting the foregoing, the section of this Information Memorandum under 4. CORPORATE PROFILE is superseded in its entirety by the most recently published reports (including any annual financial statements and notes) of BNG which are subsequently incorporated by reference. The documents incorporated by reference are paramount and this Information Memorandum is qualified in its entirety by them. In the case of any inconsistency and ambiguity between any information in this Information Memorandum and any provision, statement or information in the documents incorporated by reference, the provision, statement or information in the documents incorporated by reference will prevail.

## 3. PROGRAMME SUMMARY

The following is a brief summary of the Programme only and should be read in conjunction with the rest of this Memorandum, including the documents incorporated by reference in the forms most recently published. The terms and conditions of the Notes are contained in the Deed of Terms and Conditions. If there is any inconsistency between the Programme Summary and the Deed of Terms and Conditions, the Deed prevails.

**Issuer:** N.V. Bank Nederlandse Gemeenten

**Arranger and Manager:** Commonwealth Bank of Australia (ABN 48 123 123 124)

**Dealers:** ABN AMRO Bank N.V., Australian Branch (ARBN 079 478 612)  
Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832)  
Commonwealth Bank of Australia (ABN 48 123 123 124)  
Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162)  
The Toronto-Dominion Bank (ABN 74 082 818 175)  
UBS AG, Australia Branch (ABN 47 088 129 613)  
Westpac Banking Corporation (ABN 33 007 457 141)

**Programme Limit:** Principal at any time outstanding of A\$5,000,000,000 (or its equivalent, at the time of issue of New Zealand Notes, in NZ\$). The Issuer may decide to increase the Programme limit from time to time.

<b>Programme Description:</b>	A revolving Australian dollar and New Zealand dollar Note Programme allowing for the issue of Notes in the form of, without limitation, Amortised Notes, Fixed Rate Notes, Floating Rate Notes, Indexed Notes, Structured Notes, Zero Coupon Notes or any combination of these.
<b>Ratings:</b>	AAA long term debt rating by Standard & Poor's Rating Services and Fitch Ratings Limited and Aaa long term debt rating by Moody's Investors Service, Inc.
<b>Status:</b>	Notes issued will constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank pari passu amongst themselves and rank at least pari passu with all other unsecured and unsubordinated obligations assumed by the Issuer other than those mandatorily preferred by law.
<b>Negative Pledge:</b>	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.
<b>Tenors:</b>	As specified in the relevant Terms Sheet, but not less than 365 days.
<b>Denominations:</b>	The minimum denomination of a Note will be A\$1,000 and multiples thereof (or in respect of Notes denominated in New Zealand dollars, NZ\$1,000 and multiples thereof) in each case unless otherwise agreed between the Issuer and the relevant Dealer.
<b>Issuing Procedure:</b>	Notes may be issued to Dealers, at the discretion of the Issuer, via any of the following issuance mechanisms: <ul style="list-style-type: none"> <li>• competitive bidding;</li> <li>• private placements; and</li> <li>• unsolicited bids.</li> </ul>
<b>Stamp Duty/Taxes:</b>	All stamp duties and other costs payable on the issue of the Notes will be for the account of the Issuer. Any stamp duties payable on the transfer of the Notes are for the account of investors.  Investors should obtain their own taxation advice regarding the taxation status of investing in Notes.
<b>Events of Default:</b>	An Event of Default occurs if one of the events specified in clause 11.3 of the Deed of Terms and Conditions occurs.
<b>Purchase Price:</b>	Notes may be issued at par or at a discount or premium to their Principal Amount as specified in the relevant Terms Sheet. The Purchase Price of Notes on their issue date will be calculated according to the Reserve Bank of Australia's "Tender Stock Method" formula or in such other manner as may be agreed between the Issuer and the Dealers, in each case expressed to four decimal places.
<b>Minimum Purchase Price within Australia:</b>	Notes that are Australian Notes will be issued in denominations such that the amount payable on issue is not less than A\$500,000 (disregarding moneys lent by the Issuer or its associates) or as otherwise specified in the relevant Terms Sheet, or the issue otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act. Amounts payable in respect of transfers must be not less than A\$500,000 (disregarding moneys lent by the Issuer or its associates).

