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Van Lanschot

F. van Lanschot Bankiers N.V.

*(incorporated under the laws of the Netherlands with limited liability
and having its statutory seat in 's-Hertogenbosch, the Netherlands)*

EUR 5,000,000,000 Conditional Pass-Through Covered Bond Programme

guaranteed as to payments of interest and principal by

VAN LANSCHOT CONDITIONAL PASS-THROUGH COVERED BOND COMPANY B.V.

*(incorporated under the laws of the Netherlands with limited liability
and having its statutory seat in Amsterdam, the Netherlands)*

This document constitutes a base prospectus (the "**Base Prospectus**") within the meaning of Directive 2003/71/EC and any amendments thereto (the "**Prospectus Directive**") including Directive 2010/73/EU (the "**PD Amending Directive**"). This Base Prospectus has been approved by the Netherlands Authority for the Financial Markets ("**Stichting Autoriteit Financiële Markten**", the "**AFM**"), which is the Dutch competent authority for the purpose of the Prospectus Directive and relevant implementing measures in the Netherlands, as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of conditional pass-through covered bonds (the "**Covered Bonds**") under the Programme during the period of twelve months after the date hereof. This Base Prospectus will be published in electronic form on:

<https://corporate.vanlanschot.nl/en/financial/debt-investors/>.

Under its EUR 5,000,000,000 Conditional Pass-Through Covered Bond Programme (the "**Programme**") F. van Lanschot Bankiers N.V. (the "**Issuer**" or "**Van Lanschot**") may from time to time issue Covered Bonds denominated in euro. Subject as set out herein, the maximum aggregate nominal amount of the Covered Bonds from time to time outstanding under the Programme will not exceed EUR 5,000,000,000 subject to any increase as described herein.

Van Lanschot Conditional Pass-Through Covered Bond Company B.V. (the "**CBC**") will guarantee the payment of scheduled interest and principal payable under the Covered Bonds pursuant to a guarantee issued under the Trust Deed. The Covered Bonds will further be (indirectly) secured by a right of pledge (or such other security right as may be applicable) over the Transferred Assets vested by the CBC in favour of Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company (the "**Security Trustee**") and a right of pledge vested by the CBC in favour of the Security Trustee over all rights of the CBC under or in connection with the CBC Transaction Documents. Recourse against the CBC under its guarantee will be limited to the Transferred Assets and the rights of the CBC under or in connection with the Transaction Documents relating to the CBC (the "**Security**").

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed in respect of Covered Bonds under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**") and to investors directly. Covered Bonds may be distributed by way of a public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant series of Covered Bonds (a "**Series**") (or tranche thereof (a "**Tranche**")) will be stated in the relevant final terms (the "**Final Terms**"). Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to the Covered Bonds will be set forth in the applicable Final Terms which, in respect to Covered Bonds to be listed on Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**") will be filed and delivered to Euronext Amsterdam on or before the date of each issue of such Covered Bonds.

Application may be made for the Covered Bonds to be listed on the official list of Euronext Amsterdam during the period of twelve (12) months from the date of this Base Prospectus. In addition, Covered Bonds issued under the Programme may be listed or admitted to trading, as the case may be, on any other stock exchange or regulated market specified in the applicable Final Terms. The Issuer may also issue unlisted Covered Bonds under the Programme. The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).

The Issuer and the CBC may agree with the Security Trustee that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds set out herein, in which event a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

It is expected that each issue of a Series of Covered Bonds will, on issue, be assigned a "AAA" rating by Standard & Poor's Rating Services ("**S&P**") and a 'AAA' rating by Fitch Ratings Limited ("**Fitch**" and together with S&P the "**Rating Agencies**" and each a "**Rating Agency**"), unless otherwise specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. Whether or not each credit rating applied for in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. For a discussion of the risks associated with an investment in the Covered Bonds, see the Risk Factors section herein. The Rating Agencies have been registered by the European Securities and Markets Authority as credit rating agencies in accordance with the CRA Regulation.

The Covered Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the U.S. or other jurisdiction of the U.S. The Covered Bonds may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Covered Bonds are being offered, sold or delivered only to non-U.S. persons (as defined in Regulation S) outside the U.S. in reliance on Regulation S.

The Covered Bonds of each Tranche are in bearer form or in registered form. Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a Global Covered Bond. Global Covered Bonds will be deposited on or about the issue date thereof (each an "**Issue Date**") either (i) with a common safekeeper or common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or (ii) with the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Nederland**") and/or (iii) any other agreed clearance system. Registered Covered Bonds will be issued to each relevant holder by a registered covered bonds deed. See *Form of Covered Bonds*.

The Covered Bonds may be issued in a new global note form ("**NGN-form**") which will allow Eurosystem eligibility. This means that the Covered Bonds in NGN-form are intended upon issue to be deposited with one of the International Central Securities Depositories (the "**ICSDs**") as common safekeeper and does not necessarily mean that the Covered Bonds 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 satisfaction of the Eurosystem eligibility criteria from time to time.

For the page reference of the definitions of capitalised terms used herein see *Index of Defined Terms*.

The date of this base prospectus is 2 March 2015

Arrangers

F. van Lanschot Bankiers N.V.

Rabobank

Dealers

F. van Lanschot Bankiers N.V.

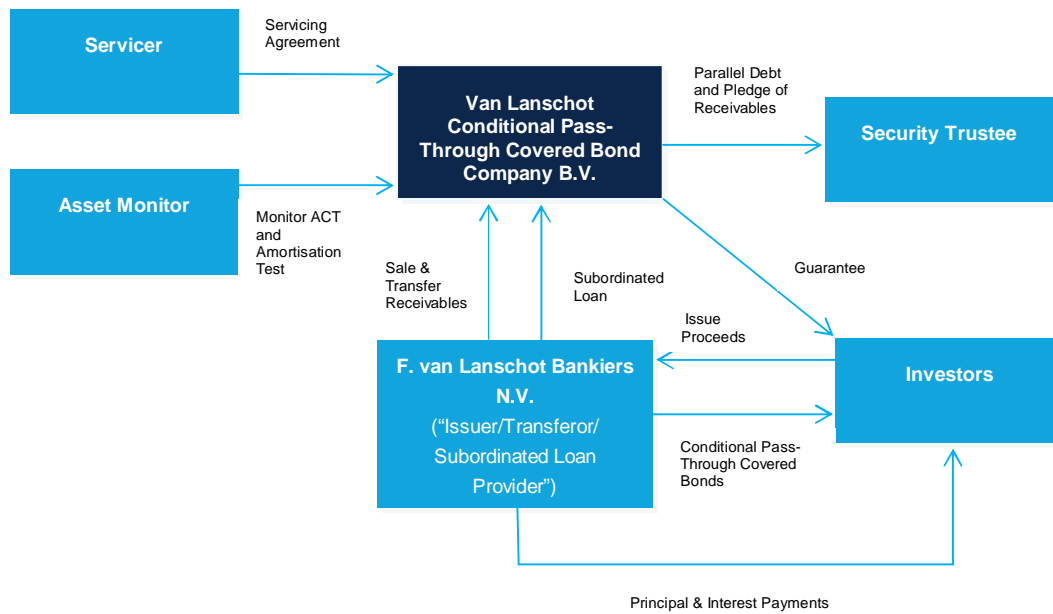
Rabobank

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1. STRUCTURE DIAGRAM

The following structure diagram provides an indicative summary of the principal features of the Programme. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Base Prospectus.



2. OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMME

The following provides an overview of the parties and the principal features of the Programme. The overview must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Base Prospectus.

PARTIES

Issuer:	F. van Lanschot Bankiers N.V. (" Van Lanschot "), a public company with limited liability (<i>naamloze vennootschap</i>) incorporated under Dutch law, having its statutory seat at 's-Hertogenbosch, the Netherlands. The Issuer is registered in the trade register of the Chamber of Commerce under number 16038212.
Transferor:	Van Lanschot (and any other subsidiary of Van Lanschot that has acceded to the Programme) (as defined below)) as Transferor.
CBC:	Van Lanschot Conditional Pass-Through Covered Bond Company B.V. (" CBC "), incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 62066587.
Guarantor:	CBC.
Programme:	The EUR 5,000,000,000 Conditional Pass-Through Covered Bond Programme of Van Lanschot guaranteed as to payments of interest and principal by the CBC.
Administrator:	Intertrust Administrative Services B.V. in its capacity as administrator under the Administration Agreement or its successor or successors.
Servicer:	Van Lanschot in its capacity as servicer, in respect of Mortgage Receivables or in respect of the other Transferred Assets in respect of which it has been appointed as Servicer under the Servicing Agreement or its successor or successors.
Asset Monitor:	PricewaterhouseCoopers Accountants N.V., incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap</i>).
Arrangers:	Van Lanschot and Rabobank.
Dealers:	Van Lanschot, Rabobank and any other dealer appointed from time to time.
Security Trustee:	Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company, established under the laws of the Netherlands as a foundation (<i>stichting</i>) and registered with the Commercial Register at the Chamber of Commerce under number 62050486.
Stichting Holding:	The entire issued share capital of the CBC is held by Stichting Holding Van Lanschot Conditional Pass-Through Covered Bond Company, established under the laws of the Netherlands as a foundation (<i>stichting</i>) and registered with the Commercial Register at the Chamber of Commerce under number 62054910.
Directors:	Intertrust Management B.V., the sole director of the CBC, Intertrust Management B.V., the sole director of the Stichting Holding and SGG Securitisation Services B.V., the sole director of the Security Trustee.
CBC Account Bank:	Société Générale S.A., Amsterdam Branch a company incorporated under the laws of France.

Principal Paying Agent:	Citibank, N.A., London Branch (" Citibank ").
Paying Agent:	Any paying agent appointed under the agency agreement (and together with the Principal Paying Agent, the " Paying Agents ").
Listing Agent:	Rabobank.
Registrar:	Citibank.
Calculation Agent:	In relation to the Covered Bonds of any Series, the institution appointed as calculation agent in relation to such Covered Bonds pursuant to the Calculation Agency Agreement (Schedule 3 to the Agency Agreement) or the Agency Agreement.
Rating Agencies:	Any rating agency (or its successor) who, at the request of the Issuer assigns, and for as long as it assigns, one or more ratings to the Covered Bonds under the Programme from time to time, which at the date of this Base Prospectus includes Fitch and S&P, the " Rating Agencies " and each a " Rating Agency ".
Portfolio Swap Counterparty:	Any swap counterparty under any Portfolio Swap Agreement.
Interest Swap Counterparty	Any swap counterparty under any Interest Swap Agreement.
Swap Counterparty:	Any swap counterparty under any Portfolio Swap Agreement and/or any Interest Swap Agreement (together the " Swap Agreements ").
Subordinated Loan Provider:	Van Lanschot.

THE COVERED BONDS

Programme size:	Up to EUR 5,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the programme agreement dated 2 March 2015 between, <i>inter alia</i> , the Issuer and the CBC as the same may be amended and/or supplemented and/or restated or otherwise modified from time to time (the " Programme Agreement ").
Issue Price:	Covered Bonds may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form:	Each Covered Bond will be in a bearer or registered form.

Each Tranche of Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Covered Bond or, if so indicated in the applicable Final Terms, a Permanent Global Covered Bond. Each Global Covered Bond (a) which is intended to be issued in NGN form (a "**NGN Global Covered Bond**") will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg, (b) which is not intended to be issued in NGN form may also be deposited on or around the relevant Issue Date (i) with Euroclear Nederland (ii) with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (iii) with (a depositary for) any other agreed clearing system. A Temporary Global Covered Bond will be exchangeable as described therein for a Permanent Global Covered Bond.

A Permanent Global Covered Bond is exchangeable for Definitive Covered

Bonds only upon the occurrence of an Exchange Event, all as described in *Form of Covered Bonds* below. Any interest in a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or (ii) Euroclear Nederland (and the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*)) and/or (iii) any other agreed clearing system, as appropriate. See *Form of Covered Bonds*.

If any Permanent Global Covered Bond is not duly exchanged, the terms of such Permanent Global Covered Bond will provide a mechanism for relevant account holders with Euroclear, Clearstream, Luxembourg, Euroclear Nederland and/or any other agreed clearing system(s) to whose securities account(s) with such clearing system(s) the beneficial interests in such Permanent Global Covered Bond are credited to be able to enforce rights directly against the Issuer.

Registered Covered Bonds will be issued to each holder (unless otherwise specified in the applicable Final Terms) by a Registered Covered Bonds Deed.

Denomination:

Covered Bonds will be issued in such denominations as set forth in the applicable Final Terms save that the minimum denomination of each Covered Bond will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) and save that the minimum denomination (and in respect of Covered Bonds issued at a discount to their nominal amount, the minimum issue price) of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be EUR 100,000.

Currency:

Subject to any applicable legal or regulatory restrictions, the Covered Bonds will be issued in euros.

Status and Ranking:

The Covered Bonds issued from time to time under the Programme will constitute unsecured and unsubordinated obligations of the Issuer, guaranteed by the Guarantee, and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for any obligations preferred by a mandatory operation of applicable law.

Interest:

Interest (which may be fixed or floating) shall be payable on each Series or Tranche of Covered Bonds on the Interest Payment Dates specified in the applicable Final Terms up to the Maturity Date or Extended Due for Payment Date, if applicable. Interest shall be payable (i) monthly, bi-monthly, quarterly, semi-annually, annually or upon redemption of the relevant Covered Bonds as further specified in the applicable Final Terms up to the earlier of (a) the Maturity Date and (b) the service of a Breach of Amortisation Test Notice and (ii) monthly after the earlier to occur of (a) the Maturity Date and (b) the date of the service of a Breach of Amortisation Test Notice, up to the Extended Due for Payment Date.

Fixed Rate Covered Bonds:

Fixed Rate Covered Bonds means Covered Bonds which will bear interest at a fixed rate, payable on such date or dates as set forth in the applicable Final Terms ("**Fixed Rate Coupon**") and on redemption and will be calculated on the basis of such Day Count Fraction as set forth in the applicable Final Terms. If on or after the Maturity Date the Fixed Rate Covered Bonds are not redeemed in full or if a Breach of Amortisation Test Notice has been served, the Fixed Rate Covered Bonds will continue to bear interest at a fixed rate up to the Extended Due for Payment Date.

Floating Rate Covered Bonds:

Floating Rate Covered Bonds means Covered Bonds which will bear interest either at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in euro governed by an agreement incorporating the 2006 ISDA Definitions (as published by the

International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of Covered Bonds of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as set forth in the applicable Final Terms up to the Maturity Date (or, if earlier, the date of the service of a Breach of Amortisation Test Notice) and will be calculated on the basis of such Day Count Fraction as set forth in the applicable Final Terms.

Margin

The relevant margin (the "**Margin**") (if any) relating to such floating rate will be specified as being the Margin in the applicable Final Terms. If after the Maturity Date such Floating Rate Covered Bonds are not fully redeemed or if a Breach of Amortisation Test Notice has been served, as of that Maturity Date or the date of such notice, the applicable floating rate will switch to a Fixed Rate Coupon set forth in the applicable Final Terms.

Other provisions in relation to Floating Rate Covered Bonds:

Floating Rate Covered Bonds may also have a maximum interest rate ("**Cap**"), a minimum interest rate ("**Floor**") or both ("**Collar**") up to the Maturity Date. Interest on Floating Rate Covered Bonds in respect of each Interest Period will be payable on such Interest Payment Dates, and will be calculated on the basis of such day count fraction, as set forth in the applicable Final Terms.

Redemption:

The applicable Final Terms will indicate that (a) the relevant Covered Bonds cannot be redeemed prior to their stated maturity (other than following specified events, if applicable, or for taxation reasons or following an Issuer Event of Default or a CBC Event of Default) or (b) such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the applicable Final Terms or (c) such Covered Bonds will be redeemable at the option of the Covered Bondholder upon giving notice to the Issuer, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the applicable Final Terms.

Maturities:

Such maturities as set forth in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the Issuer, subject to a maximum maturity (i.e. the Extended due for Payment Date) for each Series of 47 years.

Maturity Date:

In respect of a Series, the date on which the Covered Bonds of such Series are expected to be redeemed at their Principal Amount Outstanding, as specified in the relevant Final Terms, which date falls no more than 15 years after the Issue Date of such Series. Each Series is due by the Issuer on its respective Maturity Date.

Extended due for Payment Date:

The final maturity date which falls 32 years after the Maturity Date of such Series.

Withholding Tax:

All payments of, or in respect of, principal of and interest on the Covered Bonds will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and the Issuer will be required to pay such additional amounts to cover such withholding or reduction to such Covered Bondholders or, if the Issuer so elects, it may redeem the Series affected. The CBC will not be required or liable to pay such additional amounts.

FATCA Withholding:

Payments in respect of the Covered Bonds might be subject to any

withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretation thereof, or any law implementing an intergovernmental agreement thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid on the Covered Bonds with respect to any such withholding or deduction.

- Method of Payment:** For as long as the Covered Bonds are represented by a Global Covered Bond, payments of principal and interest will be made (i) by giro transfer in euro to Euroclear Nederland or (ii) as the case may be, in euro to the Principal Paying Agent for the credit of the respective accounts of the Covered Bondholders through Euroclear and Clearstream, Luxembourg or (iii) as the case may be, in accordance with the rules of another agreed clearing system.
- Use of proceeds:** The net proceeds from each issue of Covered Bonds will be used by the Issuer for its general corporate purposes.
- Listing:** Application may be made to Euronext Amsterdam for the Covered Bonds, to be admitted to the official list and trading on its regulated market.
- Selling Restrictions:** There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom, France, Italy and the Netherlands) and Japan and such other restrictions as may apply in connection with the offering and sale of a particular Tranche or Series. See *Subscription and Sale* below.

SECURITY FOR THE COVERED BONDS

- Guarantee, Security, CBC:** Pursuant to the Guarantee issued under the Trust Deed, the CBC will guarantee the payment of interest and principal payable under the Covered Bonds. The obligations of the CBC under the Guarantee will constitute unsubordinated and unguaranteed obligations of the CBC, secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge (or such other security right as may be applicable) granted by the CBC to the Security Trustee over the Transferred Assets and (ii) a first ranking disclosed pledge by the CBC to the Security Trustee over the CBC's rights under or in connection with the CBC Transaction Documents.

Payments made by the CBC under the Guarantee (after the service of an Issuer Acceleration Notice or a CBC Acceleration Notice) will be made subject to, and in accordance with, the CBC Priority of Payments or the Post CBC Acceleration Notice Priority of Payments, as applicable.

- Parallel Debt Agreement:** On the Programme Date, the CBC and the Security Trustee have entered into a parallel debt agreement (the "**Parallel Debt Agreement**") for the benefit of the Covered Bondholders and the other Secured Parties under which the CBC, by way of parallel debt, undertakes to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create claims of the Security Trustee thereunder which can be validly secured by the rights of pledge created by any Security Trustee Receivables Pledge Agreement and any Security Trustee Rights Pledge Agreement.
- Interest under the Guarantee:** If the CBC is obliged to pay under the Guarantee, the CBC is obliged to pay any Guaranteed Amount (other than the Guaranteed Final Redemption Amount, see below) when Due for Payment.
- Extendable obligations:** An Extended Due for Payment Date will apply in relation to each Series of Covered Bonds. In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, in which case:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption

Amount shall be deferred to, and shall under the Guarantee be due on the Extended Due for Payment Date, provided that if on any CBC Payment Date which falls prior to the Extended Due for Payment Date, and after the CBC shall under the relevant Priority of Payments have paid or provided for all higher ranking amounts, any amounts are available to the CBC for payment of (or to be reserved for payment of) principal on a Series of Covered Bonds, such available amounts will be applied on the relevant CBC Payment Date towards payment of all Pass-Through Covered Bonds; and

(b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount.

Pass-Through Covered Bonds:

- (a) if a Covered Bond has not been repaid in full on its Maturity Date, such Covered Bond becomes a Pass-Through Covered Bond; and
- (b) if an Issuer Event of Default has occurred and a Notice to Pay on the CBC and a Breach of Amortisation Test Notice have been served, all Covered Bonds become Pass-Through Covered Bonds.

Pass-Through structure:

The Pass-Through structure will become relevant after the service of a Notice to Pay on the CBC. The CBC will be obliged to pass any available funds through and apply such funds towards redemption of all Pass-Through Covered Bonds and the other creditors in accordance with the relevant Priority of Payments and the CBC will also be obliged to use its best efforts to sell or refinance Transferred Assets on each sixth CBC Payment Date to enable it to redeem all Pass-Through Covered Bonds prior to the Extended Due for Payment Date, provided that it can sell the Transferred Assets and consequently redeem the Pass-Through Covered Bonds without negatively impacting the Amortisation Test. Failure by the CBC to sell or refinance Selected Mortgage Receivables in the portfolio in accordance with the Asset Monitoring Agreement (as described below) will not constitute a CBC Event of Default.