Notes that are New Zealand Notes will be issued in denominations such that the amount payable on issue is not less than NZ\$500,000 (disregarding moneys lent by the Issuer or its associates) or as otherwise specified in the relevant Terms Sheet , or if the Notes are otherwise issued in a manner that does not require the registration or issue of a prospectus or other offering document in accordance with the Securities Act 1978 of New Zealand. Amounts payable in respect of transfers must be not less than NZ\$500,000 (disregarding moneys lent by the Issuer or its associates) or such lesser amount as the Issuer specifies in the relevant Terms Sheet.

- Interest Payments:** The methods of interest calculations and payments (if any) including interest rate and frequency of payments will vary according to the types of Notes issued.
- Interest Payment Dates:** Payment of interest on interest bearing Notes will be made on Interest Payment Dates to the registered owner(s) of Notes at the time of closure of the Register. The Register will be closed seven days prior to the Interest Payment Date to facilitate the payment of interest.
- Principal Payment dates:** Payment of principal will be made on the relevant Redemption Date(s) to the registered owner(s) of Notes at the time of closure of the Register. The Register will be closed seven days prior to the relevant Redemption Date(s) to facilitate the payment of principal, unless otherwise agreed between the Issuer and the Registrar.
- Registrar:** Computershare Investor Services Pty Limited (ABN 48 078 279 277) (for Australian Notes) (the "Australian Registrar") and Computershare Investor Services Limited (for New Zealand Notes) (the "New Zealand Registrar").
- Register:** The Register in respect of Australian Notes will be maintained in Sydney, New South Wales.
- The Register in respect of New Zealand Notes will be maintained in New Zealand.
- Subject to the Deed of Terms and Conditions no certificates in respect of the Notes will be issued. Title will be evidenced by inscription in the Register.
- Transfer:** Transfer and marking services will be available at the offices of the Registrar in each capital city in Australia.
- Notes are transferable by use of a transfer and acceptance form. A transfer takes effect on the transferee's name being entered in the relevant Register.
- Settlement:** Application will be made to Austraclear Limited ("Austraclear") to permit members to settle purchases and sales of Australian Notes through the Austraclear System in accordance with Austraclear's rules and regulations.
- Application will be made to permit members to settle purchases and sales of New Zealand Notes through the Austraclear New Zealand System in accordance with the regulations known as the "Austraclear New Zealand System Rules" established by the Reserve Bank of New Zealand to govern the use of the Austraclear New Zealand System (including the operating guidelines deemed to form part of these rules).
- Terms and Conditions:** The terms and conditions applicable to each issue of Notes will be as agreed and stated in the Deed of Terms and Conditions and the relevant Terms Sheet.

<b>Australian Note:</b>	A Note denominated in A\$ and specified as such in the relevant Terms Sheet.
<b>New Zealand Note:</b>	A Note denominated in New Zealand dollars and specified as such in the relevant Terms Sheet.
<b>Governing Law:</b>	The laws of New South Wales.

#### 4. CORPORATE PROFILE

##### **Incorporation and Duration**

The Issuer was incorporated as a *naamloze vennootschap* (a public company) with limited liability under the laws of The Netherlands on 23 December 1914 and is operating under the Laws of the Netherlands. The duration of the Issuer is unlimited.

The Issuer is registered in the Commercial Register of the Delft – The Hague Chamber of Commerce and Industry under the number 270 083 87.

##### **Registered Office**

The Issuer's registered office is at Koninginnegracht 2, 2514 AA The Hague, The Netherlands. The Issuer has no branch offices.

##### **Purpose**

BNG's activities continue to be based on its unique character as the Dutch public sector financial agency. As the shareholders are public authorities, BNG is positioned as part of the public sector. BNG serves exclusively as a specialised bank for local, regional, functional public authorities and for public sector institutions such as utilities, housing, healthcare, welfare, educational and recreational institutions by providing made-to-measure banking services. BNG is also active in the growing sector of public-private partnerships.

The main business activities of BNG include the granting of credit, making of payments and the processing of flows between the central government and the public entities listed below.

Pursuant to Article 2 of its Articles of Association, the object of the Issuer is to conduct the business of banker on behalf of public authorities (as described below). Accordingly, the Issuer may engage, inter alia, in taking in and lending moneys, 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, as well as to incorporate and to participate in other enterprises and/or legal persons, whose object is connected with or conducive to any of the foregoing.

The Issuer is empowered to perform all acts which may directly or indirectly be 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;
- d) legal persons under private law;
  - 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; and/or

- ❑ 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; 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 in a, b and c on the basis of a scheme, bye-law or law adopted by one or more of such bodies; and/or
- ❑ whose operating budget is adopted or approved 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
- ❑ whose obligations towards the Issuer are guaranteed directly or indirectly by one or more of the bodies referred to at a, b and c 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
- ❑ who execute a part of the governmental function pursuant to a scheme, bye-law or law adapted by one or more of the bodies referred to at a, b and c.

### **Share Capital, Voting Rights and Relationship with the Dutch Government**

BNG is a statutory limited company under Dutch law (“structuurvennootschap”). Half of BNG's share capital is held by the State of The Netherlands. The other fifty per cent is mainly held by municipalities and furthermore by eleven of the twelve provinces as well as one district water authority (“waterschap”) in The Netherlands.

For a full description of BNG's capitalisation see the Capitalisation table of the Issuer stated in its most recently published annual report.

Only the State of the Netherlands, provinces, municipalities, district water authorities and other public bodies may be shareholders of the Issuer.

The authorised capital of BNG is now two hundred and fifty million euro (EUR 250,000,000) divided into one hundred million (100,000,000) shares of two euro and fifty cents (EUR 2.50) each. The issued capital is now one hundred and thirty nine million and two hundred and twenty six thousand and eight hundred euro (EUR 139,226,800) divided into fifty five million, six hundred and ninety thousand and seven hundred and twenty (55,690,720) shares which are all fully paid up.

Each share carries the right to cast one (1) vote. Voting by proxy is permissible provided that a proxy may not represent more than one shareholder.

## **Supervisory Board and Executive Board**

### ***Supervisory Board***

H.O.C.R. Ruding, Former Vice Chairman of the Executive Board Citicorp/Citibank, New York and Former Minister of Finance of The Netherlands, *Chairman*.

J.A.M. Hendrikx, Former Queen's Commissioner in the Province of Overijssel, Vice *Chairman and Secretary*.

R.J.N. Abrahamsen, Former Managing Director and Chief Financial Officer of KLM Dutch Airlines N.V.

H.H. Apotheker, Mayor of the Municipality of Steenwijkerland.

Ms. S.M. Dekker, former Minister for Housing, Spatial Planning and Environment.

W.M. van den Goorbergh, Former vice-chairman of the Executive Board of Rabobank Nederland.

R.J.J.M. Pans, General Director of the Association of Netherlands Municipalities.

W.K. Wiechers, Former Chairman of the Executive Board of Essent N.V.

A.G.J.M. Rombouts, Mayor of the Municipality of 's-Hertogenbosch.

Mrs Y.C.M.T. van Rooy, President of the Governing Board of the University of Utrecht.

### ***Executive Board***

P.O. Vermeulen, *President*

C. van Eykelenburg, *Member*

J.J.A. Leenaars, *Member*

All members of the Supervisory Board and the Executive Board have their address at the registered office of the Bank.

## **Funding**

Since the liberalisation and deregulation of the Dutch financial markets in 1986 and the election of credit institution status by the Issuer in 1988 under the Act on the supervision of the credit system 1978 ('Wet Toezicht Kredietwezen 1978', now replaced by the 'Wet op het financieel toezicht' (as amended)) new funding instruments have been developed. BNG has established a Debt Issuance Programme, the current size of which is EUR 70 billion, of which approximately 67 billion is outstanding to date. As an issuer on the Japanese domestic market, BNG has been recognised since 1996 as a "sovereign" issuer by the Japanese government.