**GUARANTEE SUPPORT
AND THE MORTGAGE
RECEIVABLES**

Guarantee Support:

The Transferor may sell and transfer Eligible Assets to the CBC in accordance with the Guarantee Support Agreement. At the option of the Issuer, subject always to Rating Agency Confirmation, New Transferors may accede to the Guarantee Support Agreement. The Issuer will use its best efforts, and the CBC will use reasonable efforts, to ensure, among other things, that the Asset Cover Test is satisfied as at the end of each calendar month, as calculated on the immediately succeeding Calculation Date and the Issuer shall use its best efforts to transfer or procure the transfer of sufficient Eligible Receivables either directly by the Issuer or indirectly, upon instruction of the Issuer, by the other Transferors (if any). As part of the Asset Cover Test the Issuer will use its best efforts to ensure that (I) (a) the Net Outstanding Principal Amount of all Mortgage Receivables, excluding any Defaulted Receivables, plus (b) the Collateral Market Value of all Transferred Collateral in the form of Substitution Assets plus (c) all amounts standing to the balance of the CBC Transaction Accounts, excluding Swap Collateral and excluding amounts standing to the balance of the Construction Account, are at least equal to 115% of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding and (II) the Asset Cover Test will meet the requirements pursuant to the Wft in respect of the collateralisation of the Covered Bonds, including, but not limited to, the requirement, that the Net Outstanding Principal Amount of Mortgage Receivables and the Substitution Assets are at least equal to 105% of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (as amended from time to time).

Mortgage Receivables:

Under the Guarantee Support Agreement, the Transferor may sell and assign any and all rights under Mortgage Loans ("**Mortgage Receivables**") of the Transferor against certain borrowers (the "**Borrowers**") and all claims which the Transferor has or will have as beneficiary *vis-à-vis* an Insurance

Company in respect of the relevant Insurance Policy under which the Transferor has been appointed as first beneficiary (*begunstigde*) in connection with a Mortgage Receivable (the "**Beneficiary Rights**"), subject to the fulfilment of certain conditions. The "**Mortgage Loans**" shall, after sale and assignment of Eligible Receivables having taken place and to the extent not redeemed, retransferred, sold or otherwise disposed of by the CBC, be the loans entered into or acquired by the Transferor *vis-à-vis* the relevant Borrowers set out in the relevant deed of sale, assignment and pledge and will result from loans secured by a first-ranking Mortgage over (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpacht*), (together with real property and apartment rights, the "**Mortgaged Assets**"), situated in the Netherlands and entered into or acquired by the Transferor *vis-à-vis* the relevant Borrowers. See *Guarantee Support Agreement* below.

The Mortgage Receivables have the characteristics that demonstrate the capacity to produce funds to service payments by the CBC under the Guarantee.

For the purpose of this Prospectus:

"**Insurance Companies**" means the Life Insurance Companies and the Savings Insurance Companies.

"**Life Insurance Companies**" means any insurance companies with which the Borrowers have entered into Life Insurance Policies in connection with any Mortgage Loans.

"**Savings Insurance Companies**" means any insurance companies with which the Borrowers have entered into Savings Insurance Policies in connection with any Savings Mortgage Loans.

"**Savings Insurance Policy**" means the combined risk and capital policy (*gecombineerde risico- en kapitaalverzekering*) taken by a Borrower with an Savings Insurance Company in connection with any Insurance Savings Mortgage Loan.

"**Life Insurance Policies**" means any life insurance policies and combined risk and capital insurance policies (*gecombineerde risico- en kapitaalverzekeringen*) taken out by any Borrower with a Life Insurance Company in connection with any Life Mortgage Loans.

Administration Agreement:

Under the terms of the Administration Agreement entered into on the date of the entering into force of the Programme (the "**Programme Date**") between the CBC, the Administrator and the Security Trustee, as amended, supplemented, restated or otherwise modified from time to time, the Administrator agrees to provide certain administration, calculation and cash management services to the CBC on a day-to-day basis, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Covered Bonds. The Administrator is permitted to sub-contract its administration role to a third party administrator subject to any applicable conditions in the Administration Agreement.

Servicing Agreement:

Under the terms of a servicing agreement entered into on the Programme Date (the "**Servicing Agreement**") between the CBC, the Servicer and the Security Trustee as amended, supplemented, restated or otherwise modified from time to time, the Servicer agrees (i) to provide administration and management services in relation to the relevant Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the relevant Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages, any other related security and other collateral, if applicable; (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies. The Servicer is permitted to sub-contract its servicing role to an affiliate of the Issuer or any third party subject to Rating Agency Confirmation and provided that the Servicer shall

continue to be liable as if no such delegation had taken place.

If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets.

Subordinated Loan Agreement:

The CBC and the Subordinated Loan Provider have entered into a subordinated loan agreement on the Programme Date, under which the Subordinated Loan Provider agrees to provide, from time to time, a subordinated loan, to the CBC, (i) for an amount equal to the Initial Purchase Price to finance the acquisition of New Mortgage Receivables or Substitution Assets and (ii) to credit the Reserve Account up to the Reserve Account Required Amount.

CBC Account Agreement:

The CBC and the CBC Account Bank have entered into a floating rate guaranteed investment contract (the "**CBC Account Agreement**") on the Programme Date, under which the CBC Account Bank agrees to pay a guaranteed rate of interest equal to EONIA minus 5 basis points per annum on the balance standing to the credit of each CBC Transaction Account from time to time (the "**CBC Transaction Accounts Funds**") or such other interest rate as may be agreed between the CBC Account Bank and the CBC.

In the event that the interest rate accruing on the balances standing to the credit of any of the CBC Transaction Accounts is less than zero, such amount will be payable by the CBC to the CBC Account Bank, provided that the CBC Account Bank has sent a written notice to the CBC ten (10) Business Days in advance.

CBC Account:

The CBC shall maintain with the CBC Account Bank an account, or such replacement account with the consent of the Security Trustee (the "**CBC Account**" and any additional or replacement accounts) to which all amounts to be received in respect of the Transferred Asset and other amounts by the CBC are to be paid.

Construction Account:

The CBC shall maintain with the CBC Account Bank an account (the "**Construction Account**") to which all amounts corresponding to the aggregate Construction Deposits will be credited.

Swap Collateral Account:

If an Interest Swap Agreement and/or a Portfolio Swap Agreement has been entered into and swap collateral is to be posted, the CBC will open with the CBC Account Bank a swap collateral account (the "**Swap Cash Collateral Account**") to hold swap collateral in the form of cash, and will open with a custody bank a swap custody collateral account (the "**Swap Custody Collateral Account**") to hold swap collateral in the form of securities, together the "**Swap Collateral Accounts**".

Reserve Account:

The CBC shall maintain with the CBC Account Bank an account (the "**Reserve Account**") to which the Reserve Account Required Amount will be credited (such account together with the CBC Account, the Construction Account and the Swap Collateral Account referred to as the "**CBC Transaction Accounts**").

Portfolio Swap Agreements:

There may be certain mismatches between the interest to be received on the Transferred Assets and the CBC Transaction Accounts and the amounts payable under the Covered Bonds. In order to mitigate certain mismatches, the CBC may enter into appropriate hedging arrangements with respect to one or more Series or all Series of Covered Bonds whereby revenue scheduled to be received on all Transferred Assets multiplied by the Portfolio Swap Fraction is exchanged for a fixed or floating rate of interest on one or more Series or all Series of Covered Bonds. The Portfolio Swap Fraction is calculated by dividing the Principal Amount Outstanding of the relevant Series of Covered Bond by the Principal Amount Outstanding of all outstanding Covered Bonds.

Interest Swap Agreement:

In addition to Portfolio Swap Agreements and in order to mitigate certain

mismatches, the CBC may enter into appropriate hedging arrangements subject to Rating Agency Confirmation whereby a certain fixed or floating rate is exchanged for a specific rate on one or more Series or all Series of Covered Bonds.

Management Agreements: Each of the CBC, the Security Trustee and the Stichting Holding have entered into a management agreement (together the "**Management Agreements**") with the relevant Director, under which the relevant Director will undertake to act as director of the CBC, the Security Trustee or the Stichting Holding, respectively, and to perform certain services in connection therewith.

Deposit Agreement: Each of the CBC, the Security Trustee, the Issuer, the Transferor and a civil law notary have entered into a deposit agreement (the "**Deposit Agreement**") on the Programme Date as amended, supplemented, restated or otherwise modified, pursuant to which the Issuer will deposit personal data with respect to Borrowers with a civil law notary which may only release such information to the CBC and/or the Security Trustee upon the occurrence of a Notification Event.

Sale or Refinancing of Transferred Assets: If an Issuer Event of Default occurs, then upon the earliest to occur on or after such Issuer Event of Default of (i) any amount remaining unpaid in respect of a Series on the Maturity Date, (ii) any Maturity Date of a Series of Covered Bonds falling within a period of six (6) calendar months of such date and (iii) a Breach of Amortisation Test Notice, the CBC shall use its best efforts to sell or refinance as soon as possible after the occurrence of such event set out under item (i), (ii) or (iii) above, (such date the first "**Refinance Date**"), the Transferred Assets that are randomly selected by the CBC pursuant to the terms of the Asset Monitoring Agreement (the "**Selected Transferred Assets**"), provided that such proceeds are at least sufficient to redeem the relevant Series in full (or a proportional part thereof if only a part of the Selected Transferred Assets have been sold or refinanced) on their Maturity Date.

Such sale or refinance and subsequent redemption of the respective Covered Bonds may not result in a deterioration of the quotient of (i) the Amortisation Test Aggregate Asset Amount; and (ii) the Principal Amount Outstanding of all Series outstanding after redemption of the respective Covered Bonds.

If the expected proceeds of such sale or refinance are insufficient to redeem the relevant Series in full and the sale therefore fails, or only a part is sold, the Administrator shall repeat its attempt to sell or refinance the Selected Transferred Assets every six (6) months after the first Refinance Date until the proceeds are sufficient to redeem the relevant Series in full.

CBC Priority of Payments: Prior to the service of a CBC Acceleration Notice, on each CBC Payment Date the relevant available funds will be applied or reserved for the period up to the immediately following CBC Payment Date as follows:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee in the immediately following CBC Payment Period under the provisions of the Trust Deed, together with interest;
- (b) *second*, in or towards satisfaction of taxes owing by the CBC to any tax authority accrued and unpaid (to the extent such amounts cannot be paid out of item (ix) of the Interest Available Amount);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of any remuneration and any costs, charges liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;

- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of:
 - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately following CBC Payment Period under the provisions of the Servicing Agreement;
 - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately following CBC Payment Period under the provisions of the Administration Agreement;
 - (iii) amounts (if any) due and payable to the CBC Account Bank (including costs) pursuant to the terms of the CBC Account Agreement;
 - (iv) any amounts (including costs and expenses) due and payable to the Directors; and
 - (v) any amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (k) below) pursuant to the terms of the Asset Monitor Appointment Agreement;
- (e) *fifth*, to each Portfolio Swap Counterparty in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of all amounts (including any termination payment due and payable by the CBC under the relevant Portfolio Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Portfolio Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Portfolio Swap Agreement;
- (f) *sixth*, in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of:
 - (i) to each Swap Counterparty (other than to a Portfolio Swap Counterparty, which is paid under item (e) above), all amounts (including any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Swap Agreement (other than under a Portfolio Swap Agreement, which is paid under item (e) above); and
 - (ii) all Scheduled Interest that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be paid in the relevant CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series or (ii) are scheduled to be paid in the immediately succeeding CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series but the Administrator determines in its sole discretion may not be available as scheduled due to the potential non-performance by the relevant Swap Counterparty of its obligations pursuant to the relevant Swap Agreement;

- (g) *seventh*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (h) *eighth*, in or towards satisfaction or to be reserved for payment, *pro rata* and *pari passu* according to the respective amounts owing thereto, of all Scheduled Principal that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds;
- (i) *ninth*, after the earlier to occur of (i) service of a Breach of Asset Cover Test Notice (to the extent the Breach of Asset Cover Test is not remedied on such date) and (ii) service of an Issuer Acceleration Notice and a Notice to Pay on the CBC, to deposit the remaining moneys in the CBC Account for application on the next following CBC Payment Date in accordance with this priority of payments, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series);
- (j) *tenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of any Excluded Swap Termination Amount due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (k) *eleventh*, in or towards satisfaction of any indemnity amount due to the Transferor pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement;
- (l) *twelfth*, in or towards satisfaction of any interest due on the Subordinated Loan;
- (m) *thirteenth*, in or towards satisfaction of any principal due on the Subordinated Loan; and
- (n) *fourteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Issuer.

**Post CBC Acceleration
Notice Priority of
Payments:**

After the service of a CBC Acceleration Notice and following the enforcement of the security rights, the relevant available funds will be applied, as follows:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee under the provisions of the Trust Deed together with interest;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any remuneration and any costs, charges liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of:
 - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement;
 - (ii) any remuneration then due and payable to the Administrator

- and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement;
 - (iii) amounts (if any) due and payable to the CBC Account Bank (including costs) pursuant to the terms of the CBC Account Agreement; and
 - (iv) amounts (including costs and expenses) due to the Directors;
- (d) *fourth*, to each Portfolio Swap Counterparty in or towards satisfaction *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of any amount due under the relevant Portfolio Swap Agreement (including any termination payment due and payable by the CBC under the relevant Portfolio Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Portfolio Swap Termination Amount);
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts owing thereto, of any amounts due and payable:
- (i) to the Swap Counterparties under the relevant Swap Agreements (other than under a Portfolio Swap Agreement, which is paid under item (d) above) (including, but not limited to, any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts); and
 - (ii) to the Covered Bondholders *pro rata* and *pari passu* in respect of interest due and payable on each Series in accordance with the Guarantee;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts owing thereto, of any amounts due and payable to the Covered Bondholders *pro rata* and *pari passu* in respect of principal due and payable on each Series in accordance with the Guarantee;
- (g) *seventh*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (h) *eighth*, in or towards satisfaction of any interest due on the Subordinated Loan;
- (i) *ninth*, in or towards satisfaction of any principal due on the Subordinated Loan; and
- (j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Issuer for the benefit of the Transferor.

OTHER:

Ratings:

It is a condition precedent for the first issue of Covered Bonds under the Programme that the Covered Bonds had on issue, been assigned the highest rating by the Rating Agencies. Each further issue of a Series of Covered Bonds will have ratings equal to the then current rating assigned to the outstanding Series of Covered Bonds and will be subject to Rating Agency Confirmation.

Transaction Documents:

The Programme Agreement, the Master Definitions Agreement, the Pledge Agreements, the Swap Agreements (if any), the Administration Agreement, the Servicing Agreement, the CBC Account Agreement, the Trust Deed, the Parallel Debt Agreement, the Agency Agreement, any Calculation Agency

Agreement, the Guarantee Support Agreement, the Asset Monitoring Agreement, any Asset Monitor Appointment Agreement, the Management Agreements, the Deposit Agreement and the Subordinated Loan Agreement.

Governing Law:

The Covered Bonds and the Transaction Documents (other than the Swap Agreements) will be governed by and construed in accordance with Dutch law. The Swap Agreements will be governed by English law.

Risk factors:

There are certain factors which may affect the ability of the Issuer and/or the CBC to fulfil its obligations under the Covered Bonds issued under the Programme or the Guarantee, respectively. Prospective Covered Bondholders should take into account the fact that the liabilities of the CBC under the Covered Bonds are limited recourse obligations and that the ability of the Issuer and/or the CBC to meet such and/or their obligations will be affected by certain factors. These include the fact that the Issuer's and/or the CBC's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change, (iv) changes in fiscal laws, (v) standard banking risks including changes in interest and foreign exchange rates, (vi) operational, credit, market, liquidity, legal risk and (vii) certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks and other risks associated with Covered Bonds issued under the Programme (see in more detail *Risk Factors* below).

Business Day:

A reference to a day on which banks are generally open for business in Amsterdam and London, provided that such day is also a day on which TARGET 2 or any successor thereto is operating credit or transfer instructions in respect of payments in euro, or, if used in or by reference to Condition 5, such day as determined in accordance with Condition 5 and the applicable Final Terms.

3. RISK FACTORS

The Issuer and the CBC believe that the following factors may affect their ability to fulfil their obligations under the Covered Bonds and the Guarantee. Most of these factors are contingencies which may or may not occur and the Issuer and the CBC are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Covered Bonds are also described below. The Issuer and the CBC believe that the factors described below represent the material risks inherent in investing in the Covered Bonds, but the inability of the Issuer or the CBC to pay interest, principal or other amounts on or in connection with the Covered Bonds may occur for other reasons not known to the Issuer nor the CBC or not deemed to be material enough. Neither the Issuer nor the CBC represents that the statements below regarding the risks of investing in any Covered Bonds are exhaustive. 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.

Before making an investment decision with respect to any Covered Bonds, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Covered Bonds and consider such an investment decision in the light of the prospective investor's personal circumstances.

RISK FACTORS REGARDING THE ISSUER

The Issuer's revenues and earnings are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which it conducts business. The ongoing turbulence and volatility of such factors have affected, and may continue to (adversely) affect, the profitability and solvency of the Issuer

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate and private equity valuations, government spending, inflation, the volatility and strength of the capital markets, political events and trends, and terrorism all impact the business and economic environment and, ultimately, its solvency, liquidity and the amount and profitability of business the Issuer conducts in a specific geographic region. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments, and lower consumer spending, the demand for banking products is usually adversely affected and the Issuer's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted and any such losses would be realised through profit and loss and shareholders' equity. The Issuer also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads.

In case one or more of the factors mentioned above adversely affects the profitability of the Issuer's business this might also result, among other things, in the following:

- reserve inadequacies which could ultimately be realised through profit and loss and shareholders' equity;
- the write down of tax assets impacting net results;
- impairment expenses related to goodwill and other intangible assets, impacting net results; and/or
- movements in risk weighted assets for the determination of regulatory required capital.

Shareholders' equity and the Issuer's net result may be significantly impacted by ongoing turbulence and volatility in the worldwide financial markets and economy generally. Negative developments in financial markets and/or economies may have a material adverse impact on shareholders' equity and net result in future periods, including as a result of the potential consequences listed above.

Adverse capital and credit market conditions may impact the Issuer's ability to access liquidity and capital, as well as the cost of credit and capital

The capital and credit markets have been experiencing ongoing volatility and disruption. Adverse capital market conditions may affect the availability and cost of borrowed funds, thereby impacting the Issuer's ability to support or grow its businesses.

The Issuer needs liquidity in its day-to-day business activities to pay its operating expenses, interest on its debt and dividends on its capital stock and to maintain its repo activities; and replace certain maturing liabilities. Without sufficient liquidity, the Issuer may be forced to curtail its operations and its business may suffer. The principal sources of its funding are client deposits, including from retail

clients, and medium- and long-term debt securities, in a secured and unsecured format. Other sources of funding may also include a variety of short- and long-term instruments, including repurchase agreements, medium- and long-term debt, subordinated debt securities, securitised debt, capital securities and shareholders' equity.

In the event that current resources do not satisfy its needs or need to be refinanced, the Issuer may need to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the volume of maturing debt that needs to be refinanced, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that clients or lenders could develop a negative perception of its long- or short-term financial prospects. Similarly, the Issuer's access to funds may be limited if regulatory authorities or rating agencies take negative actions against it. If the Issuer's internal sources of liquidity prove to be insufficient, there is a risk that external funding sources might not be available or available at unfavourable terms only.

Disruptions, uncertainty or volatility in the capital and credit markets, such as that experienced over the past few years, including in relation to the ongoing European sovereign debt crisis, may also limit the Issuer's access to capital required to operate its business. Such market conditions may in the future limit the Issuer's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital requirements. This could force the Issuer to (1) delay raising capital, (2) reduce, cancel or postpone interest payments on its capital securities, (3) issue capital of different types or under different terms than the Issuer would otherwise offer, or (4) incur a higher cost of capital than in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

The Issuer is subject to the jurisdiction of multiple banking regulatory bodies, some of which have proposed regulatory changes that, if implemented, would hinder its ability to manage its liquidity in a centralised manner. Furthermore, regulatory liquidity requirements in certain jurisdictions in which the Issuer operates are generally becoming more stringent, including those forming part of the "Basel III" requirements, discussed further below. There could be an adverse change or increase in the financial services laws and/or regulations governing its business undermining the Issuer's efforts to maintain this centralised management of its liquidity. These developments may cause trapped pools of liquidity, resulting in inefficiencies in the cost of managing the Issuer's liquidity.

The default of a major market participant could disrupt the markets

Within the financial services industry the severe distress or default of any one institution (including sovereigns) could lead to defaults or severe distress by other institutions. Such distress or defaults could disrupt securities markets or clearance and settlement systems in the Issuer's markets. This could cause market declines or volatility. Such a failure could lead to a chain of defaults that could adversely affect the Issuer and its contract counterparties. Concerns about the creditworthiness of a sovereign or financial institution (or a default by any such entity) could lead to significant liquidity and/or solvency problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a sovereign or a counterparty may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which the Issuer invests. In Europe, systemic risk may materialise due to negative results of the asset quality review by the European Central Bank and its adverse impact on banks' access to funding in wholesale markets. In the Netherlands in particular, systemic risk may materialise due to the high loan-to-deposit ratio of the Dutch banking sector compared with other European banking sectors which is in part caused by households' propensity to save using life insurance and pension products. The high loan-to-deposit ratio exposes the sector to refinancing risk in case of worsening conditions in wholesale funding markets. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions. Systemic risk could have a material adverse effect on the Issuer's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

The Issuer believes that despite increased attention recently, systemic risk to the markets in which it operates continue to exist, and dislocations caused by the interdependency of financial market participants continues to be a potential source of material adverse changes to the Issuer's business,

financial condition, results of operations, liquidity and/or prospects.