The short-term funding strategy of BNG has resulted in growth in deposits originating from its customers and from the global financial markets. BNG has also established a EUR Commercial Paper Programme. Its current size is EUR 10 billion of which approximately EUR 3.5 billion is currently outstanding. Average short-term funding also showed volume growth, particularly due to the financing of the increase in short-term loans and advances.

The level of short-term funding, in conjunction with a higher volume of off-balance sheet products can be seen to represent BNG's strategy of hedging interest rate risk. BNG is also an important participant in the interbank market of interest rate swaps, forward rate agreements and exchange listed futures to hedge exposures and increase the overall flexibility of BNG. Derivative transactions are concluded mainly as hedges against BNG's own exposure to interest rate and currency risks.

## **Financial Year**

The financial year for BNG is the calendar year.

## **Extract of the Articles of Association**

N.V. Bank Nederlandse Gemeenten (referred to for purposes of this section “Extract of the Articles of Association” as the “Company”) was established in The Netherlands by Deed dated 23 December 1914.

Set out below are translated extracts of the Articles of Association of N.V. Bank Nederlandse Gemeenten as last altered by Deed dated 21 June 2005 and effective as per that date, a Ministerial declaration of non-objection having been granted on 27 May 2005.

### **Article 6**

#### **Shareholders and shares**

1. Only the following may be shareholders: the State of The Netherlands, provinces, municipalities, water control corporations and other public bodies.

#### **Executive board**

- 1 The management of the Company shall be entrusted to an Executive Board consisting of two or more members, including a president, under the supervision of a Supervisory Board.
- 2 The president and the other members of the Executive Board shall be appointed and dismissed by the Supervisory Board, and may be suspended individually or collectively by the Supervisory Board at all times. In the event of suspension the time and conditions of the suspension shall also be determined.
- 3 The Company operates a policy for remuneration of the members of the Executive Board. The policy shall be determined by the general meeting of shareholders on a motion submitted by the Supervisory Board. The remuneration policy shall include as a minimum the subjects described in Article 383(c) to 383(e) of Book 2 of the Civil Code, insofar as they concern members of the Executive Board. The remuneration policy shall be submitted in writing to the general meeting of shareholders and at the same time submitted for inspection by the Works Council.
- 4 The remuneration of members of the Executive Board shall be determined by agreement to be concluded between the Company – represented in this matter by the Supervisory Board – and each of the members.
- 5 The meetings of the Executive Board shall be presided over by the President of the Executive Board.
- 6 The members of the Executive Board shall regulate their duties among themselves, after consultation with the Supervisory Board.

### **Article 9**

- 1 The Executive Board shall have power to represent the Company.  
This power of representation shall also be vested in:
  - (a) two members of the Executive Board acting jointly;
  - (b) one member of the Executive Board together with a holder of a power of attorney.
- 2 The Executive Board may, subject to the approval of the Supervisory Board, confer on members of the Executive Board and employees of the Company the power to represent the Company, subject to the Executive Board’s responsibility and with due observance of the limitations which it considers necessary, and shall determine the titles to be carried by them.

### **Article 11**

- 1 Without prejudice to the approvals required elsewhere in these Articles of Association, the prior approval of the Supervisory Board shall be required for resolutions of the Executive Board concerning:
  - a. the issue and acquisition of the Company’s shares and debentures or of debentures of a limited partnership or general partnership in which the Company is a general partner with unlimited liability;

- b. application for a listing or cancellation of a listing for the items referred to at a in the price list of any stock exchange;
  - c. the taking up of a loan with a maturity of over twenty years on the strength of an acknowledgement of debt signed under hand if the loan exceeds an amount specified by the Supervisory Board, and the conditions of such a loan;
  - d. the conclusion or termination of lasting cooperation between the Company or a dependent company on the one hand and another company or legal person on the other or as general partner with unlimited liability in a limited partnership or general partnership, if this cooperation or termination is of far-reaching significance for the company;
  - e. the acquisition of a holding worth at least one fourth of the amount of the issued capital with reserves, according to the balance sheet with explanatory notes of the Company, by it or a dependent company in the capital of another company, and any significant expansion or reduction of such a holding;
  - f. investments which require an amount equal to at least one fourth of the Company's issued capital with reserves, according to its balance sheet with explanatory notes;
  - g. a resolution to amend the articles of association;
  - h. a resolution to dissolve the Company;
  - i. a petition for liquidation and application for a suspension of payment of debts;
  - j. termination of the employment of a substantial number of employees of the Company or of a dependent company at the same time or within a short space of time;
  - k. a far-reaching change in the working conditions of a substantial number of employees of the Company or of a dependent company;
  - l. a resolution to reduce the issued capital;
  - m. the acquisition, encumbering and alienation of immovable property and other property subject to registration on behalf or at the expense of the company;
2. Notwithstanding the approvals required elsewhere in these articles of association, the approval of the general meeting of shareholders is required for resolutions of the Executive Board concerning an important change in the identity or the character of the Company or the business, including as a minimum:
- a. transfer of the business or nearly the entire business to a third party;
  - b. concluding or terminating a long-term collaboration of the Company or a subsidiary with another artificial person or company or as a completely liable partner in a limited partnership or general partnership, if this cooperation or termination is of far-reaching significance to the Company;
  - c. acquiring or disposing by the Company or a subsidiary of a participating interest in the capital of a company with a value of at least one third of the amount of the issued capital with the reserves in accordance with the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, in accordance with the consolidated balance sheet as included in its most recently adopted annual accounts, as well as significantly increasing or decreasing such a participating interest;
  - d. investments or disinvestments to at least the amount referred to under c.

The absence of the approval of the general meeting of shareholders of a resolution referred to in this paragraph does not affect the authority of the entire Executive Board or its individual members to represent the Company.

3. The Executive Board shall inform the general meeting of shareholders in time about developments and insights within the company or the business which may result in a significant change in the identity or the character of the Company or business.

## **Article 12**

### **Supervisory board**

1. The Supervisory Board shall determine the number of its members, being at least nine and not more than eleven members.  
The Supervisory Board shall determine the number of its members. An incomplete Board shall nevertheless retain its powers.
2. The Supervisory Board shall draw up a profile of its size and composition, taking into account the nature of the Company, its activities and the required expertise and background of the supervisory directors. The Board shall discuss the profile for the first time upon adoption, and thereafter each time when there is a change in the general meeting of shareholders, and with the Works Council.
3. Notwithstanding the provisions of paragraph 7, the members of the Supervisory Board shall be appointed by the general meeting of shareholders on the nomination of the Supervisory Board. The Supervisory Board shall announce the nomination to the general meeting of shareholders and to the Works Council at the same time. Reasons must be given for the nomination.
4. The general meeting of shareholders and the Works Council may recommend persons to the Supervisory Board for nomination as Supervisory Director. For this purpose the Supervisory Board shall inform them in due time when, as a result of what and in accordance with which profile a vacancy must be filled. If for the vacancy the new powers to nominate one-third of the members making up the Supervisory Board referred to in paragraph 5 apply, the Supervisory Board must also give notice of this.
5. The Works Council shall recommend the nomination of one third of the members of the Supervisory Board. The Supervisory Board shall place such nominations on a list, unless it objects to the nomination because it anticipates that the recommended person will be unsuitable for the duties of supervisory director or that the Supervisory Board following appointment in accordance with the nomination will not be properly constituted. If the number of Supervisory Board members cannot be divided by three, the nearest lower number that can be divided by three shall be considered for determining the number of members to which the new powers of the Works Council apply.
6. If the Supervisory Board objects, it shall inform the Works Council of this, stating reasons. The Supervisory Board shall consult the Works Council without delay to reach agreement on the nomination. If the Supervisory Board establishes that no agreement can be reached, a representative of the Supervisory Board designated for that purpose shall request the Enterprise Section to declare the objection unfounded. The Supervisory Board shall place the recommended person on the list of candidates if the Enterprise Section declares the objection well-founded. If the Enterprise Section declares the objection well-founded, the Works Council may make a new nomination in accordance with the provisions of paragraph 5.
7. The general meeting of shareholders may reject the nomination by an absolute majority of the votes cast representing at least one third of the issued capital.  
If not at least one third of the issued capital was represented at the meeting, a new meeting may be convened at which the nomination can be rejected by an absolute majority of the votes cast. In that case the Supervisory Board shall draw up a new list of nominations. Paragraphs 4, 5 and 6 apply. If the general meeting of shareholders does not appoint the nominated person and does not resolve to reject the nomination, the Supervisory Board shall make the appointment.