Factors that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme

In accordance with the risk classification outlined by the Dutch Central Bank (*De Nederlandsche Bank N.V.* or **DNB**), banks such as the Issuer may be subject to liquidity risk, market risk, operational risk, ICT risk, integrity risk, risk of fraud, outsourcing risk, reputational risk, and credit risk. The Issuer pursues a prudent risk policy, and risk management and control are important elements of its business operations. Therefore, the risks specific to the situation of the Issuer that are material for taking investment decisions and that may affect the Issuer's ability to fulfil its obligations under the Covered Bonds, are limited.

Operational risks are inherent in the Issuer's business

The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate trained or skilled personnel, IT failures, inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct including fraud, or from external events that interrupt normal business operations. The Issuer depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer's computer systems and networks may be at or near the end of their useful lives or may not be capable of processing, storing or transmitting information as expected. Certain of the Issuer's computer systems and networks may also have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, such systems and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact and jeopardise the Issuer's confidential information or that of its clients or its counterparts. These events can potentially result in financial loss, harm to the Issuer's reputation and hinder its operational effectiveness. The Issuer also faces the risk that the design and operating effectiveness of its controls and procedures prove to be inadequate or are circumvented. Furthermore, widespread outbreaks of communicable diseases may impact the health of the Issuer's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business.

The Issuer has suffered losses from operational risk in the past and there can be no assurance that it will not suffer material losses from operational risk in the future.

Because the Issuer's businesses are subject to losses from unforeseeable and/or catastrophic events, which are inherently unpredictable, the Issuer may experience an abrupt interruption of activities, which could have an adverse effect on its financial condition

Because unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, the Issuer's business operations may be subject to losses resulting from such disruptions. Losses can relate to property, financial assets, trading positions, insurance and pension benefits to employees and also to key personnel. If the Issuer's business continuity plans are not able to be put into action or do not take such events into account, the Issuer's financial condition could be adversely affected.

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

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

The financial markets remain concerned about the ability of certain European countries to finance their deficits and service growing debt burdens amidst difficult economic conditions. This loss of confidence has led to rescue measures for Greece, Portugal and Ireland by Euro-zone countries and the International Monetary Fund. Despite these measures, concerns persist regarding the debt burden of certain Euro-zone countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries. In addition, the actions required to be taken by those countries as a condition to rescue packages, and by other countries to mitigate similar developments in their economies, have resulted in increased political discord within and among Euro-zone countries. The interdependencies among European economies and financial institutions have also exacerbated concern regarding the stability of European financial markets generally. These concerns could lead to the re-introduction of individual currencies in one or more Euro-zone countries, or, in more extreme circumstances, the possible dissolution of the Euro currency entirely. Should the Euro dissolve

entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Issuer's Euro-denominated assets and obligations and may even have an adverse effect on the Issuer's financial condition and/or results of operations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse impact on the capital markets generally.

Home mortgage loans and to a lesser extent loans to small and medium-sized entities constitute a significant portion of the Issuer's total loan portfolio. A significant downturn in the economy, especially if combined with a drop in property values and increased interest rates, could lead to increased default rates on mortgage loans and loans to small and medium-sized entities and may even have an adverse effect on the Issuer's financial condition and/or results of operations.

The Issuer operates almost entirely in the Netherlands and, to a lesser extent, in Belgium and its success is therefore closely tied to general economic conditions in those markets.

Belgium

According to the Organisation for Economic Co-operation and Development ("OECD"), economic growth in Belgium is projected to benefit from accelerating exports, but also to become more broad-based as domestic demand picks up, in spite of on-going fiscal consolidation and a modest improvement in residential investment. Job creation is expected to slowly gather pace, leading to a slight fall in unemployment in 2015. Inflation will remain low, due to limited imported price pressures, still sizeable economic slack and recent wage restraint. As set out in the stability programme 2014-2017, the authorities' indicative aim is to turn the structural budget deficit, 1.9% of GDP in 2013, into a surplus of 0.7% of GDP by 2017. The process for allocating consolidation efforts across government levels has been revised, but would further benefit from a medium-term burden-sharing agreement. Reforming the wage formation process to better reflect domestic productivity developments would help to preserve external cost competitiveness.

The Netherlands

According to the OECD in 2014, the economy in the Netherlands has recovered after a double-dip recession, but growth is projected to be modest as households reduce their indebtedness, unemployment keeps rising and fiscal consolidation continues. Investment is expected to pick up gradually on the back of strengthening export growth. Underlying fiscal consolidation is assumed to continue as set out in the coalition agreement, but the automatic stabilisers should be allowed to work freely. Although the authorities have already restricted mortgage interest rate deductibility, once the housing market recovers durably further measures to increase incentives for amortisation of mortgages should be taken. The planned labour market reforms need to be monitored closely to ensure they are effective in raising medium-term growth.

Impact on the Issuer

The overall decrease in investor confidence due to the financial crisis has resulted in, and may continue to result in, clients switching to more conservative, lower margin products and services as well as a decline in the volume of transactions that the Issuer executes for its clients and hence may lead to reduced commission income and to a decrease in profit.

Finally, weakness in the Dutch or Belgian economies has had and, if such economic weakness persists, may continue to have a direct negative impact on the demand for products and services of the Issuer. The weakness of these economies could materially adversely affect the investment behaviour of the Issuer's core client group, i.e. high-net-worth individuals. As a result, the Issuer, similar to other financial institutions, could be confronted with net outflows of assets under management or deposits, and could experience difficulties attracting new clients or deposits and retaining existing clients, resulting in a material adverse impact on the Issuer's business, financial condition, results of operations and prospects. For the risks associated with deposits withdrawal, see also the below risk factor under '*The Issuer is exposed to risks of damage to its reputation which may cause loss of business and funding*'.

The Issuer has generated, and may continue to generate, lower income from commission and fees due to fluctuations in the financial markets and clients experiencing weaker than expected returns on their investments

The Issuer's results of operations depend, to a significant extent, on factors such as the returns enjoyed by its clients on their investments as well as the ability to attract net new money inflows. Weak investment performance in the financial markets, in general, will adversely impact the value of the assets the Issuer manages for its clients and, therefore, could also have a material adverse effect on the Issuer's results of operations. In addition, clients experiencing weaker than expected returns on investments the Issuer offers or recommends relative to investment solutions of or recommended by

its competitors could trigger substantial redemptions and outflows from the Issuer's clients' accounts and hence also have a material adverse effect on the Issuer's results of operations and financial condition.

The Issuer's income from its operating activities will be negatively affected by the ban on third party inducements and distribution fees

As from 1 January 2014, receiving third party inducements and distribution fees is no longer permitted with respect to investment services. Fees received from third parties for the distribution of other products, such as, for example, structured notes, are also no longer permitted. The abolition of third party inducements and distribution fees may negatively affect the results and financial condition of the Issuer's operating activities.

The Issuer has a certain degree of client concentration, and to the extent the Issuer is unable to retain these clients or sufficiently diversify its client base, its results of operations may suffer

Being primarily a private banking organisation, the Issuer is exposed to a certain degree of client concentration risk given that its (targeted) clients are high net-worth individuals. The Issuer specifically aims to offer banking solutions for and banking services to business owners and business executives, high-net-worth individuals and starters in the wealth management market. The strategic aim to also focus on starters started in the fourth quarter of 2013 and may or may not reduce the degree of client concentration. The Issuer's main clients are family businesses and their directors/majority shareholders, business professionals, business executives, healthcare entrepreneurs, and foundations and associations in the Netherlands and Belgium, and, to a certain extent, starters in the wealth management market. Those individuals and their households have, to a certain degree, similar socio-economic characteristics and they are likewise exposed to comparable macroeconomic and regulatory risks. In the institutional market, the Issuer's subsidiary Kempen & Co mainly focuses on comprehensive fiduciary investment solutions. In addition, a limited number of clients will continue to be significant to the Issuer in terms of assets under management. If the Issuer is unable to retain these clients or sufficiently diversify its client base, its results of operations and financial condition may be adversely affected.

The Issuer's activities are less diversified than some other Dutch banks

The majority of the Issuer's income is generated by its Private Banking division and the remainder from its Asset Management, Merchant Banking, Corporate Banking and Other Activities divisions. As a result, the Issuer is less diversified in terms of client segment and geographically than some other Dutch and Belgian banks, and is particularly exposed to the development of its Private Banking division and the Dutch economy, and any material adverse effects thereto may adversely affect the Issuer's results of operations and financial condition. See also the above risk factor under the heading '*The Issuer's results can be adversely affected by general economic conditions and other business conditions*'.

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

There is substantial competition for the types of wealth management and other products and services that the Issuer provides in the Netherlands and the other regions in which the Issuer conducts large portions of its business. Such competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If the Issuer is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities. Recent significant developments in the financial markets have resulted in important direct competitors of the Issuer having received or currently receiving state aid. This state aid may have distorting effects on the markets in which the Issuer operates, may affect the position of the Issuer (whether perceived or actual) compared with such competitors within those markets and may therefore have a negative influence on the Issuer's competitiveness in the long term.

The Issuer operates in industries that are highly regulated

There could be an adverse change or increase in financial services laws, regulations or policies governing or applied in relation to the Issuer's business, including changes in tax law. In addition, the interpretation or application by supervisory authorities or courts of such laws, regulations or policies may adversely change. There are frequent investigations by supervisory authorities, both into the financial services industry and into the Issuer, which could result in governmental enforcement actions. The Issuer conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, interpretations, and policies in the Netherlands and any other jurisdiction it conducts its businesses in.

Financial services and banking laws, regulations and policies currently governing or applied in relation to the Issuer may also change, or their interpretation may change, at any time in ways which have an adverse effect on the Issuer's business, and it is difficult to predict the timing or form of any future

regulatory or enforcement initiatives in respect thereof. As an organisation with relatively limited scale, the Issuer is burdened financially and operationally by the pressure of increasing and/or changing regulations and the heightened duty to provide reports to regulators. In light of the responses to the global economic and financial crisis there is an increased emphasis on new regulations, including in particular rules and regulations regarding capital, resolution mechanisms and measures (such as living wills and the tendency to simplify legal and operational group structures), liquidity, leverage and other factors (such as provision of financial services, tax compliance, anti-money laundering and otherwise) affecting banks such as the Issuer.

The business of the Issuer is highly regulated and supervised by several Dutch regulatory authorities. The Issuer is required to hold licenses for its operations and is subject to regulation and supervision by authorities in the Netherlands (such as the Dutch Central Bank (*De Nederlandsche Bank N.V.*), the AFM and Euronext Amsterdam) and in all other jurisdictions in which it operates. Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over the activities of the Issuer, including the power to limit or restrict business activities. It is possible that laws and regulations governing the business of the Issuer or particular products and services could be amended or interpreted in a manner that is adverse to the Issuer, for example, to the extent that existing laws and regulations are amended or future laws and regulations are adopted that (i) reduce or restrict the sale of the products and services the Issuer offers, whether existing or new, or (ii) negatively affect the performance of the products and services the Issuer offers, whether existing or new. The revenues and costs of the Issuer, profitability and available or required regulatory capital could also be affected by an increase or change in the degree of regulation in any of the markets in which the Issuer operates, whether existing or new. For example, bail-in regulations forcing write down or conversion into equity of debt incurred by a failing financial institution put into resolution by a competent authority may increase interest on debt instruments incurred by financial institutions generally and so generally increase funding cost of the banking sector, including the Issuer. Due to the highly complex nature of the regulatory environment in which the Issuer operates, it will entail more costs to ensure that the Issuer is, and will continue to be, in compliance with all applicable laws and regulations at all times, since the volume of regulation is increasing and the scope of the activities may change.

If the Issuer is in breach of any existing or new laws or regulations now or in the future, the Issuer will be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the reputation of the Issuer could suffer and the Issuer could be fined or prohibited from engaging in some of its business activities or be sued by clients if it does not comply with applicable laws or regulations.

Furthermore, by nature of their banking activities, private banks such as the Issuer service a higher number of clients with savings and deposits in excess of the Dutch deposit guarantee scheme's current reimbursement limit of EUR 100,000 (*depositogarantiestelsel*). Such clients may be more likely to be affected and/or influenced by any measures, whether proposed or actual, taken in respect of such savings and deposits, which may include but are not be limited to the aforementioned bail-in measures and bank resolutions. These clients may decide to diversify, decrease or cancel their savings and deposits with banks such as the Issuer. Any of the abovementioned circumstances could have a material adverse effect on the ability of banks such as the Issuer to maintain or increase its current and future liquidity ratios.

Minimum regulatory capital and liquidity requirements

The Issuer is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Specifically, in December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy framework known as 'Basel III'. These standards are significantly more stringent than the requirements until then. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, the CRD IV-package (known as "**CRD IV**") was adopted. CRD IV consists of a directive (the "**CRD IV-Directive**") and a regulation (the "**Capital Requirements Regulation**" or "**CRR**") and aims to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the permissibility of deposit-taking activities while the CRR establishes the majority of prudential requirements institutions need to respect.

The CRR entered into force on 1 January 2014. On 1 August 2014, the CRD IV Directive entered into force. The application in full of all measures under CRD IV (including any national implementation thereof in the Netherlands) will have to be completed before 1 January 2019.

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 new liquidity framework (liquidity coverage ratio and net stable funding ratio) as well

as a leverage ratio. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets. If Basel III is followed under CRD IV, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact percentage and the scope of the leverage ratio under CRD IV. With respect to the percentage, the Dutch government has announced that it wishes to implement a leverage ratio of at least 4% for significant Dutch banks. However, the Issuer is no such significant bank. The ultimate aim of Basel III/CRD IV is to reduce leverage in order to bring institutions' unweighted assets more in line with their Tier-1 capital.

There can be no assurance that, prior to its implementation, the Basel Committee will not amend the package of reforms described above. Further, the European Commission, the Netherlands and/or the Dutch Central Bank may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital and liquidity requirements on Dutch banks. Additionally, the revised accounting standard IAS 19R may lead to higher volatility in the Issuer's Core Tier I ratio in the future. If the regulatory capital requirements, liquidity restrictions or ratios applied to the Issuer are increased in the future, any failure of the Issuer to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on the Issuer's results of operations.

Any of the above factors may materially adversely affect the Issuer's financial position and results of operations and therefore its ability to make payments on the Covered Bonds. Potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II, as implemented by their own regulator or following implementation, and any changes thereto pursuant to Basel III to their holding of any Covered Bonds. Neither the Issuer, the Arrangers, the Dealers, the CBC nor the Security Trustee are responsible for informing Covered Bondholders of the effects on the changes to risk-weighting of regulatory capital which amongst others may result for investors from the adoption by their own regulator of Basel II or Basel III (whether or not implemented by them in its current form or otherwise).

IT and other systems on which the Issuer depends for its day-to-day operations may fail for a variety of reasons that may be outside its control

The Issuer's operations are highly dependent on IT systems and its ability to process and monitor, on a daily basis, a large number of transactions, some of which are complex. The Issuer'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 the Issuer's ability to process transactions, provide services or conduct other operations. In addition, other factors which could cause the Issuer'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. Despite the Issuer's ongoing 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 the Issuer's IT or other systems may have a material adverse effect on its business, financial condition or results of operations.

The Issuer is exposed to risks of damage to its reputation which may cause loss of business and deposit outflows

The Issuer is exposed to the risk that, among other things, litigation, employee misconduct, operational failures, outcome of current and future investigations by regulatory authorities and press speculation and the possible negative publicity resulting therefrom, whether or not founded, may harm its reputation. The reputation of the Issuer could also be harmed if products or services recommended by it do not perform as expected, for example in relation to endowment mortgage products.

Negative publicity could, for example, be based on allegations that the Issuer does not or does not fully comply with regulatory requirements or anti-money laundering rules, or could result from negative publicity about a third party linked to the Issuer (such as an intermediary or a partner) or about politically exposed persons in the client base of the Issuer. Furthermore, negative publicity could result from failures in the information technology systems of the Issuer, loss of customer data or confidential information, or failure in risk management procedures. Negative publicity could also, but not exclusively, result from any misconduct or malpractice relating to intermediaries, business promoters or third party managers linked to the Issuer.

Any resulting damage to the reputation of the Issuer could cause disproportionate damage to its business, regardless whether the negative publicity is factually accurate. Negative publicity could also be repeated by third parties, which could damage the reputation of the Issuer further.

Any damage to the reputation of the Issuer could cause existing clients to withdraw their business or deposits from the Issuer and potential clients to be reluctant or elect not to do business or place

deposits with the Issuer. Withdrawal of deposits and reluctance to place new deposits may cause illiquidity and/or insolvency which may result in emergency, resolution and/or recovery measures, and/or bankruptcy of the Issuer. Since private banks' clients deposits have proved more confidence-sensitive than retail banks' in the past, the Issuer is particularly vulnerable to this risk in this respect. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuer, which, amongst other factors, may make it more difficult for it to maintain its respective credit rating.

Deteriorating economic conditions or other factors could result in the further impairment of goodwill and intangible assets, which may adversely affect the Issuer's financial condition or results of operations

To the extent economic conditions worsen or other factors cause one or more of the Issuer's historic acquisitions for which goodwill was recorded to show increasing signs of impairment, the Issuer may need to record impairment charges relating thereto, and such charges could have a material adverse effect on its financial condition or results of operations.

Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuer

The Issuer faces significant legal risks in the conduct of its business. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including, without limitation, class actions) against financial institutions are increasing. These legal risks could potentially involve, but are not limited to, disputes concerning the products and services in which the Issuer acts as principal, intermediary or otherwise. As increasing number of financial institutions are also held liable by clients for actions of intermediaries even if there has been little to no control over the actions of such intermediaries. Also, companies in the Issuer's industry are increasingly exposed to collective claims (with or without merit) from groups of clients or consumer organisations seeking damages for an unspecified or indeterminate amount or involving unprecedented legal claims. These risks are often difficult to assess or to quantify and their existence and magnitude often remain unknown for substantial periods of time. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Issuer. The costs to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease client acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. As a result, litigation may adversely affect the Issuer's business, financial condition and results of operations. (See also the risk factor '*The Issuer is exposed to risks of damage to its reputation*' and the paragraph '*Litigation*' in the section headed '*General Information*'.)

Additional powers of regulatory authorities

The Dutch Financial Supervision Act (*Wet op het financieel toezicht* or **Wft**) contains far-reaching intervention powers for (i) the Dutch Central Bank (*De Nederlandsche Bank* or **DNB**) with regard to a bank or insurer and (ii) the Dutch Minister of Finance with regard to inter alia a bank or insurer. The Wft aims to empower DNB or the Dutch Minister of Finance, as applicable, to: (i) commence proceedings leading to transfer of all or a part of the business (including deposits) of the relevant financial institution to a private sector purchaser or a "bridge bank", (ii) commence proceedings leading to transfer of shares in the relevant financial institution to a private sector purchaser or a "bridge bank", (iii) commence proceedings leading to ownership by the Dutch State (nationalisation) of the relevant financial institution, or also its parent company and expropriation of property and/or securities, and (iv) take immediate measures which may deviate from statutory provisions or from the articles of association of the relevant financial institution. Subject to certain exceptions, as soon as any of these proposed proceedings or measures have been initiated or taken by DNB or the Dutch Minister of Finance, as applicable, the relevant counterparties of such financial institution will not be entitled to invoke acceleration, early termination and other contractual rights, to the extent they are triggered by the preparation or implementation of the measures introduced by the Wft or set off their claims against the relevant financial institution.

It is possible that the Dutch regulator may use its powers in a way that could result in subordinated and/or senior debt instruments of the Issuer absorbing losses. The Wft could also in other ways negatively affect the position of Covered Bondholders and the credit rating attached to Covered Bonds then outstanding, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures could increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's financial position and results of operation and could result in losses to, or otherwise affect the rights of, Covered Bondholders.

Recovery and Resolution Directive and SRM

On 6 June 2012, the European Commission issued a proposal for the Bank Recovery and Resolution Directive ("**BRRD**") for dealing with ailing banks. An agreement was reached on 12 December 2013

between the European Parliament, EU Member States and the Commission on the BRRD. The BRRD was adopted by the European Council on 6 May 2014. Member States should have implemented the BRRD by 1 January 2015 (except for the bail-in tool which may be implemented by 1 January 2016). On 21 November 2014 a draft legislative proposal to amend, amongst other things, the Wft, was published for consultation, which purports to implement the BRRD and SRM (as defined below). It is, however, at this stage unclear how the BRRD will be implemented in the Netherlands and it remains to be seen if and to what extent the implementation of the BRRD in the Netherlands will set aside the current provisions of the Wft.

The BRRD, gives regulators powers to write down debt (or to convert such debt into equity) of ailing banks, certain investment firms and their holding companies to strengthen their financial position and allow such institutions to continue as a going concern subject to appropriate restructuring.

On 10 July 2013, the European Commission proposed a regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms (the "**SRM Regulation**") in a framework of a single resolution mechanism and a single bank resolution fund (such mechanism, the "**SRM**"). The SRM Regulation was adopted on 15 July 2014

The SRM proposes to establish a single resolution authority (consisting of representatives from the European Central Bank ("**ECB**"), the European Commission and the relevant national authorities) that will manage the failing of any bank in the Euro-area and in other EU member states participating in the European Banking Union.

It is possible that, with the implementation of the BRRD and the SRM, the relevant regulator may use its powers under the new regime in a way that could result in subordinated and/or senior debt instruments of the Issuers' absorbing losses. The BRRD could negatively affect the position of the Covered Bondholders and the credit rating attached to debt instruments then outstanding and could result in losses to Covered Bondholders, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures could increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's financial position and results of operation. In addition, there could be amendments to the BRRD, which may add to these effects. Covered bonds should normally be exempted from the applicability of the write-down and conversion powers described above, however this exemption does not apply if and to the extent the aggregate Principal Amount Outstanding of the Covered Bonds would exceed the value of the collateral available to secure such Covered Bonds through the Guarantee and the Security. Therefore it is likely that Covered Bonds issued under this programme are exempted, however it is unclear if and to which extent some of the rules may be applied to covered bonds once the BRRD is implemented under Dutch law.

The Issuer is unable to predict what effects, if any, the BRRD and SRM Regulation may have on the financial system generally, the Issuer's counterparties, or on the Issuer, its operations and/or its financial position or the Covered Bonds.

The Financial Stability Board and additional governmental measures

In addition to the adoption of the laws, regulations and other measures described herein, regulators and lawmakers around the world are actively reviewing the causes of the financial crisis and exploring steps to avoid similar problems in the future. In many respects, this work is being led by the Financial Stability Board ("**FSB**"), consisting of representatives of national financial authorities of the G20 nations. The G20 and the FSB have issued a series of papers and recommendations intended to produce significant changes in how financial companies, particularly companies that are members of large and complex financial groups, should be regulated. These proposals address such issues as financial group supervision, capital and solvency standards, systemic economic risk, corporate governance including executive compensation, and a host of related issues associated with responses to the financial crisis. The lawmakers and regulatory authorities in a number of jurisdictions in which the Issuer conduct business have already begun introducing legislative and regulatory changes consistent with G20 and FSB recommendations, including proposals governing executive compensation by the financial regulators in the Netherlands (*De Nederlandsche Bank N.V.*), Germany (BaFIN) and the United Kingdom (FSA).

Furthermore, governments in the Netherlands and abroad have also intervened over the past few years on an unprecedented scale, responding to stresses experienced in the global financial markets.

Financial Transactions Tax/bank levy

On 14 February 2013, the European Commission adopted a proposal setting out the details of the financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the 'FTT-zone', currently limited to 11 participating Member States

(Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). A financial institution may be, or be 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 subject to the dealings is issued in a participating member state. The proposal was approved by the European Parliament in July 2013.

The European Commission expects the financial transaction tax to be implemented by 1 January 2016 at the latest, which would then require the financial institutions and certain other parties to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in such FTT-zone. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

The proposed financial transaction tax has a very broad scope and could, if introduced, in its current form, apply to certain dealing in the Covered Bonds (including secondary market transactions). The issuance and subscription of the Covered Bonds should be exempt. The rate for financial instruments is a minimum of 0.1% of the purchase price (or market value if greater). However, the effective rate will be higher - each financial institution party is separately liable for the tax, so transactions between two financial parties will be taxed twice.

The introduction of, and changes to, taxes (see also below), levies or fees applicable to Issuers' operations (such as the imposition of a financial transaction tax and bank levy) could have an adverse effect on their business and/or results of operations.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of continuing legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear, although it has been indicated that first steps will be implemented by 1 January 2016 at the latest. 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 affect the proposed FTT might have on the business of the Issuer; it could materially adversely affect the business of the Issuer. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT. Investors who are in doubt as to their position should consult their professional advisor.

Continued turbulence and volatility in the financial markets and economy generally have affected the Issuer, and may continue to do so

General

The Issuer's results of operations are impacted by conditions in the global capital markets and the economy generally. Concerns over the slow economic recovery, the European sovereign debt crisis, the ability of certain countries to remain in the Eurozone, unemployment, the availability and cost of credit, inflation levels, energy costs and geopolitical issues all have contributed to increased volatility and diminished expectations for the economy and the markets in recent years.

These conditions have generally resulted in greater volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. In addition, prices for many types of asset-backed securities and other structured products have significantly deteriorated. These concerns have since expanded to include a broad range of fixed income securities, including those rated investment grade and especially the sovereign debt of some EEA countries and the United States, the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. Although certain of such conditions have improved in the recent years, as a result of these and other factors, sovereign governments across the globe, including in regions where the Issuer operates, have also experienced budgetary and other financial difficulties, which have resulted in austerity measures, downgrades in credit rating by credit agencies, planned or implemented bail-out measures and, on occasion, civil unrest (for further details regarding sovereign debt concerns, see "*European Sovereign Debt Crisis*" below). As a result, the market for fixed income instruments has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default. In addition, the confluence of these and other factors has resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also been experiencing heightened volatility and turmoil, with issuers that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and market upheavals, including extreme levels of volatility, have had and may continue to have an adverse effect on the Issuer's revenues and results of operations.

Reduced consumer confidence could have an adverse effect on the Issuer's revenues and results of operations, including through an increase of lapses or surrenders of policies and withdrawal of client deposits that the Issuer has among other things originated via internet banking.

In many cases, the markets for investments and instruments have been and remain highly illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgment and other factors, and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. The Issuer continues to monitor its exposures, however there can be no assurances that it will not experience further negative impacts to its shareholders' equity or profit and loss accounts in future periods.

European Sovereign Debt Crisis

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU "peripheral" states to continue to service their sovereign debt obligations. Significant concerns regarding the sovereign debt of these countries, as well as certain other countries, of the 'core' European Union member states are ongoing and in some cases have required countries to obtain emergency financing. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. If these or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Despite the creation of a joint EU-IMF European Financial Stability Facility in May 2010, assistance packages to Greece, Ireland and Portugal, the approval of further bailout of Greece by the relevant government and monetary bodies of the Eurozone and the International Monetary Fund in March 2012, and the establishment of the European Stability Mechanism on 27 September 2012 (which provided its first financial assistance in February 2013 for the recapitalisation of Spain's banking sector) uncertainty over the outcome of the EU governments' financial support programmes and worries about sovereign finances persisted during the course of 2012 and the first quarter of 2013. Market concerns over the direct and indirect exposure of European banks and insurers to the EU sovereign debt further resulted in a widening of credit spreads and increased costs of funding for some European financial institutions. In December 2011, European leaders agreed to implement steps (and continue to meet regularly to review, amend and supplement such steps) to encourage greater long term fiscal responsibility on the part of the individual member states and bolster market confidence in the Euro and European sovereign debt; and the Treaty of Stability, Coordination and Governance ("**Fiscal Treaty**") was signed by 25 EU member states on 2 March 2012, however, such proposed steps are subject to final agreement (and in some cases, ratification and/or other approvals) by the European Union (the "**EU**") member states that are party to such arrangements and thus the implementation of such steps in their currently-contemplated form remains uncertain, and even if such steps are implemented, there is no guarantee that they will ultimately and finally resolve uncertainties regarding the ability of Eurozone states to continue to service their sovereign debt obligations. Further, even if such long term structural adjustments are ultimately implemented, the future of the Euro in its current form, and with its current membership, remains uncertain. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability.

Risks and ongoing concerns about the debt crisis in Europe, as well as the possible default by, or exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies, could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these European countries and the financial condition of European and other financial institutions, including the Issuer. Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses for which they would require additional capital, which may not be available. Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, consumer confidence levels and spending, bankruptcy rates, levels of incurrence of and default on consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain government and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors, the Issuer's business and results of operations could be significantly and adversely impacted. In addition, the possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of

Euro denominated contracts to which the Issuer (or its counterparties) are a party and thereby materially and adversely affect the Issuer and/or its counterparties' liquidity, financial condition and operations. Such uncertainties may include the risk that (i) an obligation that was expected to be paid in Euros is redenominated into a new currency (which may not be easily converted into other currencies without significant cost), (ii) currencies in some Member States may devalue relative to others, (iii) former Eurozone member states may impose capital controls that would make it complicated or illegal to move capital out of such countries, and/or (iv) some courts (in particular, courts in countries that have left the Eurozone) may not recognise and/or enforce claims denominated in Euros (and/or in any replacement currency). The possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate, and otherwise have potentially materially adverse impacts on the Issuer and its counterparties, including its depositors, lenders, borrowers and other clients. These factors, combined with volatile oil prices, reduced business and consumer confidence and continued high unemployment, have negatively affected the economy of the Netherlands or other countries where the Issuer conducts business.

In September 2014, the ECB initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the euro area and, also, to help enterprises across Europe to enjoy better access to credit, boost investments, create jobs and thus support the overall economic growth. The expanded asset purchase programme announced in January 2015 (and commencing in March 2015) will encompass the earlier announced asset-backed securities purchase programme and the covered bond purchase programme. These programmes are intended to be carried out until at least September 2016. It remains to be seen what the effect of these purchase programmes will be on the volatility in the financial markets and economy generally. In addition, the continuation, the amendments to or the termination of these purchase programmes could have an adverse effect on the secondary market value of the Covered Bonds and the liquidity in the secondary market for Covered Bonds.

Interest rate volatility and other interest rate changes may adversely affect the Issuer's profitability

Changes in prevailing interest rates may negatively affect the Issuer's business including the level of net interest revenue the Issuer earns, and for its banking business the levels of deposits and the demand for loans. In a period of changing interest rates, interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. Central banks around the world, including the European Central Bank, the Bank of England, the Bank of Japan, the Bank of Australia, the Central Bank of Brazil and the Central Bank of China, followed the actions of the Federal Reserve to lower interest rates in 2012, in response to concerns about Europe's sovereign debt crisis and slowing global economic growth. Changes in the interest rates may negatively affect the value of the Issuer's assets and its ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings.

Declining interest rates may result in:

- lower investment earnings because the interest earnings on the Issuer's fixed income investments could decline in parallel with market interest rates on its assets; and
- lower profitability since the Issuer may not be able to fully track the decline in interest rates in its savings rate.

The Issuer may incur losses due to failures of banks falling under the scope of state compensation schemes.

Risk associated with Compensation Schemes

In the Netherlands and other jurisdictions deposit guarantee schemes and similar funds ("**Compensation Schemes**") have been implemented from which compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions these Compensation Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. As a result of the increased number of bank failures, in particular since the fall of 2008, the Issuer expects that levies in the industry will continue to rise as a result of the Compensation Schemes. In particular, the Issuer is a participant in the Dutch Deposit Guarantee Scheme (the "**Deposit Guarantee Scheme**"), which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by DNB, based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. The ultimate costs to the industry of payments which may become due under the Compensation Schemes remain uncertain although they may be significant and the associated costs

to the Issuer may have a material adverse effect on its results of operations and financial condition. As of 1 July 2015, the Deposit Guarantee Scheme has changed from an ex-post scheme, where the Issuer contributes after the failure of a firm, to an ex-ante scheme where the Issuer and other financial institutions will pay 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 Deposit Guarantee Scheme, approximately EUR 4 billion at present. 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.

The Issuer may be unable to manage its risks successfully through derivatives

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks may include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets, credit spread changes and the occurrence of credit defaults. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts including from time to time macro hedges for parts of its business, either directly as a counterparty or as a credit support provider to affiliate parties.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding its assets, liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. Poorly designed strategies or improperly executed transactions could actually increase its risks and losses. Hedging instruments used by the Issuer to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses such as credit value adjustment risks or unexpected profit and loss effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, the Issuer's hedging strategies involve transaction costs and other costs, and if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. It is possible that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, perhaps significant, after taking into account the Issuer's hedging strategies. Further, the nature and timing of the Issuer's hedging transactions could actually increase its risk and losses. In addition, hedging strategies involve transaction costs and other costs. The Issuer's hedging strategies and the derivatives that the Issuer uses and may use may not adequately mitigate or offset the risk of interest rate volatility, and its hedging transactions may result in losses.

The Issuer's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to the ongoing Euro crisis or otherwise), and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of the Issuer may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with it and/or other parties, affecting the Issuer's overall ability to hedge its risks and adversely affecting its business, financial condition, results of operations, liquidity and/or prospects.

The Issuer may be unable to retain key personnel

As a financial services enterprise with a decentralised management structure, the Issuer relies to a considerable extent on the quality of local management in the various countries in which the Issuer operates. The success of the Issuer's operations is dependent, among other things, on the Issuer's ability to attract and retain highly qualified professional personnel. The Issuer's ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

As a part of the responses of the European Commission and governments throughout Europe to the financial crisis in 2008, there have been and will be various legislative initiatives, including those set out in Directive 2010/76/EU (**CRD III**), the Guidelines on Remuneration Policies and Practices published by (the predecessor of) the European Banking Authority (**EBA**) and the Regulation of the Dutch Central Bank on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft 2011*), the Act prohibiting the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid (*Wet bonusverbod staatsgesteunde ondernemingen*) and the Dutch Act on remuneration policy for financial enterprises (*Wet*

Beloningsbeleid financiële ondernemingen), to ensure that financial institutions' remuneration policies and practices are consistent with and promote sound and effective risk management, and that impose restrictions on the remuneration of personnel, with a focus on risk alignment of performance-related remuneration. These restrictions have had and will have an impact on the Issuer's existing remuneration policies and individual remuneration packages of personnel.

These restrictions, alone or in combination with the other factors described above, could adversely affect the Issuer's ability to retain or attract qualified employees.

The Issuer's risk management policies and guidelines may prove inadequate for the risks it faces

The Issuer has developed risk management policies and procedures and the Issuer expects to continue to do so in the future. Nonetheless, the Issuer's policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. The methods the Issuer uses to manage, estimate and measure risk are partly based on historic market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than what is suggested by historic experience. For instance, these methods may not predict the losses seen in the stressed conditions in recent periods, and may also not adequately allow prediction of circumstances arising due to the government interventions, stimulus and/or austerity packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, clients or other information that is publicly known or otherwise available to the Issuer. Such information may not always be correct, complete, updated or correctly evaluated.

Because the Issuer is continuously developing new financial products and entering into financial transactions, it might be faced with claims that could have an adverse effect on its operations and net result if clients' expectations are not met

If new financial products are brought to the market, communication and marketing aims to present a balanced view of the product (however there is a focus on potential advantages for the clients). Whilst the Issuer engages in a due diligence process when it develops financial products and enters into financial transactions, if such products or transactions do not generate the expected profit for the Issuer's clients, or result in a loss, or otherwise do not meet expectations, clients may file mis-selling claims against the Issuer. Mis-selling claims are claims from clients who allege that they have received misleading advice or other information from either the Issuer internal or external advisors (even though the Issuer does not always have full control over the external advisors). Complaints may also arise if clients feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and money has been invested in reviewing and assessing historic sales and "know your customer" practices, and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and/or regulatory changes resulting from such issues could have a material adverse effect on the Issuer's reputation, operations and net result. See also Risk Factor below (*The Issuer's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to such business, other well-known companies or the financial services industry in general*).

Customer protection regulations as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might influence client expectations.

Because the Issuer does business with many counterparties, the inability of these counterparties to meet their financial obligations could have a material adverse effect on its results of operations

Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers and guarantors (including sovereigns) of securities the Issuer holds, borrowers under loans originated, clients, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Severe distress or defaults by one or more of these parties on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, etc., or even rumours about potential severe distress or defaults by one or more of these parties or regarding the financial services industry generally, could lead to losses for the Issuer, and defaults by other institutions. In light of experiences with significant constraints on liquidity and high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions, the Issuer is and will continue to be subject to the risk of deterioration of

the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions.

The Issuer routinely executes a high volume of transactions with counterparties in the financial services industry, resulting in large daily settlement amounts and significant credit and counterparty exposure. As a result, the Issuer faces concentration risk with respect to specific counterparties and clients. The Issuer is exposed to increased counterparty risk as a result of recent financial institution failures and weakness and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. A default by, or even concerns about the creditworthiness of, one or more financial services institutions could therefore lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions.

With respect to secured transactions, the Issuer's credit risk may be exacerbated when the collateral held by the Issuer cannot be realised, or is liquidated at prices not sufficient to recover the full amount of the relevant secured loan or secured derivative. The Issuer has credit and counterparty exposure to a number of financial institutions.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to re-hypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Issuer's counterparties could also have a negative impact on its income and risk weighting, leading to increased capital requirements.

While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The Issuer's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to the Issuer, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the recent financial crisis. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims for the improper exercise of its rights under such contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Any of these developments or losses could materially and adversely affect the Issuer's business, financial condition, results of operations, liquidity and/or prospects.

Ratings are important to the Issuer's business for a number of reasons. Downgrades could have an adverse impact on its operations and net results

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The Issuer's credit ratings are important to its ability to raise capital through the issuance of debt instruments and to the cost of such financing. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on net results. Certain institutional investors may also be obliged to withdraw their deposits or investments in such debt instruments from the Issuer following a downgrade, which could have an adverse effect on liquidity. The Issuer has credit ratings from Standard & Poor's and Fitch. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time.

Furthermore, the Issuer's assets are risk weighted. Downgrades of these assets could result in a higher risk weighting which may result in higher capital requirements. This may impact net earnings and the return on capital, and may have an adverse impact on the Issuer's competitive position.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of the Issuer would have additional adverse ratings consequences, which could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. The Issuer may need to take actions in response to changing standards set by any of the rating agencies which could cause its business and operations to suffer. The Issuer cannot predict what additional actions rating agencies may take, or what actions the Issuer may take in response to the actions of rating agencies. A downgrade of the Issuer could result in a downgrade of the Covered Bonds.

The Issuer's business may be negatively affected by a sustained increase in inflation

A sustained increase in the inflation rate in the Issuer's principal markets would have multiple impacts on the Issuer and may negatively affect its business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates which may:

- (1) decrease the estimated fair value of certain fixed income securities the Issuer holds in its investment portfolios resulting in:
 - reduced levels of unrealised capital gains available to it which could negatively impact its solvency position and net income; and/or
 - a decrease of collateral values; and/or
- (2) require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities it issues in the financial markets from time to time to finance its operations which would increase its interest expenses and reduce its results of operations.

A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may:

- (1) result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income and negatively impact its solvency position; and/or
- (2) negatively impact the ability of the Issuer's asset management activities to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations.

The Issuer's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to such business, other well-known companies or the financial services industry in general

Adverse publicity and damage to the Issuer's reputation arising from its failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities involving other large and well-known companies, increasing regulatory and law enforcement scrutiny of "know your customer", anti-money laundering, prohibited transactions with countries subject to sanctions, and anti-bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the financial services industry, and litigation that arises from the failure or perceived failure by the Issuer to comply with legal, regulatory and compliance requirements, could result in adverse publicity and reputation harm, lead to increased regulatory supervision, affect the Issuer's ability to attract and retain clients, reduced access to the capital markets, result in cease and desist orders, suits, enforcement actions, fines and civil and criminal penalties, other disciplinary action or have other material adverse effects on the Issuer in ways that are not predictable.

The above factors may have an adverse effect on the Issuer's financial condition and/or results of operations.

RISK FACTORS REGARDING THE CONDITIONAL PASS-THROUGH COVERED BONDS

The Covered Bonds will be solely the obligations of the Issuer

The Covered Bonds will be solely the obligations of the Issuer. The Covered Bonds will not be obligations or responsibilities of, or guaranteed by (other than pursuant to the Guarantee or pursuant to the 403-Declaration, as set out below), any other entity or person, in whatever capacity acting (other than as Issuer), including, without limitation, any Transferor, any Swap Counterparty, the Servicer, the Administrator, the Directors, any Paying Agent, any Calculation Agent, the Arrangers, any Dealer, the CBC Account Bank, the Subordinated Loan Provider, the Security Trustee and the Rating Agencies. Furthermore, none of the Swap Counterparties, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agent, the Arrangers, the Dealers (excluding the Issuer), the CBC Account Bank, the Security Trustee and the Rating Agencies, nor any other person in whatever capacity acting (other than the Issuer), will accept any liability whatsoever to Covered Bondholders in respect of any failure by the Issuer to pay any amounts due under the Covered Bonds.

Factors which might affect an investor's ability to make an informed assessment of the risks associated with Covered Bonds issued under the Programme

Investors in the Covered Bonds must be able to make an informed assessment of the Covered Bonds, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of their own circumstances. The following factors might affect an

investor's ability to appreciate the risk factors outlined above or below, placing such investor at a greater risk of receiving a lesser return on his investment:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds and the merits of investing in the Covered Bonds in light of the risk factors outlined above or 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 Covered Bonds will have on his 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 Covered Bonds, including, but not limited to, where the currency for principal or interest payments is different from the investor's base currency;
- (iv) if such an investor does not understand thoroughly the terms of the Covered Bonds and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) such investor is more vulnerable to 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 his investment and his ability to bear the applicable risks.

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for investors. Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. Investors should not invest in Covered Bonds unless they have the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the investor's overall investment portfolio.