## **Article 23**

### **Appropriation of profits**

1. Profits shall be distributed after adoption by the general meeting of shareholders of the annual accounts showing that this is permissible.

2. The company may make payments to the shareholders from the profits available for distribution only in so far as its equity capital exceeds the amounts of the paid-up part of the capital plus the reserves which have to be kept by law.
3. First of all, if possible, the profits available for distribution shall be used to add an amount of ten per cent (10%) of the profit of the financial year as evidenced by the annual accounts to the general reserve; out of any surplus remaining thereafter, the shareholders shall, if possible, be paid five per cent (5%) of the nominal amount of their shareholding.
4. The remainder shall be paid to the shareholders in proportion to the nominal amount of their shareholdings, in so far as the general meeting of shareholders does not allocate this to reserves.
5. The company shall be empowered to make interim distributions of profits, subject to the provisions of Article 105, paragraph 4, of Book 2 of the Civil Code.

## **Article 25**

### **Alteration of the Articles of Association and dissolution**

1. Resolutions to alter the Articles of Association and to dissolve the company may be passed only at a general meeting of shareholders at which over half of the issued capital is represented and also at least two thirds of the votes validly cast are in favour of the proposed alteration or dissolution.
2. If the requisite issued capital is not represented at the meeting referred to in paragraph 1, a new meeting shall be called within a period of at least fourteen days, not including the day of the notice and that of the meeting, and no more than one month; the day, time and place of the meeting shall be immediately determined by the executive board or the supervisory board. A resolution may be passed at this meeting, irrespective of the capital represented there, provided that it is passed by at least two thirds of the votes cast.

## **5. RECENT DEVELOPMENTS**

### **Corporation Tax**

As from 1 January 2005, BNG is no longer exempted from corporation tax. This decision was taken as part of the general policy of the Dutch government to create a level playing field for companies in which public sector entities hold participating interests. Discussions with the tax authorities concerning the first-time fiscal valuation of assets and liabilities are expected to be completed this year.

### **Dividend**

The long-term dividend policy was presented at the Special General Meeting of Shareholders on August 25, 2006, and the shareholders of BNG approved the proposal to make an additional payment of EUR 500 million in mid-December 2006. For 2007 the Executive Board and the Supervisory Board of BNG announced their intention to distribute another extra pay out of EUR 500 million from the Reserve Retained Profit to their shareholders. The proposal for this additional payment in 2007 has been approved at the General Meeting of Shareholders on May 24, 2007.

A condition to this proposition is that the strong funding position of BNG in the international capital markets will not be affected in any manner whatsoever by the extra dividend. This implies that all ratings assigned to BNG will be retained.

## **6. PLAN OF DISTRIBUTION**

### **(a) General:**

In relation to the issue of the Notes the Issuer and the Dealers will comply with all applicable laws, regulations and market or other regulatory guidelines as are in force from time to time which are relevant in the context of the issue of the Notes including, without limitation, in the case of the Issuer, any relevant

maturity requirements and minimum denomination requirements applicable to such issue, and the Issuer will submit (or procure the submission on its behalf of) such reports or information as may from time to time be required for compliance with such laws, regulations and market or other regulatory guidelines.