Risks related to the structure of a particular issue of Covered Bonds

Covered Bonds issued under the Programme will either be fungible with an existing Series or have different terms to an existing Series (in which case it will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share equally in the Guarantee granted by the CBC. If an Issuer Event of Default or a CBC Event of Default occurs and results in acceleration, all Covered Bonds of all Series will accelerate at the same time (in respect of the CBC only in case of a CBC Event of Default). Set out below is a description of the most common features of Covered Bonds:

Covered Bonds subject to optional redemption by the Issuer

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

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. 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 Covered Bonds 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.

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms prior to the Maturity Date and the Issuer cannot exercise its option because an Issuer Event of Default has occurred and is continuing, then the CBC will have the right to declare that all of the Covered Bonds then outstanding will mature on the relevant optional redemption date as specified in the applicable Final Terms and that the Maturity Date will be such Optional Redemption Date. If the CBC exercises its right, the Maturity Date will be the relevant Optional Redemption Date and the Extended Due for Payment Date will be the date falling 32 years after such date (or if indicated otherwise in the applicable Final Terms, such date).

Covered Bonds issued at a substantial discount or premium

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

Risks related to Covered Bonds generally

Set out below is a brief description of certain risks relating to the Covered Bonds generally.

Certain decisions of Covered Bondholders taken at Programme level

Any Programme Resolution to direct the Security Trustee to serve an Issuer Acceleration Notice, a Notice to Pay or a CBC Acceleration Notice, and any direction to the Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding as set out in more detail in Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*) and cannot be decided upon at a meeting of Covered Bondholders of a single Series. A Programme Resolution will be binding on all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority.

The Security Trustee may agree to modifications to or waivers under the Covered Bonds and/or the Transaction Documents without the Covered Bondholders' or other Secured Parties' prior consent

Pursuant to the terms of the Trust Deed, the Security Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Parties (other than the Security Trustee (where applicable)), concur with any person in making or sanctioning any modifications to or waivers under the Covered Bonds of any Series, the related Coupons or any Transaction Documents (including without limitation designating further creditors as Secured Parties):

- (i) provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of (a) any of the Covered Bondholders of any Series or (b) any of the other Secured Parties (other than the CBC) (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party) and (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given his/her written consent as aforesaid), and, in either case, such modification is subject to Rating Agency Confirmation; or
- (ii) which are made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee or of a formal, minor or technical nature or are made to comply with mandatory provisions of law; or
- (iii) in certain other circumstances as set out in Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*).

Paying Agent

The Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

Tax consequences of holding the Covered Bonds

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation.

Taxation

Potential purchasers and sellers of Covered Bonds should be aware that they may be required to pay stamp taxes or other documentary or fiscal charges in accordance with the laws and practices of the country where to the Covered Bonds are transferred, including but not limited to the financial transaction tax.

Potential purchasers should consult their own independent tax advisers about their tax position. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to certain payments made to persons that fail to meet certain certification or reporting requirements, including certain investors that do not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "reportable account" a "**Recalcitrant Holder**" of the relevant non-U.S. financial institution ("**FFI**").

Under FATCA, withholding is required with respect to withholdable payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation

made on or after (i) 1 July 2014 in respect of certain U.S. source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce U.S. source interest or dividends and (iii) 1 January 2017 (at the earliest) in respect of "foreign pass thru payments" and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes and have a fixed term, only on such obligations that are issued or materially modified after the date that is six months after the date on which the final regulations defining the term "foreign pass thru payments" are filed with the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Covered Bonds and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, the Netherlands entered into an intergovernmental agreement (an "IGA") with the United States on 18 December 2013 (the "**U.S.-Netherlands IGA**"), which modifies the way in which FATCA applies to certain entities organized in The Netherlands. The U.S.-Netherlands IGA is based on the "Model 1" IGA. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the U.S. Internal Revenue Service, as applicable.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Covered Bonds be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Covered Bonds are held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Covered Bonds by the Issuer, the Guarantor, any paying agent or the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under the U.S.-Netherlands IGA will be unlikely to affect the Covered Bonds. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. The Issuer's obligations under the Covered Bonds are discharged once it has made payment to, or to the order of, the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. In addition, the documentation expressly contemplates the possibility that the Covered Bonds may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding under FATCA. However, Definitive Covered Bonds will only be printed in limited circumstances.

The application of FATCA to Covered Bonds issued or materially modified after the date that is six months after the date on which the final regulations defining the term "foreign pass thru payments" are filed with the Federal Register may be addressed in the relevant Final Terms or a supplement to this Base Prospectus, as applicable.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Covered Bonds.

European Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States of the European Union (the "**Member States**" and each a "**Member State**") are

required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The Savings Directive has been amended by the Council Directive 2014/48/EU which was published on 15 April 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Covered Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Amending Directive.

Conflicts of Interest

Where the Issuer acts as Calculation Agent or the Calculation Agent is an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and holders of Covered Bonds, including with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Conditions that may influence the amount receivable upon redemption of the Covered Bonds.

Different capacities

Van Lanschot acts in different capacities under the Transaction Documents, including as Issuer, Servicer, Subordinated Loan Provider and Arranger. The Issuer has been advised that, as a matter of Dutch law, a party is not capable of contracting with itself. However, this general principle does not apply where such party (like Van Lanschot) is acting with other parties (such as the Security Trustee and the CBC).

Covered Bonds held in global form

The Bearer Covered Bonds which are in NGN form (as specified in the applicable Final Terms), will be held by a common safekeeper for Euroclear and/or Clearstream, Luxembourg and the Bearer Covered Bonds which are not in NGN form (as specified in the applicable Final Terms), will initially be held by a common depositary for Euroclear and/or Clearstream, Luxembourg, or Euroclear Nederland, or in either case any other agreed clearing system, and in each case in the form of a Global Covered Bond which will be exchangeable for Definitive Covered Bonds only in the limited circumstances as more fully described in *Form of Covered Bonds* below. For as long as a Covered Bond is represented by a Global Covered Bond held by the common safekeeper or common depositary on behalf of Euroclear and/or Clearstream, Luxembourg or by Euroclear Nederland, payments of principal, interest (if any) and any other amounts on a Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Covered Bond and, in the case of a Temporary Global Covered Bond, certification as to non-U.S. beneficial ownership. The holder of the relevant Global Covered Bond, being the common depositary or safekeeper for Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Covered Bonds represented by such Global Covered Bond with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Covered Bonds.

Because Covered Bonds may be held in global form and, therefore, by or on behalf of Euroclear, Clearstream, Luxembourg, Euroclear Netherlands or any other agreed clearing system, as the case may be, investors will have to rely on the procedures of these organisations for transfers, payments and communications with the Issuer. Further, the ability of Covered Bondholders holding Covered Bonds in global form to pledge their holdings will be limited to the extent that the party demanding the pledge requires securities in physical form. Holders of beneficial interests in the Covered Bonds held in global form will not have a direct right to vote in respect of the relevant Covered Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream,

Luxembourg, Euroclear Netherlands or any other agreed clearing system, as the case may be, to appoint appropriate proxies.

Integral multiples of less than EUR 100,000 in case of Definitive Covered Bonds

In relation to any issue of Covered Bonds which have a denomination of EUR 100,000 plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds be traded in amounts in excess of EUR 100,000 or its equivalent that are not integral multiples of EUR 100,000. In such a case a Covered Bondholder who, as a result of trading such amounts, holds a principal amount of less than EUR 100,000 (a "**Stub Amount**") may not receive a Definitive Covered Bond in respect of such holding (should Definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that its holding amounts up to at least EUR 100,000. As long as the Stub Amount is held in the relevant clearing system, the Covered Bondholder will be unable to transfer this Stub Amount.

Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland (and in the latter case, the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer* or "**Wge**")), as the case may be.

Registered Covered Bonds

Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount, or part thereof, as the case may be, at the opening of business on the second Business Day falling prior to the due date of such payments. If any Registered Covered Bondholder transfers any Registered Covered Bonds in accordance with Condition 20.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the close of business on the Record Date, the Issuer, the CBC and the Security Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the close of business on the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Security Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with Condition 20 (*Terms and Conditions of Registered Covered Bonds*). The Registrar shall fulfil certain obligations of the Principal Paying Agent in relation to payments in respect of the Registered Covered Bonds.

To the extent that Dutch law is applicable, one of the requirements for a valid transfer of a Registered Covered Bond, is a valid delivery (*levering*). Investors should be aware that delivery of a Registered Covered Bond requires the execution of a deed of assignment (*akte van cessie*) between the assignor and the assignee and notification thereof by the assignor or the assignee to the Issuer and the CBC.

Eurosystem eligibility - Covered Bonds in NGN form - Conditional Pass-through

The NGN form has been introduced to allow for the possibility of Covered Bonds 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 and there can be no assurance that such Covered Bonds will be recognised as such or will remain to be recognised as such.

Whether or not Dutch conditional pass-through covered bonds 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, is not certain and will depend upon satisfaction of the Eurosystem eligibility criteria.

Base Prospectus to be read together with applicable Final Terms

The Terms and Conditions of the Covered Bonds included in this Base Prospectus apply to the different types of Covered Bonds which may be issued under this Base Prospectus. The full terms and conditions applicable to each Tranche of Covered Bonds can be reviewed by reading the Terms and Conditions as set out in full in this Base Prospectus, which constitute the basis of all Covered Bonds to be offered under this Base Prospectus, together with the applicable Final Terms which applies and/or disappplies, supplements and/or amends the Conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (or Tranche thereof).

Change of law and jurisdiction

The Terms and Conditions of the Covered Bonds 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 change to Dutch law or administrative practice after the date of this Base Prospectus.

Prospective investors should note that the courts of the Netherlands shall have jurisdiction in respect of any disputes involving any Series or Tranche of Covered Bonds. Covered Bondholders may take any suit, action or proceedings arising out of or in connection with the Covered Bonds against the Issuer in any court of competent jurisdiction. Dutch law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Covered Bonds.

Risks related to the market generally

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

Secondary market

There can be no assurance as to how any Covered Bonds will trade in the secondary market or whether such market will be liquid or illiquid. Application may or may not be made to list the Covered Bonds on a stock exchange, as indicated in the applicable Final Terms. The fact that Covered Bonds may be listed does not necessarily lead to greater liquidity. No assurance can be given that there will be a market for any Covered Bonds. If any Covered Bonds are not traded on any stock exchange, pricing information for such Covered Bonds may be more difficult to obtain, and the liquidity and market prices of such Covered Bonds may be adversely affected. The liquidity of the Covered Bonds may also be affected by restriction on offers and sales of the Covered Bonds in some jurisdictions.

Market volatility

Covered Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to any Covered Bonds that may be issued under the Programme. Such general lack of liquidity may result in investors suffering losses on the Covered Bonds in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict when these circumstances will change and if and when they do whether conditions of general market illiquidity for such Covered Bonds and instruments similar to such Covered Bonds will return in the future.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in euros. 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 euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Covered Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (iii) the Investor's Currency-equivalent market value of the Covered Bonds.

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

Interest rate risks

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

Credit ratings may not reflect all risks

The ratings assigned to the Covered Bonds address:

- the likelihood of full and timely payment to holders of the Covered Bonds of all payments of interest on each Interest Payment Date; and
- the likelihood of ultimate payment of principal in relation to Covered Bonds on the Extended Due for Payment Date thereof.

The expected ratings of the Covered Bonds are set out in the relevant Final Terms for each Series of each Tranche of Covered Bonds. Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time without prior notice. A credit

rating 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 the Covered Bonds.

Return on an investment in Covered Bonds will be affected by charges incurred by investors

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to 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 (1) Covered Bonds are legally permitted investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

Solvency II

Insurance companies to which the European Parliament legislative resolution of 22 April 2009 on the amended proposal for a directive of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance ("**Solvency II**") will apply, might be less interested in investing in instruments such as Covered Bonds. Solvency II - containing capital requirements for insurance companies - will likely enter into force as of 1 January 2016. Certain parts of Solvency II - such as the calculation method of certain solvency requirements - will be implemented in the Netherlands prior to that date. Potential investors should consult their own advisers as to the consequences to and effect on them of Solvency II, to their holding of any Covered Bonds. Neither the Issuer, the Arrangers, the Dealers, the CBC nor the Security Trustee is responsible for informing Covered Bondholders of the effects on the changes to risk-weighting of regulatory capital which, amongst others, may affect investors as a result of the implementation in their own jurisdiction (whether or not implemented in its current form or otherwise).

Compliance of Covered Bonds with the UCITS Directive and/or CRD IV

The Issuer has under the Wft and the Decree on prudential rules (*Besluit prudentiële regels*) applied for the Programme and the Covered Bonds issued thereunder to obtain the status of being compliant with the requirements set out in article 52(4) of Directive 2009/65/EC (as amended by Directive 2014/91/EU) on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (the "**UCITS Directive**") and/or its relevant implementing measures (the "**Regulated Status**"). It is the intention of the Issuer that the Programme and the Covered Bonds issued under the Programme will obtain a Regulated Status. After the first issue that will be retained by the Issuer, the Issuer will only issue Covered Bonds under this Base Prospectus that obtain the Regulated Status. In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds that have obtained the Regulated Status, will keep the Regulated Status until the Maturity Date.

Covered Bonds with the Regulated Status shall pursuant to the criteria for Eligible Assets and the limitations as a result of the LTV Cut-Off Percentage in the Asset Cover Test, be compliant with the requirements set out in article 129 of the CRR and therefore qualify as 'covered bonds' as mentioned in the CRD IV ("**CRD Status**"). In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds with the Regulated Status will be collateralised by assets that are eligible to collateralise covered bonds under the CRD IV.

The "best efforts" undertakings set out in the two preceding paragraphs will no longer apply if, as a result of a change of law or regulations, Dutch residential mortgage receivables are insufficient for collateralisation of the Covered Bonds to keep the Regulated Status or are no longer eligible to collateralise covered bonds under the CRD IV.

Covered Bondholders should note that the applicable Dutch regulations for the issuance of covered bonds in respect of this Programme (the "**CB Regulations**") impose ongoing obligations on the Issuer, including ongoing administration and reporting obligations towards DNB.

DNB will perform certain supervision and enforcement related tasks in respect of the Covered Bonds, including monitoring compliance with ongoing requirements set out in the CB Regulations. If a Covered Bond no longer meets the requirements prescribed by the CB Regulations, or if the Issuer

would no longer comply with its ongoing administration and/or reporting obligations towards DNB, DNB can take several measures, which include, without limitation, imposing an issuance-stop on the Issuer, which may be disclosed by DNB in the relevant register, and DNB has the authority to terminate the registration as a result of which the Covered Bonds would no longer maintain the CRD Status and the Regulated Status of being compliant with the requirements set out in article 129 of the CRR and/or article 52(4) of the UCITS Directive and/or their relevant implementing measures. To date there is no example and/or clarity as to how DNB will apply the discretionary powers that it has been given under the CB Regulations. If DNB terminates the registration this may have an adverse effect on the value and/or the liquidity of the Covered Bonds.

Also, the Regulated Status and/or the CRD Status could be withdrawn or lost for other reasons. Therefore there is a risk that the Regulated Status and/or the CRD Status will not be maintained until the Maturity Date of the relevant Series. If at any time the Regulated Status and/or the CRD Status is withdrawn or otherwise lost, a Covered Bondholder may experience adverse consequences, depending on the reasons for making the investment in such Covered Bonds. Depending on the reasons for an investment in Covered Bonds, Covered Bondholders should, among other things, conduct their own thorough analysis, and consult their legal advisers or the appropriate regulators from time to time to determine the appropriate status of Covered Bonds under any applicable risk-based capital or similar rules, including, without limitation, the UCITS Directive and/or the CRD IV.

On 1 January 2015 a new framework with respect to covered bonds has entered into force. Under the new framework, the regulated covered bonds will have to comply with the conditions for the preferential treatment of article 52(4) UCITS and article 129 CRR. The Dutch legal framework for regulated covered bonds has been implemented in the Wft. Due to the grandfathering provision of the new framework and the application by the Issuer prior to 1 January 2015, the new legal framework will become effective for the Programme of the Issuer twelve (12) months as from 1 January 2015, which means that this Programme remains subject to the CB Regulations as applicable before 1 January 2015 as set out above until 1 January 2016, after which the new legislation will apply. To comply with the new legislation the Issuer will need to comply with certain additional rules, most of which have already been included in this Prospectus. Furthermore, to ensure compliance with the new legislation the Issuer will need to make some changes to the Programme and is entitled to do so without the approval of the Covered Bondholders, however, approval of the Security Trustee will be required. Although compliance with the new legislation may not be difficult for the Issuer to ensure, there can be no guarantee that all requirements of the new legislation will be met. See for a description of the new legislation, section *Covered bond legislation and compliance with UCITS- and/or Capital Requirements Directive*.

EMIR

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (commonly known as the European Market Infrastructure Regulation, or "**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 over-the-counter (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, among 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. Some (but not all) of these secondary rules have been finalised and certain requirements under EMIR are now in effect. Requirements pertaining to risk management entered into force on 15 March 2013. The mandatory reporting of derivatives to a trade repository has taken effect on 12 February 2014.

The mandatory central clearing of OTC-derivatives will apply to the classes of OTC derivatives that have been declared subject thereto in regulatory technical standards ("RTS") developed by European Securities and Markets Authority ("ESMA") and adopted by the European Commission ("EC"). A second version of the draft regulatory technical standards on the central clearing obligation of certain interest rate OTC derivative contracts has been submitted by ESMA to the European Commission on 29 January 2015 (the "Draft RTS"). On the basis of the Draft RTS it is expected that the applicability of the clearing obligation in respect of such derivative contracts will be phased-in, depending on the type of counterparty to such derivative contract, following entry into force of the RTS. It is currently expected that the central clearing obligation for interest rate OTC derivative contracts, for the first category of counterparties (in short: clearing members within the meaning of EMIR), will not take effect before Q3 2015. The Draft RTS are however subject to change. It is also not certain when the RTS will be adopted and enter into force.

The Issuer cannot predict with absolute certainty the impact of these new regulations and rules and which impact it may have on financial markets generally, or on the Issuer's business, financial position and results of operations. Certain aspects of EMIR and its application remain unclear. On the basis of the Draft RTS, it is expected that the class of interest rate OTC derivative contracts (to be) entered into by the CBC for the purpose of hedging the interest rate in relation with the Covered Bonds may be exempt from the clearing obligation. However, please note that the applicability of the exemption depends on certain conditions of the relevant derivative contracts. It is not yet certain whether the derivative contracts to be entered into by CBC for the purpose of hedging the interest rate in relation with the Covered Bonds will meet these conditions. Moreover, please note that the Draft RTS is subject to change.

If the CBC is required to comply with certain obligations under EMIR which may give rise to additional costs and expenses for the CBC, this may in turn reduce amounts available to make payments with respect to the Covered Bonds. The CBC may also need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by EMIR particularly in relation to reporting, record-keeping and central clearing. Pursuant to Article 12 (3) of EMIR any failure by a party to comply with the rules under Title II of EMIR shall not make an OTC derivative contract invalid or unenforceable. However, if any party fails to comply with the rules under EMIR it may be liable for an incremental penalty payment or administrative fine. If any such penalty or fine is imposed on the Issuer and/or the CBC, the Issuer and/or the CBC may have insufficient funds to pay its liabilities in full.

No consent from Covered Bondholders required for different Covered Bonds

This Base Prospectus only describes Covered Bonds to be issued as part of the Programme under this Base Prospectus in the year following approval. In the future, the Issuer may issue Covered Bonds under the Programme (whether or not under a Base Prospectus) in different markets and/or with different features, which have not been described herein, and different risks associated with them, such as index or equity linked and dual currency Covered Bonds. It is not expected that the consent of Covered Bondholders will be obtained in order to provide for the inclusion of such Covered Bonds in the Programme, however, Covered Bonds issued under this Programme will always be conditional pass-through covered bonds.

Forecasts and estimates

Forecasts and estimates in this Base Prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

RISK FACTORS REGARDING THE ASSET-BACKED GUARANTEE

The Guarantee will be solely the obligation of the CBC

The Guarantee will be solely the obligation of the CBC. The Guarantee will not be an obligation or responsibility of, any other entity or person, in whatever capacity acting, including, without limitation, the Issuer, the Transferor, any Swap Counterparty, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agent, the Arrangers, the Dealers, the CBC Account Bank, the Subordinated Loan Provider and the Security Trustee. Furthermore, none of the Issuer, the Transferor, the Swap Counterparties, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agent, the Arrangers, the Dealers, the CBC Account Bank, the Subordinated Loan Provider and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Covered Bondholders in respect of any failure by the CBC to pay any amounts due under the Guarantee.

None of the Issuer, the Transferor, the Swap Counterparties, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agent, the Arrangers, the Dealers, the CBC Account Bank and the Security Trustee will be under any obligation whatsoever to provide additional funds to the CBC (save in limited circumstances pursuant to the Transaction Documents).

The CBC is only obliged to pay Guaranteed Amounts when the same are Due for Payment

The CBC has no obligation to pay the Guaranteed Amounts payable under the Guarantee until service by the Security Trustee on the Issuer of an Issuer Acceleration Notice and on the CBC of a Notice to Pay, or, if earlier, on the Issuer and the CBC of a CBC Acceleration Notice.

The CBC will not be obliged to pay any other amounts than the Guaranteed Amounts to the Covered Bondholders. Payments by the CBC will be made subject to any applicable withholding or deduction for or on account for tax and the CBC will not be obliged to pay any additional amounts as a consequence.

A Notice to Pay can only be served if an Issuer Event of Default occurs and results in service by the Security Trustee of an Issuer Acceleration Notice on the Issuer. A CBC Acceleration Notice can only be served if a CBC Event of Default occurs.

Following service of an Issuer Acceleration Notice on the Issuer, a Notice to Pay shall be served by the Security Trustee on the CBC. However, a failure by the Issuer to make a payment in respect of one or more Series will not automatically result in the service of an Issuer Acceleration Notice. The Security Trustee may, but is not obliged to, serve an Issuer Acceleration Notice unless and until requested or directed by Covered Bondholders of all Series then outstanding.

If a Breach of Asset Cover Test Notice is served by the Security Trustee on the CBC following a Breach of Asset Cover Test, the CBC will not be obliged to make payments under the Guarantee until (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice and a Notice to Pay have been served or (b) a CBC Event of Default has occurred and a CBC Acceleration Notice has been served.

Following service of a Notice to Pay on the CBC (provided (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served and (b) no CBC Acceleration Notice has been served) under the terms of the Guarantee the CBC will be obliged to pay Guaranteed Amounts as and when the same are Due for Payment. Such payments will be subject to and will be made in accordance with the CBC Priority of Payments. In these circumstances, other than the Guaranteed Amounts the CBC will not be obliged to pay any amount, for example in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the Covered Bonds.

Subject to applicable grace periods, if the CBC fails to make a payment when Due for Payment under the Guarantee or any other CBC Event of Default occurs then the Security Trustee may accelerate the Covered Bonds (to the extent not yet accelerated) by service of a CBC Acceleration Notice, whereupon the CBC will under the Guarantee owe the Early Redemption Amount of each Covered Bond, together with accrued interest and certain other amounts then due under the Covered Bonds. Following service of a CBC Acceleration Notice, the Security Trustee may enforce the Security. The proceeds of enforcement of the Security shall be applied by the Security Trustee in accordance with the Post CBC Acceleration Notice Priority of Payments, and Covered Bondholders will receive amounts from the CBC on an accelerated basis. Without limitation, if a CBC Acceleration Notice is served on the CBC, then the Covered Bonds may be repaid sooner or later than expected or not at all.

Extendable obligations under the Guarantee

If the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount and has insufficient funds available under the relevant Priority of Payments to pay such Guaranteed Final Redemption Amount in full, then the obligation of the CBC to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Due for Payment Date. However, to the extent the CBC has sufficient moneys available to pay in part the Guaranteed Final Redemption Amount in respect of the relevant Series of Covered Bonds, the CBC shall make such partial payment in accordance with the relevant Priority of Payments, as described in Condition 3 (*The Guarantee*), on the relevant CBC Payment Date and any subsequent CBC Payment Date falling prior to the relevant Extended Due for Payment Date. Payment of the unpaid amount shall be deferred automatically up to the applicable Extended Due for Payment Date. An Extended Due for Payment Date will fall 32 years after the relevant Maturity Date. Interest will continue to accrue and be payable on the unpaid Guaranteed Final Redemption Amount on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*), applies *mutatis mutandis*. In these circumstances, except where the CBC has failed to apply money in accordance with the relevant Priority of Payments in accordance with Condition 3, failure by the CBC to pay the relevant Guaranteed Final Redemption Amount on the relevant CBC Payment Date or any subsequent CBC Payment Date falling prior to the relevant Extended Due for Payment Date (or the relevant later date in case of an applicable grace period) shall not constitute a CBC Event of Default. However, failure by the CBC to pay any Guaranteed Final Redemption Amount or the balance thereof, as the case may be, on the relevant Extended Due for Payment Date and/or pay any other amount due under the Guarantee will (subject to any applicable grace period) constitute a CBC Event of Default.

Risks relating to Covered Bonds becoming Pass-Through Covered Bonds

If any amount of principal on a Covered Bond remains unpaid on its Maturity Date, such Covered Bond will become a Pass-Through Covered Bond. Under the Guarantee the CBC will on each CBC Payment Date be required to utilise all amounts available for such purpose to redeem all Pass-Through Covered Bonds on a *pro rata* basis. If an Issuer Event of Default has occurred and a Breach of Amortisation Test Notice has been served, all Covered Bonds will become Pass-Through Covered

Bonds. If as a result of the occurrence of such events all Covered Bonds become Pass-Through Covered Bonds, there is a risk that Covered Bondholders of Covered Bonds with a Maturity Date after such date, receive principal repayments prior to the Maturity Date and therefore earlier than expected, which may result in a lower yield on such Covered Bondholders' investment than expected.

With respect to Pass-Through Covered Bonds in respect of which any amount of principal has remained unpaid on the Maturity Date, there is a risk that, as a consequence of all Covered Bonds becoming Pass-Through Covered Bonds, the speed of repayment of such Pass-Through Covered Bonds will be reduced, because the available funds for repayment will be divided *pro rata* with respect to all Covered Bonds and not only those that have matured. In such case, it is likely that the repayment of such Covered Bonds will take longer.

No Gross-up for Taxes

As provided in Condition 8, if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or changes of whatever nature are imposed by or on behalf of the Netherlands, any authority therein or thereof having power to tax, the CBC will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Covered Bondholders.

Limited resources available to the CBC

The ability of the CBC to meet its obligations under the Guarantee will depend on the receipt by it of funds under the Transferred Assets, the proceeds of the sale of any Transferred Assets, the timing thereof, the receipt by it of payments under the Swap Agreements, if any, and the receipt by it of interest in respect of the balance standing to the credit of the CBC Transaction Accounts (other than on the Construction Account). The CBC does not have any other resources available to it to meet its obligations under the Guarantee.

If a CBC Event of Default occurs and the Security is enforced, the proceeds may not be sufficient to meet the claims of all the Secured Parties, including the Covered Bondholders. If, following enforcement of the Security, the Secured Parties have not received the full amount due to them pursuant to the terms of the Transaction Documents, the Secured Parties will no longer have a claim against the CBC after enforcement of the Security. The Secured Parties may still have an unsecured claim against the Issuer for the shortfall.

Covered Bondholders should note that the Asset Cover Test and, after a Notice to Pay, the Amortisation Test has been structured to ensure that (A) the Adjusted Aggregate Asset Amount and the Amortisation Test Aggregate Asset Amount, respectively, are at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds and (B) (I) (i) the Net Outstanding Principal Amount of all Mortgage Receivables, excluding any Defaulted Receivables, plus (ii) at any date, the market value of all Transferred Collateral on such date (the "**Collateral Market Value**") in the form of Substitution Assets plus (iii) all amounts standing to the balance of the CBC Transaction Accounts, excluding Swap Collateral and excluding amounts standing to the balance of the Construction Account, are at least equal to 115% of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding and (II) the Asset Cover Test will meet the requirements pursuant to the Wft in respect of the collateralisation of the Covered Bonds, including, but not limited to, the requirement, that the Net Outstanding Principal Amount of Mortgage Receivables and the Substitution Assets are at least equal to 105% of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (as amended from time to time), which should reduce the risk of there being a shortfall. However there is no assurance that there will not be a shortfall.

Reliance of the CBC on third parties

Counterparties to the CBC may not perform their obligations under the Transaction Documents, which may result in the CBC not being able to meet its obligations under the Guarantee. It should be noted that there is, *inter alia*, a risk that (a) Van Lanschot in its capacity as Servicer, Transferor and/or Subordinated Loan Provider will not meet its obligations *vis-à-vis* the CBC, (b) Citibank N.A., London Branch as Principal Paying Agent and any other Paying Agent appointed as Paying Agent will not perform its or their obligations under the Agency Agreement, (c) the Directors will not perform their obligations under the relevant Management Agreements, (d) Société Générale S.A., Amsterdam Branch as CBC Account Bank will not perform its obligations under the CBC Account Agreement or (e) Swap Counterparties will not perform their obligations under the Swap Agreements or (f) or any other third party with whom the CBC has entered into a Transaction Document does not perform its obligations.

If a termination event occurs pursuant to the terms of any Servicing Agreement, then the CBC and/or

the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Receivables on the terms of the Servicing Agreement. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Mortgage Receivables or any part thereof, and/or the ability of the CBC to make payments under the Guarantee.

The Servicer does not have any obligation itself to advance payments that Borrowers fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

Effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the CBC

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the CBC to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Dutch law to pledgees notwithstanding bankruptcy or suspension of payments of the CBC. The CBC is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the CBC would affect the position of the Security Trustee as pledgee and, subsequently, the Covered Bondholders, in some respects, the most important of which are: (i) payments made by the Borrowers to the CBC prior to notification of the relevant pledge but after bankruptcy or suspension of payments granted in respect of the CBC will be part of the bankruptcy estate of the CBC, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the CBC, which, if applicable, would delay the exercise of the right of pledge on the Transferred Assets and other assets pledged to the Security Trustee and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy if so requested by the liquidator and as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the CBC. Similar or different restrictions may apply in case of insolvency proceedings other than Dutch insolvency proceedings.

To the extent the receivables pledged by the CBC to the Security Trustee are future receivables, the right of pledge on such future receivable cannot be invoked against the estate of the CBC if such future receivable comes into existence after the CBC has been declared bankrupt or has been granted a suspension of payments. The CBC has been advised that some of the assets pledged to the Security Trustee under the Security Trustee Rights Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the CBC Transaction Accounts following the CBC's bankruptcy or suspension of payments. With respect to Beneficiary Rights, reference is made to the section *Risks relating to Beneficiary Rights under the Insurance Policies*.

Risks related to the creation of pledges on the basis of the Parallel Debt

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the CBC has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and the question arises whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also *Description of Security* below). However, the CBC has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements.

The Security Trustee is a special purpose vehicle and is therefore unlikely to become insolvent. The Security Trustee acts solely as security trustee for the purpose of this Programme. Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Parties therefore have a credit risk on the Security Trustee.

Transfer of Guarantee

Under Dutch law an independent guarantee like the Guarantee is normally regarded as an independent claim and not an accessory right (*afhankelijk recht*) and is unlikely to be an ancillary right (*nevenrecht*) that by operation of law follows the receivables it secures upon transfer thereof. The Issuer and the CBC have been advised that, in the case of Bearer Covered Bonds, such a transfer of the Guarantee can be accomplished by ensuring that the Guarantee forms an integral part of the Covered Bonds. For this reason the Guarantee and the Covered Bonds will provide that the rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a Covered Bondholder only if, to the

extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The Issuer and the CBC have been advised that as a result, in case of a transfer of a Covered Bond to a transferee by way of book-entry transfer (*girale overboeking*) or physical transfer of a Bearer Covered Bond, such transfer includes the corresponding rights under the Guarantee. For Registered Covered Bonds, the rights under the Guarantee are to be separately assigned, together with the corresponding rights under the relevant Registered Covered Bonds.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES AND OTHER ASSETS

In case the CBC is required to pay under the Guarantee, the ability to comply with such obligations will depend predominantly on the proceeds of the Transferred Assets. Payments on the Mortgage Receivables and other assets are subject to certain risks described in more detail below.

Risk related to payments received by the Transferor prior to notification of the assignment to the CBC

Under Dutch law, assignment of legal title to claims, such as the Eligible Receivables, can be effectuated by means of a notarial deed of assignment or a deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required (*stille cessie*). Legal title to the Eligible Receivables will be assigned by the Transferor to the CBC through a deed of assignment and registration thereof with the appropriate tax authorities. The Guarantee Support Agreement will provide that the assignment of the Eligible Receivables by the Transferor to the CBC will not be notified by the Transferor or, as the case may be, the CBC to the Borrowers except if certain events occur.

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the Transferor in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. The Transferor has undertaken to pay to the CBC any amounts received by it in respect of the Mortgage Receivables. However, receipt of such amounts by the CBC is subject to the Transferor actually making such payments. If the Transferor is declared bankrupt or subject to emergency regulations prior to making such payments, the CBC has no right of any preference in respect of such amounts and thus has a credit risk against the Transferor in respect of such amounts.

Payments made by Borrowers to the Transferor prior to notification of the assignment to the CBC but after bankruptcy, (preliminary) suspension of payments or emergency regulations in respect of the Transferor having been declared, will be part of the Transferor's bankruptcy estate. In respect of these payments, the CBC will be a creditor of the estate (*boedelschuldeiser*) and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of the general bankruptcy costs (*algemene faillissementskosten*), which may be material. After the notification of the assignment to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the CBC.

Risk related to the Construction Deposits being set-off with the Mortgage Receivable

The Borrowers may maintain a Construction Deposit with the Transferor. Such amount will be paid out in case certain conditions are met.

If the Transferor is unable to pay the relevant amount to the relevant Borrower, such Borrower may invoke defences or set-off such amounts with its payment obligations under the Relevant Mortgage Loan. This risk is mitigated as follows. The CBC and the Transferor have agreed in the Guarantee Support Agreement that the CBC will be entitled to withhold from the relevant Initial Purchase Price an amount equal to the aggregate Construction Deposits. Such amount will be deposited on the Construction Account. On each CBC Payment Date, the CBC will release from the Construction Account such part of the remaining part of the relevant Initial Purchase Price(s) equal to the difference between the aggregate Construction Deposits relating to the relevant Mortgage Receivables and the balance standing to the credit of the Construction Account and pay such amount to the Transferor, except if and to the extent that any Borrower has invoked defences or set-off.

Construction Deposits have to be paid out after the building activities or renovation activities have been finalised. Upon the finalisation of such activities, the remaining Construction Deposit will be set off against the relevant Mortgage Receivable, in which case the CBC shall have no further obligation towards the Transferor to pay the remaining part of the relevant Initial Purchase Price, and consequently the equivalent of such remaining part of the relevant Initial Purchase Price standing to the credit of the Construction Account will form part of the Principal Available Amount. If an Assignment Notification Event set out under (iv) (see Chapter 10 (*Guarantee Support*)) has occurred, the CBC will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Deposit. Therefore, the remaining risk is that, if and to the extent that the amount for which a Borrower successfully invokes set-off or defences exceeds the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Mortgage Receivables, which would reduce the amounts available for payment to Covered Bondholders.

Set-off by Borrowers may affect the proceeds under the Mortgage Receivables

Under Dutch law a debtor has a right of set-off against a counterparty if it has a claim that corresponds to a debt to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Transferor to it (if any) with amounts it owes in respect of the relevant Mortgage Receivable prior to notification of the assignment of the relevant Mortgage Receivable to the CBC having been made. Such amounts due and payable by the Transferor to a Borrower could, *inter alia*, result from current account balances or deposits made with the Transferor. Also, such claims of a Borrower could, *inter alia*, result from (investment) services rendered by the Transferor to the Borrower such as investment advice rendered by the Transferor or services for which the Transferor is responsible or held liable. As a result of set-off of amounts due and payable by the Transferor to the Borrower with amounts the Borrower owes in respect of the relevant Mortgage Receivable, the relevant Mortgage Receivable will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus affect the proceeds under the Mortgage Receivables.

Some, but not all of the conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights *vis-à-vis* the Transferor, under Dutch law it is uncertain whether such waiver will be valid. A provision in general conditions (such as the applicable mortgage conditions) is voidable (*vernietigbaar*) if the provision is deemed to be unreasonably onerous (*onredelijk bezwarend*) for the party against whom the general conditions are used. A clause containing a waiver of set-off rights is, subject to proof to the contrary, assumed to be unreasonably onerous if the party, against which the general conditions are used, does not act in the conduct of its profession or trade (i.e. a consumer). However, the fact that in the relationship with a consumer a provision (such as a waiver of set-off) is presumed to be unreasonably onerous may be relevant when determining whether such provision is also unreasonably onerous *vis-à-vis* a counterparty which is not a consumer, particularly when this counterparty resembles a consumer. Should such waiver be invalid and in respect of Mortgage Loans which do not contain such waiver, the Borrowers will have the set-off rights described in the previous paragraph.

After assignment of the Mortgage Receivables to the CBC and notification thereof to a Borrower, such Borrower will also have set-off rights *vis-à-vis* the CBC, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated (*opgekomen*) and became due and payable (*opeisbaar*) prior to the assignment of the relevant Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the relevant Mortgage Receivable and the claim of the Borrower against the Transferor result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated and became due and payable prior to notification of the assignment, provided that all other requirements for set-off have been met (see above). A balance on a current account is due and payable at any time and, therefore, this requirement for set-off will be met. In the case of deposits, including any Construction Deposits, it will depend on the term of the deposit whether the balance thereof will be due and payable at the moment of notification of the assignment. If following receipt of notification of assignment of the relevant Mortgage Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will only be permitted to set-off its claim *vis-à-vis* the CBC for the amount of its claim at the moment such notification is received, after deduction of amounts which have been debited from the current account or the deposit account after receipt of such notification, notwithstanding that amounts may have been credited after receipt of such notification. The above applies *mutatis mutandis* to the pledge of the Mortgage Receivables envisaged in the Security Trustee Receivables Pledge Agreement.

If notification of the assignment of the relevant Mortgage Receivables is made after the bankruptcy, (preliminary) suspension of payments or emergency regulations of the Transferor having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Dutch Bankruptcy Code. Under the Dutch Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claims, if both its debt and its claim (i) came into existence prior to the moment at which the bankruptcy become effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments or emergency regulations.

The Guarantee Support Agreement provides that if a Borrower sets off amounts due to it by the Transferor against the relevant Mortgage Receivable, including, without limitation, with any Construction Deposit owed to it with the Relevant Mortgage Receivable and, as a consequence thereof, the CBC or the Security Trustee, as applicable, does not receive the amount which it is entitled

to receive with respect to such Mortgage Receivable, the Transferor will pay to the CBC or the Security Trustee as applicable an amount equal to the difference between the amount which the CBC or the Security Trustee, as applicable, would have received with respect to the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer with respect to such Mortgage Receivable. Receipt of such amount by the Issuer is subject to the ability of the Transferor to actually make such payments.

In addition, deductions in view of set-off risks are provided for in the Asset Cover Test.

For specific set-off issues relating to the Life Insurance Policies, Insurance Savings Mortgage Loans or Investment Mortgage Loans, or Construction Deposits reference is made to the paragraphs *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies* and *Risks related to offering of Investment Mortgage Loans and Life Insurance Policies, Risk related to the Construction Deposits being set-off with the Mortgage Receivable* respectively.

Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the CBC

The mortgage deeds relating to the Mortgage Receivables to be assigned to the CBC provide that the Mortgages created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Transferor ("**Bank Mortgages**"). The mortgage deeds relating to the Mortgage Receivables also provide for rights of pledge granted in favour of the Transferor, which secure the same debts as the Bank Mortgages ("**Bank Pledges**") and jointly with the Bank Mortgages, the "**Bank Security Rights**".

Under Dutch law a Mortgage is an accessory right (*afhankelijk recht*) which follows by operation of law the receivable with which it is connected. Furthermore, a Mortgage is an ancillary right (*nevenrecht*) and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law.

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by a bank security right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a bank security right only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There is a trend in legal literature for quite some time to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in case of assignment of a receivable secured by a bank security right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of a bank security right, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view, a bank security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature a bank security right will as a general rule not follow as an accessory right upon assignment of a receivable which it secures, is still defended, the Issuer and the CBC have been advised that the better view is that as a general rule a bank security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank security right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right.

The Transferor will represent and warrant that neither the mortgage deeds nor any other agreements between the Transferor and the relevant Borrower in respect of the Mortgage Receivables contain any explicit provision on the issue whether the mortgage right or rights of pledge follows the receivable upon its assignment. Consequently, there is no clear indication of the intention of the parties in this respect. The CBC has been advised that also in such case the Bank Security Rights should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on bank security rights in the past as described above,

which view continues to be defended by some legal commentators.

If a Mortgage has not (partially) followed the Mortgage Receivable upon its assignment, the Security Trustee will not have the benefit of such security right. This will materially affect the ability of the CBC to take recourse on the Mortgaged Asset and the Borrower in case the Borrower defaults under the Mortgage Loans and may affect the ability of the CBC to meet its payment obligations under the Covered Bonds.

The above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the CBC to the Security Trustee under the Security Trustee Receivables Pledge Agreement.

In respect of some of the Mortgage Loans, the Transferor benefits from more than one mortgage right on assets in or outside the Netherlands. When calculating the loan to value in respect of such a Mortgage Loan, the maximum amount for which the first ranking Mortgage is vested on the residential property of the relevant Borrower in the Netherlands is used and the value of the other assets subject to a mortgage right is ignored. The CBC has not been advised on the consequences of the assignment and pledge of the Mortgage Receivables with regard to any such security rights and such additional assets will not be taken into account for, *inter alia*, the purpose of determining the loan to value of foreclosure values and the Asset Cover Test. In case of enforcement of such security rights and additional assets this could result in additional enforcement proceeds being available, but the CBC cannot rely thereon.