**(b) United States of America:**

- (i) Each Dealer understands that the Notes have not been and will not be registered under the United States Securities Act of 1933 as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.
- (ii) Each Dealer represents and agrees that it will offer and sell Notes:
  - (A) as part of their distribution at any time and
  - (B) otherwise until 40 days after the completion of distribution of the Notes (as determined and notified to such Dealer by the Manager following notification by each Dealer to the Manager of completion of distribution of the Notes purchased by or through it),

only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither such Dealer, its affiliates (if any) nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and each Dealer, its affiliates (if any) and any person acting on its behalf have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the restricted period a confirmation or notice to substantially the following effect:

“The Notes covered hereby have not been registered under the United States Securities Act of 1933 as amended (the “Securities Act”) and may not be offered and sold within the United States or to or for the account or benefit of US persons:

- (i) as part of their distribution at any time; or
- (ii) otherwise until 40 days after the completion of the distribution of the series of Notes of which such Notes are a part, as determined and certified by the Dealers, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Terms used in the preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

- (iii) Each Dealer further represents and agrees that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.
- (iv) The Notes will be issued in accordance with the provisions of the United States Treasury Regulation § 1.163-5 (c)(2)(i)(D) (the “D Rules”), In addition, with respect to the Notes each Dealer represents and agrees that:
  - (A) except to the extent permitted under the D Rules:
    - (1) it has not offered or sold, and during the restricted period will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person; and
    - (2) it has not delivered and will not deliver within the United States or its possessions definitive 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 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; and
- (C) with respect to each affiliate (if any) that acquires from a Dealer Notes for the purposes of offering or selling such Notes during the restricted period, such Dealer either:
  - (1) hereby represents and agrees on behalf of such affiliate (if any) to the effect set forth in sub-paragraphs (A) and (B) of this paragraph (iv); or
  - (2) 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) and (B) of this paragraph (iv); and
- (D) if a Dealer is a United States person, it represents that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and, if such Dealer retains Notes in bearer form 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).

Terms used in the above paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

**(c) United Kingdom:**

In relation to each issue of Notes, each Dealer subscribing for or purchasing such Notes has represented and agreed that:

- (a) *investment advertisements*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the *Financial Services and Markets Act 2000 (FSMA)*) received by it in connection with the issue or sale of any MTNs in circumstances in which section 21(1) of the FSMA does not 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 MTNs in, from or otherwise involving the United Kingdom.

**(d) European Economic Area:**

In relation to each Member State of the European Economic Area which has implemented the Directive 2003/71/EC (the **Prospectus Directive**) (each, a **Relevant Member State**), each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of MTNs to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

**(e) Australia:**

Each Dealer agrees that it will not:

- (i) make any offer or invitation in relation to the Notes in Australia unless:
  - (A) (1) the consideration (but disregarding any part of the consideration paid or to be paid out of money lent by the person offering the Notes or an associate of that person) payable is a minimum amount of A\$500,000;
  - (2) the offer or invitation otherwise does not require disclosure under chapter 6D of the Corporations Act 2001; and
  - (B) it complies with Banking (Exemption) Order No. 82 which requires all offers and transfers to be for a consideration of at least A\$500,000; or
- (ii) make any offer or invitation in relation to Notes to be transferred to or from Australia unless;
  - (A) (1) the consideration payable (but disregarding any part of the consideration paid or to be paid out of money lent by the person offering the Notes or an associate of that person) at the time of transfer is a minimum amount of A\$500,000;
  - (2) the offer or invitation otherwise does not require disclosure under chapter 6D of the Corporations Act 2001; and
  - (B) it complies with Banking (Exemption) Order No. 82 which requires all offers and transfers to be for a consideration of at least A\$500,000; or
- (iii) circulate the Information Memorandum or issue a prospectus or other offering materials relating to the Notes which in either case would require it to be lodged or registered under Division 2 of Part 7.12 of the Corporations Act 2001.