Risk related to jointly-held Bank Security Rights by the Transferor, the CBC and the Security Trustee

If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, the Bank Security Rights will be jointly-held by the CBC (or the Security Trustee, as pledgee) and the Transferor and will secure both the relevant Mortgage Receivables held by the CBC (or the Security Trustee, as pledgee) and any other claims held by the Transferor *vis-à-vis* the relevant Borrower (the "Other Claims").

When Bank Security Rights are jointly-held by both the CBC or the Security Trustee and the Transferor, the rules applicable to a joint estate (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Guarantee Support Agreement the Transferor, the CBC and the Security Trustee have agreed that the CBC and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. Certain acts, including acts concerning the day-to-day management (*beheer*) of the jointly-held rights, may under Dutch law be transacted by each of the participants (*deelgenoten*) in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the Bank Security Rights will be considered as day-to-day management, consequently, it is uncertain whether the consent of the Transferor's bankruptcy trustee (*curator*) (in case of bankruptcy) or administrator (*bewindvoerder*) (in case of (preliminary) suspension of payments or emergency regulations), as the case may be, may be required for such foreclosure. The Transferor, the CBC and the Security Trustee have agreed that in case of foreclosure the share (*aandeel*) in each jointly-held Bank Security Right of the Security Trustee and/or the CBC will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Transferor will be equal to the Net Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any. The Issuer and the CBC have been advised that although a good argument can be made that this arrangement will be enforceable against the Transferor or, in case of its bankruptcy or emergency regulations, its bankruptcy trustee or administrator, as the case may be, this is not certain. Furthermore it is noted that this arrangement may not be effective against the Borrower.

If (a bankruptcy trustee or administrator of) the Transferor would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights securing the relevant Mortgage Receivables, the CBC and/or the Security Trustee would have a claim against the Transferor (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred.

Risk that the Mortgages on long leases cease to exist

The Mortgages securing the Mortgage Loans may be vested on a long lease (*erfpacht*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschiet*) other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the Mortgage will, by operation of law, be replaced by a right of pledge on

the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a Mortgage on a long lease, the Transferor will take into consideration certain conditions, in particular the term of the long lease. Therefore, the Transferor will represent that the mortgage conditions used by it provide that the principal sum of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates or if the lease holder materially breaches the conditions of the long lease.

Risk that Borrower Insurance Pledges will not be effective

All rights of a Borrower under the Insurance Policies (if any) have been pledged to the Transferor (the "**Borrower Insurance Pledge**"). The Issuer and the CBC have been advised that it is probable that the right to receive payment, including, but not limited to, the commutation payment (*afkoopsom*), under the Insurance Policies will be regarded by a Dutch court as a future right. The pledge of a future right is, under Dutch law, not effective if the Borrower is declared bankrupt, granted a suspension of payments or is granted a statutory debt adjustment (*schuldsanering*), prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective if the Borrower is declared bankrupt, granted a suspension of payments or is granted a statutory debt adjustment (*schuldsanering*), prior to the moment such right comes into existence. The Borrower Insurance Pledge secures the same liabilities as the Bank Security Rights (and should therefore be regarded as a Bank Pledge).

Risks relating to Insurance Policies

The mortgage loans or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company (the "**Life Mortgage Loans**") have the benefit of Life Insurance Policies, the Insurance Savings Mortgage Loans have the benefit of Savings Insurance Policies and the switch mortgage loans have the benefit of savings investment insurance policies (for the purpose of this section collectively the "**Insurance Policies**"). The following risk factors describe certain legal issues relating to the effects of the assignment (and pledge) of such Mortgage Receivables on the above-mentioned Insurance Policies. Investors should be aware that (i) the CBC may not benefit from the Insurance Policies and/or (ii) the CBC may not be able to collect the Mortgage Receivable, whether in part or in full, in case the relevant Insurance Company defaults in its obligations as further described in this section. As a consequence thereof, the CBC may not have a claim on the Borrower and the rights of the Security Trustee may be similarly affected.

Risks relating to Beneficiary Rights under the Insurance Policies

The Transferor has been appointed as beneficiary under the relevant Insurance Policy (the "**Beneficiary Rights**"), except that in certain cases another beneficiary is appointed who will rank ahead of the Transferor, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Insurance Policy to the Transferor (the "**Borrower Insurance Proceeds Instruction**"). The Transferor and the CBC have been advised that it is unlikely that (i) the appointment of the Transferor as beneficiary will be regarded as an ancillary right and (ii) it will follow the Mortgage Receivables upon assignment or pledge thereof to the CBC or the Security Trustee. The Beneficiary Rights will be assigned by the Transferor to the CBC and will be pledged to the Security Trustee by the CBC (see *Description of Security* below). However, the Transferor and the CBC have been advised that it is uncertain whether this assignment and pledge will be effective.

Pursuant to the Guarantee Support Agreement the Transferor will undertake that it will use its best efforts upon the occurrence of an Assignment Notification Event to terminate its appointment as beneficiary under the Insurance Policies and to appoint the CBC or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies.

In the event that a Borrower Insurance Proceeds Instruction has been given, the Transferor will undertake to use its best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the Transferor or originator and to issue such instruction in favour of (i) the CBC subject to the dissolving condition (*ontbindende voorwaarde*) of a Security Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent (*opschortende voorwaarde*) of the occurrence of a Security Trustee Pledge Notification Event. The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If the CBC or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or the assignment, pledge or the waiver of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the Transferor or to another beneficiary rather than to the CBC or the Security Trustee, as the case may be. If the proceeds are paid to the Transferor, it will pursuant to the Guarantee Support Agreement be obliged to pay the amount involved to the CBC or the Security Trustee, as the case may be. If the proceeds are paid to the Transferor and the Transferor does not pay such amount to the CBC or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the Transferor, or if the proceeds are paid to another beneficiary instead of the CBC or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the CBC or, as the case may be, the Security Trustee for the amounts so received by the Transferor or another beneficiary, as the case may be.

Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies

Under certain types of Mortgage Loans the Transferor has the benefit of rights under the Insurance Policies with Life Insurance Companies. Under the Insurance Policies the Borrowers pay a premium consisting of a risk element and a savings or investment element. The capital element of the premium received under the Savings Insurance Policy is usually invested in the related Insurance Savings Mortgage Receivable. In case of Switch Mortgage Loans with a Savings Alternative, the capital element may or may not be invested in the related Switch Mortgage Receivable with a Savings Alternative from time to time. In case of Life Mortgage Loans, the capital premium is not (directly or indirectly) invested in the related Mortgage Receivable, but invested in certain funds. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Mortgage Receivables will be, fully or partially, extinguished (*teniet gaan*) or cannot be recovered for other reasons, which could lead to losses under the Covered Bonds.

As set out in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, the Borrowers have in some, but not all, Mortgage Conditions, waived their set-off rights, but it is uncertain whether such waiver is effective.

If the waiver described above is not effective or the conditions applicable to the Mortgage Loans do not contain a waiver of set-off rights, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the Transferor and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Transferor and the relevant Insurance Company are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship. Another requirement is that the Borrowers should have a counterclaim that is due and payable. If the relevant Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Insurance Policy and to receive a commutation payment (*afkoopsom*). These rights are subject to the Borrower Insurance Pledge. However, despite this pledge, it could be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment, subject, to what is stated above under *Risk that Borrower Insurance Pledges will not be effective*. Apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Set-off *vis-à-vis* the CBC after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above). In the case of Insurance Savings Mortgage Loans (one of) these requirements (is) are likely to be met, since it is likely that the Insurance Savings Mortgage Loans and the Savings Insurance Policies are to be regarded as one legal relationship. If the Insurance Savings Mortgage Loan and the Savings Insurance Policy are regarded as one legal relationship the assignment will not interfere with the set-off. The Issuer and the CBC have been advised that it is unlikely, however, that the Mortgage Loans and the Life Insurance Policies should be regarded as one legal relationship.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences *vis-à-vis* the Transferor, the CBC and/or the Security Trustee, as the case may be. The Borrowers will have all defences available afforded by Dutch law to debtors in general. Borrowers could argue that the Mortgage Loans and the Insurance Policies are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the Transferor and the relevant Insurance Company, at least they could rightfully interpret the mortgage conditions and the promotional materials in such manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness (*redelijkheid en billijkheid*) in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" (*dwaling*), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the CBC no longer holds the relevant Mortgage Receivable.

Mortgage Loans to which a Life Insurance Policy is connected

In respect of Life Mortgage Loans originated by the Transferor where the Borrowers have taken out Life Insurance Policies with any of the Life Insurance Companies, the Issuer has been advised that it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, taking into account that the Transferor shall represent that with respect to Life Mortgage Loans, (i) there is no connection, whether from a legal or commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, (ii) the Life Mortgage Loans and the Life Insurance Policies are not offered as one combined mortgage and life insurance product or under one name and (iii) the Borrowers are free to enter into the Life Insurance Policy with any Life Insurance Company and (iv) none of the Life Insurance Companies is a group company of such Transferor.

Insurance Savings Mortgage Loans and Switch Mortgage Loans with a savings alternative

In respect of Insurance Savings Mortgage Loans and Switch Mortgage Loans with a Savings Alternative the Issuer and the CBC have been advised that there is a considerable risk (*een aanmerkelijk risico*) that such a set-off or defence would be successful in view of, *inter alia*, the close connection between the Insurance Savings Mortgage Loan and the Switch Mortgage Loan with a Savings Alternative and the Savings Insurance Policy and the wording of the mortgage deeds relating to the Insurance Savings Mortgage Loans and the Switch Mortgage Loan with a Savings Alternative.

The set-off risk will be taken into account through a deduction of the Asset Cover Test.

Risk that interest rate reset rights will not follow Mortgage Receivables

The CBC has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right and follows the Mortgage Receivables upon their assignment to the CBC and the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the CBC or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates and the applicable law and regulations in respect thereto. If the interest reset right remains with the Transferor, the co-operation of the trustee (in bankruptcy) or administrator (in (preliminary) suspension of payments or emergency regulations) would be required to reset the interest rates, but there is no assurance that such co-operation is forthcoming.

Risk of set-off or defences in respect of investments under Investment Mortgage Loans

The Transferor has represented that under the Investment Mortgage Loans the securities are purchased by a bankruptcy remote securities giro (*effectengiro*), a bank or an investment firm (*beleggingsonderneming*) for the account of the Borrowers. These aforementioned institutions are by law obliged to ensure that these securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in the Wge or, if they do not qualify as such, by a separate depository vehicle. The CBC has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect, save in the case of a contract between the Transferor and a Borrower that constitutes a claim (*vordering op naam*) on the Transferor whereby the amount payable upon maturity depends on the an underlying value such as an index (the "**Index Guaranteed Contracts**"). However, if this is not

the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the CBC on similar grounds as discussed under *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

In respect of Index Guaranteed Contracts forming part of an Investment Portfolio, the relevant Borrower has a claim on the Transferor. If the Transferor would become insolvent, the relevant Borrower may not be able to recover its claim on the Transferor in relation to its Index Guaranteed Contract(s). This could lead to Borrowers trying to invoke rights of set-off with or defences in respect of its Mortgage Receivable. Set-off after notification of the assignment to the CBC will be possible if all requirements for set off are met and, furthermore, the counterclaim of the Borrower has originated (*opgekomen*) and become due and payable (*opeisbaar*) prior to notification of the assignment of the relevant Mortgage Receivable to the CBC or, alternatively, the counterclaim of the Borrower, and the relevant Mortgage Receivable result from the same legal relationship. The Transferor will represent to the CBC in the Guarantee Support Agreement that there is no connection between any of the Mortgage Loans and any Investment Portfolio, other than the Borrower Investment Pledge. The CBC has been advised that on this basis it is unlikely that the Mortgage Loan and the relevant Index Guaranteed Contract will be regarded as stemming from the same legal relationship. The Transferor has furthermore represented, in respect of Index Guaranteed Contracts, that claims thereunder are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and that the Index Guaranteed Contracts cannot be terminated by the Transferor prematurely, but can be terminated by the relevant Borrower on a monthly basis. The CBC has been advised that consequently, unless at the time of notification of the assignment the Index Guaranteed Contract will have been terminated and any claims thereunder will have become due and payable, no set-off by the Borrower of its claims resulting from such Index Guaranteed Contract with the relevant Mortgage Receivable will be permitted on this basis. In case of a bankruptcy or emergency regulations of the Transferor prior to notification of the assignment the Borrower will have broader set-off rights. The risk in respect of the Index Guaranteed Contracts is taken into account through a deduction in the Asset Cover Test.

Risk related to the value of investments under Investment Mortgage Loans or Life Insurance Policies

The value of investments made under the Investment Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies, may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity and may result in a default by the Borrower to repay the remaining amount.

Risks related to offering of Investment Mortgage Loans and Life Insurance Policies

Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Investment Mortgage Loans and Life Mortgage Loans. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified or a Borrower may claim set-off or defences against the Transferor or the CBC (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Investment Mortgage Loans or Life Insurance Policies is not sufficient to redeem the relevant Mortgage Loans.

After market downturn in 2001, in many cases the development of value in investment linked insurances (*beleggingsverzekeringen*), such as Life Insurance Policies, was less than customers had hoped for and less than the value forecast at the time the investment-linked insurances were concluded. This had led to a public attention to these products, particularly since 2006, commonly known as the *woekerpolisaffaire* (usury insurance policy affair). There was a particular focus by the general public on the lack of information provided in some cases on investment-linked insurances regarding costs, and/or risk premiums and/or investment risks. Public attention was further triggered by (i) a finding by the AFM in 2006 that insurers were in some cases providing customers with incomplete and incorrect information about such insurances, and (ii) reports published by the AFM in 2008. In 2008, the Kifid ombudsman of the Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*) issued a recommendation in which it proposes to limit the cost level of investment-linked insurances and to compensate customers of investment-linked insurances for costs exceeding a certain level.

On the base of this recommendation, consumer organisations representing policyholders engaged with various large insurers to come to a farther-reaching settlement with each of these insurers. For all large insurance companies, this led to the conclusion of a compensation agreement with some of these consumer organisations regarding a refund of costs above a certain percentage specified in the compensation agreement and a refund for the leverage risk and the capital consumption risk if materialised. Compensation was not only provided to policyholders who were specifically represented, but to all holders of such policies of such insurance company. Other smaller insurers offer similar compensation. The compensation agreements are not conclusive as the agreements were entered into with consumer organisations and not with individual policyholders and the agreements do not provide for discharge (*kwijting*) of the insurers. It is, therefore, open to policyholders to claim additional or other compensation. A number of individual policyholders are actively pursuing claims, some of whom are assisted by a number of claim organisations. Rulings of courts, including The Netherlands Supreme Court (*Hoge Raad der Nederlanden*), and the Complaint Institute for Financial Services have been published, some of which are still subject to appeal, which were generally favourable for consumers and a decision of the Court of Justice EU on this matter is pending.

If Life Insurance Policies related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer and the CBC have been advised that, depending on the circumstances involved, in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend on the particular facts and circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/policy holder may invoke set-off or other defences against the CBC. The analysis in that situation is similar to the situation of insolvency of the insurer (see *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*), except if the Transferor is itself liable, whether jointly with the insurer or separately, *vis-à-vis* the Borrower/policy holder. In this situation, which may depend on the involvement of the Transferor in the marketing and sale of the insurance policy, set-off or defences against the CBC may be invoked, which will probably only become relevant if the insurer and/or the Transferor will not indemnify the Borrower. Any such set-off or defences could thus affect the proceeds under the Mortgage Receivable.

No investigations in relation to the Mortgage Loans and the Mortgaged Assets

None of the CBC, the Security Trustee, the Arrangers, the Dealers or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of the Transferor concerning itself, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. The CBC and the Security Trustee will rely solely on the Transferor Warranties.

The Transferor shall repurchase and request the retransfer of a Mortgage Receivable from the CBC if a breach of the Mortgage Receivables Warranties occurs on or appears after the relevant Transfer Date in respect of such Mortgage Receivable (see section 10 (*Repurchase and Retransfers*)). Should the Transferor fail to take the appropriate action, this may have an adverse effect on the ability of the Issuer to make payments under the Covered Bonds.

Risks related to maturity of Mortgage Loans

The conditions applicable to some of the Mortgage Loans do not provide for a maturity date (the "**Long Term Mortgage Loans**"). The Borrower is only obliged to repay the principal sum of the Mortgage Loan (or the relevant loan-part) in certain events provided for in the applicable general terms and conditions of the loan. One of these events is death of a Borrower. It is uncertain whether or when any of the other events will occur and, consequently, it is possible that such long term Mortgage Loans will only become due and repayable upon death of a Borrower and this may be after the Extended Due for Payment Date.

Risks associated with defaults by Borrowers and declining property values

Payments on the Mortgage Receivables and other assets are subject to credit, liquidity and interest rate risks. This may in respect of Mortgage Receivables be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. House prices in the Netherlands have, on average, declined in the recent years (see in this respect section 12 *Overview of the Dutch Residential Mortgage Market*). If the CBC is required to pay under the Guarantee, a decline in value may result in losses to the Covered Bondholders if the relevant security rights on the

Mortgaged Assets are required to be enforced. The Transferor will not be liable for any losses incurred by the Covered Bondholders, or for any deficiency incurred by the CBC as a result of such decline in value in connection with the relevant Mortgage Loans. As set forth herein, however, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and the Amortisation Test.

Changes to the acceptance conditions may lead to increased defaults by Borrowers

Each of the Mortgage Loans originated by the Transferor will have been originated in accordance with its acceptance conditions at the time of origination. Upon transfer of Mortgage Receivables, the Transferor will warrant only that such Mortgage Receivables were originated in accordance with the Transferor's acceptance conditions applicable at the time of origination. The Transferor retains the right to revise its acceptance conditions from time to time, provided that it acts as a reasonable prudent lender. If the acceptance conditions change in a manner that affects the creditworthiness of the Borrowers under the Mortgage Receivables, that may lead to increased defaults by Borrowers, lower foreclosure proceeds and may affect the realisable value of the Mortgage Receivables, or part thereof, and the ability of the CBC to make payments under the Guarantee. It is however noted that Defaulted Receivables will be excluded in the calculation of the Asset Cover Test and the Amortisation Test.

Limited recourse to the Transferor

The CBC will not, and the Security Trustee will not, undertake any investigations, searches or other actions on any Mortgage Receivable and will rely instead on the Mortgage Receivables Warranties given in the Guarantee Support Agreement by the Transferor in respect of the relevant Mortgage Receivables.

If any Mortgage Receivable does not materially comply with any of the Eligibility Criteria as at the Transfer Date of that Mortgage Receivable or is or becomes a Defaulted Receivable, then such Mortgage Receivables will be excluded from the Asset Cover Test and the Amortisation Test.

The Transferor will be required to repurchase a Mortgage Receivable in case of a breach of Mortgage Receivables Warranties. There is no further recourse to the Transferor (other than the Issuer) in respect of a breach of a Mortgage Receivables Warranty, in particular, there is no other recourse to the assets of the Transferor if an Issuer Event of Default occurs or a CBC Event of Default occurs (save as is generally the case insofar as the assets of the Issuer for its obligations under the Covered Bonds are concerned).

Changes to Dutch tax treatment of interest on Mortgage Loans may impose various risks

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for is restricted to a term of 30 years. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realises a surplus value on the sale of his old home in respect of which interest payments were deducted from taxable income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realised in the sale of the old home. Special rules apply to moving home owners that do not or cannot (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of mortgage loans originated after 1 January 2013 is restricted and is only available in respect of mortgage loans which amortise over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers in the highest income tax rate bracket the interest deductibility will be reduced by 0.5% per year as of 2014 (i.e. 51 % in 2015) until the rate is equal to the 38 % in 2042.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets*.

Risk that the interest rate to be offered to the Borrowers in accordance with the Transaction Documents is too high

The Servicing Agreement provides that following notification to the relevant Borrowers of the assignment of the Mortgage Receivables, the Servicer, acting on behalf of the CBC, will only offer the relevant Borrowers in respect of Mortgage Loans (or relevant loan part thereof) an interest rate for the next succeeding interest rate period (*rente vastperiode*) which is at least 1.5 per cent. per annum, which percentage may be amended by the CBC and the Issuer, subject to Rating Agency Confirmation and with the consent of the Security Trustee, subject to the Mortgage Conditions and to applicable law (including, without limitation, principles of reasonableness and fairness) (the "**Minimum Mortgage Interest Rate**"). The terms and conditions applicable to the Mortgage Loans provide that, unless agreed otherwise between the parties, upon termination of an interest rate period the relevant Borrower will be offered a new interest rate for a new fixed interest rate period. The terms and conditions do not contain guidelines as to how the new interest rate will be calculated or determined.

The Guarantee Support Agreement provides that prior to notification to the relevant Borrowers of the assignment of the Mortgage Receivables, the Transferor shall determine and set the interest rates applicable to the Mortgage Loans in accordance with the Mortgage Conditions, irrespective whether it sets the interest rates applicable to the Mortgage Loans for itself or on behalf of the CBC and provided that the Transferor shall not at any time set the interest rates applicable to the Mortgage Loans at a level which at such time is materially below or above the then current market rates at such time as offered by the reference mortgage lenders for loans which are comparable in all material respects to the relevant Mortgage Loans and (subject to the Mortgage Conditions and to applicable law (including, without limitation, principles of reasonableness and fairness)) not below the Minimum Mortgage Interest Rate. If the Transferor does not comply with its obligation to set such interest rates not below the Minimum Mortgage Interest Rate, the interest received by the CBC may not be sufficient to pay the interest payable by the CBC on the Covered Bonds.