**(f) The Netherlands:**

Each Dealer represents, warrants and agrees 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 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) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (b) 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, (Staatscourant 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 Zero Coupon 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.

**(g) New Zealand:**

- (i) The Notes shall not be offered for sale to the public in New Zealand in breach of the Securities Act 1978 or the Securities Regulations 1983 of New Zealand. In particular, but without limitation, Notes may only be offered or transferred either:
  - (A) to persons whose principal business is the investment of money or to persons who, in the course of and for the purposes of their business, habitually invest money within the meaning of section 3(2)(a)(ii) of the Securities Act 1978; or
  - (B) to persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the Notes (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or Issuer) before the allotment of those Notes and who have a minimum holding of the Notes of at least NZ\$500,000.
- (ii) In addition, each Holder is deemed to represent and agree that it will not distribute the Information Memorandum, any Terms Sheet or any other advertisement (as defined in the Securities Act 1978) in relation to any offer of the Notes in New Zealand other than:
  - (A) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money within the meaning of section 3(2)(a)(ii) of the Securities Act 1978; or
  - (B) in other circumstances where there is no contravention of the Securities Act 1978.

**(h) Secondary market:**

Subject to the other provisions of this Agreement, each Dealer agrees to use its best endeavors to make markets to Noteholders in all Notes in a Series of which it acquired Notes upon initial issue.

## 7. FURTHER INFORMATION

For further information, please contact:

- Issuer: N.V. Bank Nederlandse Gemeenten  
Koninginnegracht 2,  
2514 AA The Hague,  
The Netherlands  
Telephone: +31 70 3081 730  
Facsimile: +31 70 3657 093  
Website: www.bng.com
- Arranger and Manager: Commonwealth Bank of Australia  
Level 4, Cnr Pitt Street and Martin Place,  
Sydney NSW 1155,  
Australia  
Telephone: +612 9312 0399  
Facsimile: +612 9312 0213
- Dealers: ABN AMRO Bank N.V., Australian Branch  
Level 20, ABN AMRO Tower,  
Cnr Phillip and Bent Streets,  
Sydney NSW 2000,  
Australia  
Telephone: +612 8259 5172  
Facsimile: +612 8259 5433
- Citigroup Global Markets Australia Pty Limited  
Level 23, Citigroup Centre,  
2 Park Street,  
Sydney NSW 2000,  
Australia  
Telephone: +612 8225 6032  
Facsimile: +612 8225 5407
- Commonwealth Bank of Australia  
Level 4, Cnr Pitt Street and Martin Place,  
Sydney NSW 1155,  
Australia  
Telephone: +612 9312 0399  
Facsimile: +612 9312 0213
- Deutsche Bank AG, Sydney Branch  
Level 16, Deutsche Bank Place,  
Corner of Hunter & Phillip Sts  
Sydney NSW 2000,  
Australia  
Telephone: +612 8258 2657  
Facsimile: +612 8258 2220
- The Toronto-Dominion Bank  
Level 24, 9 Castlereagh Street,  
Sydney NSW 2000,  
Australia  
Telephone: +612 9619 8868  
Facsimile: +612 9619 8800

UBS AG, Australia Branch  
Level 16, Chifley Tower  
2 Chifley Square,  
Sydney NSW 2000,  
Australia  
Telephone: +612 9324 3948  
Facsimile: +612 9324 3832

Westpac Banking Corporation  
Level 2, 275 Kent Street,  
Sydney NSW 2000,  
Australia  
Telephone: +612 8253 4571  
Facsimile: +612 8254 6930

Australian Registrar:

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street,  
Sydney NSW 2000,  
Australia  
Telephone: +612 8234 5080  
Facsimile: +612 8234 5070

New Zealand Registrar

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
North Shore City 0622  
New Zealand  
Telephone: + 649 4888 700  
Facsimile: + 649 4888 787