Prepayment

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including but not limited to home owner mobility). No assurance can be given as to the level of prepayment that the Mortgage Loans granted may experience, and variation in the rate of prepayments of principal on the Mortgage Loans granted pursuant to the Mortgage Loan Conditions may affect the timing of the payments of the CBC under the Guarantee.

New Transferors

The Issuer may propose that any affiliate to the Issuer may become a new Transferor (each a "**New Transferor**") and that such new Transferor may transfer Eligible Assets to the CBC. However, such New Transferor will only be permitted to become a Transferor if the conditions precedent set out in the Programme Agreement relating to New Transferors acceding to the Programme are met including, but not limited to, Rating Agency Confirmation.

Any Mortgage Receivables originated by a New Transferor will have been originated in accordance with the acceptance conditions of the New Transferor, which may differ from the acceptance conditions of Mortgage Receivables originated by the other Transferors. If the acceptance conditions differ in a way that affects the creditworthiness of the Borrowers under the Mortgage Receivables, that may lead to increased defaults by Borrowers and may affect the realisable value of the relevant Mortgage Receivables or any part thereof and/or the ability of the CBC to make payments under the Guarantee. This risk is mitigated by the fact that Defaulted Receivables will be excluded in the calculation of the Asset Cover Test and the Amortisation Test.

RISK FACTORS REGARDING ASSET MONITORING AND SERVICING

Maintenance of Transferred Assets

If the collateral value of the Transferred Assets has not been maintained in accordance with the terms of the Asset Cover Test or the Amortisation Test, then that may affect the realisable value of the Transferred Assets or any part thereof (both before and after the occurrence of a CBC Event of Default) and/or the ability of the CBC to make payments under the Guarantee.

Unless a Breach of Asset Cover Test has occurred, the Asset Monitor will test the arithmetic of the calculations performed by the Administrator in respect of the Asset Cover Test once each year on the Calculation Date immediately preceding each anniversary of the Programme Date and more frequently in certain circumstances. Following the service of a Breach of Asset Cover Test Notice (until remedied), the Asset Monitor will be required to test the calculations performed by the Administrator in respect of the Amortisation Test on each Calculation Date.

The Security Trustee shall not be responsible for monitoring compliance with, nor the monitoring of,

the Asset Cover Test or the Amortisation Test or any other test, or supervising the performance by any other party of its obligations under any Transaction Document.

Sale or refinancing of Selected Mortgage Receivables

If the CBC is required to pay under the Guarantee, the CBC will undertake its best efforts to sell or refinance Selected Mortgage Receivables (selected on a random basis) in order to make funds available to the CBC to make payments to the CBC's creditors including to make payments under the Guarantee.

There is no guarantee that a buyer will be found for the Selected Mortgage Receivables nor assurance as to the price which may be obtained, which may affect payments under the Guarantee. In addition, the CBC will not be permitted to give warranties or indemnities in respect of Selected Mortgage Receivables (unless expressly permitted to do so by the Security Trustee). There is no assurance that the Transferor would give any warranties or representations in respect of the Selected Mortgage Receivables. Any Representations or Warranties previously given by the Transferor in respect of the relevant Mortgage Receivables may not have value for a third party purchaser if the Transferor is then subject to any insolvency proceedings. Accordingly, there is a risk that the realisable value of the Selected Mortgage Receivables could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the CBC to meet its best efforts undertaking under the Guarantee.

License requirement under the Wft

Under the Wft, as amended from time to time, which entered into force on 1 January 2007, a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the CBC, must have a license under that act. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. The CBC has outsourced the servicing and administration of the Mortgage Loans to the Servicer. The Servicer holds a license as intermediary (*bemiddelaar*) and offeror of credit (*aanbieder van krediet*) under the Wft and the CBC thus benefits from the exemption. However, if the Servicing Agreement is terminated, the CBC will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the CBC will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the CBC has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a license itself, the CBC will have to terminate its activities and settle (*afwickelen*) its existing agreements.

RISK FACTORS REGARDING SWAPS

Risk related to the mismatches between income and liabilities and termination of a Swap Agreement

Variances are possible in (i) the rates of interest payable on the Mortgage Receivables (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts and (ii) the amounts payable on the outstanding Covered Bonds. The CBC may hedge against these variances by entering into Swap Agreements.

A Swap Counterparty will usually be obliged to make payments under the relevant Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the relevant Swap Counterparty will be required to pay such additional amount necessary to ensure that the net amount actually received by the CBC will equal the full amount that the CBC would have received had no such withholding or deduction been required. The relevant Swap Agreement may provide, however, that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the relevant Swap Agreement, the relevant Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the CBC additional amounts for or on account of tax (a "Tax Event"), the relevant Swap Counterparty may (with the consent of the CBC and subject to Rating Agency Confirmation) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the relevant Swap Counterparty is unable to transfer its rights and obligations under the relevant Swap Agreement to another office, branch or affiliate, it will in such case have the right to terminate the relevant Swap Agreement. Upon such termination, the CBC or the relevant Swap Counterparty may be liable to make a termination payment to the other party.

A Swap Agreement will usually be terminable by one party if - *inter alia*- (i) an Event of Default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the relevant Swap Agreement, (iii) a CBC Acceleration Notice is served, (iv) a Tax

Event occurs as described in the paragraph above or (v) an additional termination event (as defined in the relevant Swap Agreement) occurs. Events of Default under the Swap Agreements in relation to the CBC will in principle be limited to (i) non-payment under the relevant Swap Agreement and (ii) insolvency events. If the relevant Swap Agreement terminates, the CBC will be exposed to changes in the relevant rates of interest. As a result, unless a replacement swap agreement is entered into, the CBC may have insufficient funds to make payments under the Guarantee, if it is required to pay there under.

Termination payments under Swap Agreements

If a Swap Agreement terminates, then the CBC may be obliged to make a termination payment to the relevant Swap Counterparty. There can be no assurance that the CBC will have sufficient funds available to make such a termination payment, nor can there be any assurance that the CBC will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agencies.

If the CBC is obliged to make a termination payment under any Swap Agreement, such termination payment will in most cases (see the applicable priority of payments) rank ahead of amounts due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Counterparty has caused the relevant Swap Agreement to terminate. The obligation to make a termination payment other than arising from default by, or downgrading of, the Swap Counterparty, may therefore adversely affect the ability of the CBC to meet its obligations under the Guarantee.

Differences in timing of obligations of the CBC and Swap Counterparties

With respect to the Swap Agreements, the CBC (or the Issuer on its behalf) may be obliged to make monthly payments to the relevant Swap Counterparty, whereas the relevant Swap Counterparty may not be obliged to make corresponding swap payments for up to twelve months. If the relevant Swap Counterparty does not meet its payment obligations to the CBC, the CBC may have a larger shortfall than it would have had if the relevant Swap Counterparty's payment obligations had coincided with CBC's payment obligations under the relevant Swap. Hence, the difference in timing between the obligations of the CBC and the relevant Swap Counterparty may affect the CBC's ability to make payments under the Guarantee.

Payments with respect to Covered Bonds and Swap Agreements during a CBC Payment Period (other than on the CBC Payment Date on which the CBC Payment Period commences)

Following the service of an Issuer Acceleration Notice and a Notice to Pay (but prior to a CBC Acceleration Notice), pursuant to the Trust Deed, the Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will be applied in accordance with the CBC Priority of Payments on each CBC Payment Date, which date will occur monthly. Payments in respect of interest and principal on a Series of Covered Bonds and in respect of Swap Agreements may however become due and payable on other days than on the relevant CBC Payment Date during a CBC Payment Period. Such amounts will be payable by the CBC on the date on which such payments become due and payable as follows:

- (i) in respect of a Series of Covered Bonds, to the extent that the CBC has entered into a Swap Agreement with respect to such Series of Covered Bonds, from the amounts received under the relevant Swap Agreement connected to such Series after the CBC Payment Date on which the relevant CBC Payment Period commenced;
- (ii) from the amounts reserved in respect of such Series of Covered Bonds or such Swap Agreement pursuant to items (e) and (f) of the CBC Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced; and
- (iii) in respect of a Series of Covered Bonds, to the extent not so paid in full following application of the funds available in accordance with (i) and (ii) above, from the amounts as were credited to the CBC Transaction Accounts in accordance with item (i) of the CBC Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced.

To the extent that the amounts under (i), (ii) and (iii) are insufficient to pay the amounts due, the CBC will be unable to meet its obligations with respect to such Series of Covered Bonds.

It is noted that, consequently, should a Swap Counterparty default in its obligation to pay the CBC under a Swap Agreement, and despite the relevant mitigants described above there are insufficient funds available pursuant to item (f) of the CBC Priority of Payments, one or more Series which are subject to a Swap Agreement may not be paid, or not be paid in full during the relevant CBC Payment Period, whereas one or more other Series may be paid in full during that same CBC Payment Period.

4. IMPORTANT INFORMATION

The Issuer and the CBC (only as far as it concerns the CBC) accept responsibility for the information contained in this Base Prospectus. To the best of their knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties identified in this Base Prospectus as such has been accurately reproduced and as far as the Issuer and the CBC are aware and are able to ascertain from the information published by a third party, does not omit any facts which would render the reproduced information inaccurate or misleading. The Issuer and the CBC accept responsibility accordingly.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arrangers (other than the Issuer), the Dealers (other than the Issuer) or the Security Trustee as to the accuracy or completeness of the information contained or referred to in this Base Prospectus or any other information provided or purported to be provided by or on behalf of an Arranger, a Dealer, the Security Trustee, the Issuer or the CBC in connection with the Programme. Each of the Arrangers (other than the Issuer), the Dealers (other than the Issuer) and the Security Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of such information.

The Issuer will furnish a supplement to this Base Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Covered Bonds and which arises or is noticed between the time when this Base Prospectus has been approved and the final closing of any Series or Tranche of Covered Bonds offered to the public or, as the case may be, when trading of any Series or Tranche of Covered Bonds on a regulated market begins, in respect of Covered Bonds issued on the basis of this Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the offering of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CBC, the Arrangers or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds should be considered as a recommendation by the Issuer or the CBC that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer and the CBC. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Covered Bonds.

Forecasts and estimates in this Base Prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

The distribution of this Base Prospectus and the offering, sale and delivery of the Covered Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Covered Bonds comes must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on distribution of this Base Prospectus and other offering material relating to the Covered Bonds, see *Subscription and Sale* below.

The Covered Bonds have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the USA, nor have any of the foregoing authorities passed upon or endorsed the merits of the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is unlawful.

The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and include Covered Bonds in bearer form that are subject to United States tax law requirements. The Covered Bonds may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S under the Securities Act,

except in certain transactions permitted by US tax regulations and the Securities Act. See *Subscription and Sale* below.

The credit ratings included or referred to in this Base Prospectus will be treated for the purposes of the CRA Regulation as having been issued by Fitch and S&P upon registration pursuant to the CRA Regulation. The entities of each of Fitch and S&P established in the European Union have been registered by the European Securities and Markets Authority as credit rating agencies in accordance with the CRA Regulation.

Whether or not a rating in relation to any Series of Covered Bonds will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

In connection with each issue of Covered Bonds a stabilising manager (each a "**Stabilising Manager**") may be appointed. If a Stabilising Manager is appointed, the relevant Stabilising Manager will be set out in the applicable Final Terms. The Stabilising Manager or any duly appointed person acting for the Stabilising Manager may over-allot or effect transactions with a view to supporting the market price of the relevant Series of Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series or Tranche of Covered Bonds 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 and 60 days after the date of the allotment of the relevant Series or Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules as amended from time to time.

All references in this document to '€', 'EUR' and 'euro' refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

Certain of the Arrangers, the Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Arrangers, 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 clients. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Arrangers, the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Arrangers, 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 securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Arrangers, 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 clients that they acquire, long and/or short positions in such securities and instruments.

5. F. VAN LANSCHOT BANKIERS N.V.

General

F. van Lanschot Bankiers N.V. (the "**Issuer**", or the "**Bank**") was incorporated on 9 March 1970, but can be considered to be the oldest independent Dutch private bank with a history dating back to 1737. All outstanding shares in the capital of the Bank are held by the holding company Van Lanschot N.V. and accordingly, Van Lanschot N.V. has complete control over the Bank.

Both companies are public companies with limited liability (*naamloze vennootschappen*) incorporated under Dutch law and have their statutory seats at 's-Hertogenbosch, the Netherlands. The Bank is registered in the Chamber of Commerce under No. 16038212. Van Lanschot N.V. is registered in the Chamber of Commerce under No. 16014051. The address of both the Bank and Van Lanschot N.V. is Hooge Steenweg 29, 5211 JN 's-Hertogenbosch, the Netherlands, telephone number +31 (0)20 354 4590. The date of incorporation of Van Lanschot N.V. is 21 February 1953.

The objects and purposes of the Bank are described in article 2 of its articles of association. The objects of the Bank are to carry on the business of banking and of dealings in securities, to administer the property of others, to act as insurance agent, to participate in other companies and to perform all kinds of other activities and to render all kinds of other services which are connected therewith or may be conducive hereto, all this to be interpreted in the widest sense. In pursuing the above objects the Bank shall, within the scope of a proper banking management, direct itself to the lasting interest of all those who are associated with the Bank and the business connected with it.

The objects of Van Lanschot N.V. as described in article 3 of its articles of association, are to participate in, to manage, to administer and to finance enterprises and companies, and to render services to enterprises and companies, in particular to enterprises and companies whose objects are related to banking, stocks or insurance brokerage, and to engage in any activity which may be related or conducive thereto, including the provision of security of debts of group companies, all this in the widest sense.

Regulatory Status

The Bank qualifies as a bank within the meaning of the CRR, the Council Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012. The Bank is authorised by the Dutch Central Bank (*De Nederlandsche Bank N.V.* or **DNB**) to pursue the business of a bank (*bank*) in the Netherlands, in accordance with the Netherlands Act on Financial Supervision (*Wet op het financieel toezicht*) and is consequently supervised by DNB. In addition, the Bank is supervised by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten* or AFM) for the purpose of market conduct supervision.

Strategy

The Issuer is a specialist, independent wealth manager dedicated to the creation and preservation of wealth for its private and institutional clients. Private banking, asset management and merchant banking are its core activities. The Issuer aims to be the preferred wealth manager for its domestic and international client base by providing top-quality advice and service, and superior risk-adjusted returns. And in doing so attract, develop and retain the best available talent in the market and provide an exciting, entrepreneurial working environment.

Within private banking, the Issuer focuses on wealthy private individuals, entrepreneurs and family businesses, while also targeting business professionals and executives, healthcare professionals, and foundations and associations. With a network of 34 offices and client reception venues in the Netherlands, Belgium and Switzerland, the Bank differentiates itself, either direct or through its subsidiaries, by building a clearly defined local presence. The Issuer experiences an increasing demand in private banking for online services combined with personal attention and service by advisers. The Bank responded by launching a new service model with the brand name Evi: Personal Banking, a leading online offering of asset management, investment advice and savings.

Personal Banking also opens the doors to clients starting out in wealth management and seeking expert advice and support in wealth creation. The Bank offers two other service models for clients with more complex financial requests and needs that increasingly require specialist knowledge: Private Banking and Private Office.

The Bank's subsidiary Kempen & Co N.V. ("**Kempen & Co**"), which has been a subsidiary of the Bank since 2007, is active in the areas of asset management and merchant banking. Kempen & Co offers specialist financial services to institutional investors, companies, financial institutions, government

agencies and government-controlled bodies, foundations and associations and wealthy individuals. These activities strengthen the wealth management proposition that the Bank, as a group, can offer to its clients. Kempen & Co has offices, either directly or through its subsidiaries, in The Netherlands, the United Kingdom and the United States.

Its pure-play focus on creating and preserving wealth for its clients has led to the Bank's decision to wind down its commercial and real estate loan book where there is no link with private banking. These activities have been subsumed into its corporate bank, which was created to bring together the Bank's corporate loan and real estate specialists. The Bank continues all corporate activities with a clear link to the private banking relationship model, such as financing investments by business professionals and executives, and by healthcare professionals.

Its sharpened strategic focus implies that the Bank will phase out activities, products and services that no longer fit its core offering. Moreover, clients increasingly demand a transparent offering that is easy to understand. The Bank will simplify its product offering to provide a better fit with its clients' requirements. In addition, this will increase the Bank's efficiency as it is able to refocus resources on its core activities.

While the client is key, the Bank strongly values the interests of other stakeholders too. The Bank maintains close contacts with its own employees, shareholders, other providers of capital and non-governmental organisations. These contacts form an essential aspect of the Bank's corporate responsibly policy, with which it aims to be a trustworthy and reliable bank for all stakeholders.

The profile of an independent, specialised wealth manager calls for a solid balance sheet with high capital ratios. The strategic choices contribute to this, in particular through improved profitability and an asset-light balance sheet. Van Lanschot N.V has formulated the following financial targets for 2017:

- Common Equity Tier I ratio: at least 15%;
- Return on Common Equity Tier I of 10%-12%;
- Efficiency ratio of 60-65%.

Business Segmentation

The Bank uses the following segmentation: Private Banking, Corporate Banking, Asset Management, Merchant Banking and Other Activities.

Private Banking

Within Private Banking, the Issuer focuses on wealthy private individuals, entrepreneurs and family businesses, while also targeting business professionals (accountants, lawyers, public notaries and attorneys) and executives of listed companies, healthcare professionals, and foundations and associations.

The Bank provides a full range of financial services to its clients, which includes financial planning, wealth planning, asset management and investment advice. Through Evi, the Bank offers an online investment and savings coach targeting starters in the wealth management segment. Furthermore, the Bank offers international private banking solutions through its offices in Switzerland. Preservation and creation of wealth form the basis of the services provided by the Bank.

Corporate Banking

Within Corporate Banking a team of specialists is engaged in managing and scaling down the real estate and corporate loan portfolio for non-Private Banking clients.

Asset Management

The Asset Management business segment comprises the asset management activities of the Bank. Preservation and creation of wealth is the key competence of the Bank. This business segment's target group consists of institutional investors, pension funds, insurance companies, financial institutions, government-controlled bodies, foundations and associations and wealthy individuals. The Bank offers institutional and fiduciary asset management, management of investment funds and development of investment products and solutions. The Bank has specialised strategies in global, European and Dutch small caps, listed real estate, high income equities, fixed income and fund of hedge funds.

Merchant Banking

The Merchant Banking business segment focuses its operations on a specific client target group: listed and unlisted companies and corporate clients of the Bank. Merchant Banking offers independent advice and support in mergers, acquisitions, capital market transactions and financial restructurings. The services mostly concern separate assignments for which one-off fees and commissions are received.

The Merchant Banking segment also offers securities research, brokerage and investment products to

professional investors, clients of Private Banking and listed companies.

Other activities

This segment comprises the other activities in the field of interest rate, market and liquidity risk management. This segment also includes the one-off charges under the investment and cost reduction programme.

Shareholders and Capitalisation

The authorised share capital of the Bank consists of 400,000 shares of € 100 each. All shares are nominative shares. Share certificates have not been issued. All 400,000 shares of the Bank are held by Van Lanschot N.V. and have been fully paid up.

Van Lanschot N.V.'s only asset, besides a small amount of liquidities placed with the Bank or intragroup debts, is 100 per cent. of the shares of the Bank. There are no other activities within Van Lanschot N.V. other than the 100 per cent. holding and aforementioned liquidities/debts. There is no intention to change this situation. In addition, it does not sell products and/or provide services of any kind. Van Lanschot N.V. only operates under Dutch law.

The authorised share capital of Van Lanschot N.V. consists of 135,000,000 shares of € 1 nominal value each, and is divided into ordinary shares A ("**Class A Shares**") and ordinary shares B ("**Class B Shares**") and preference shares C ("**Class C Shares**"). Class B Shares and Class C Shares have not been issued. The outstanding ordinary share capital of Van Lanschot N.V. on 31 December 2013 amounts to EUR 41,016,668. The Class A Shares are held by Stichting Administratiekantoor van gewone aandelen A Van Lanschot N.V. (the "**Trust**"), which has issued depositary receipts for these shares. These depositary receipts for Van Lanschot N.V. shares, representing 100 per cent. of the ordinary share capital, are listed and traded on Euronext Amsterdam. The issuance of depositary receipts does not have a protective nature. In line with the Dutch Corporate Governance Code (the "**Corporate Governance Code**"), the Trust allows holders of depositary receipts to exercise their voting rights at all times. The depositary receipts and Trust only exist so as to sufficiently protect the interests of small holders of depositary receipts, insofar as they do not exercise their voting rights themselves. In such case, the Trust exercises the voting right in the interest of such holder. A depositary receipt can be converted into the underlying Class A Share without any restrictions. The board of the Trust consists of four members and is independent from the Van Lanschot Group. The Trust collects the dividends for the account of the holders of the depositary receipts and distributes the dividends directly to such holders.

In compliance with chapter 5.3 of the Dutch Financial Supervision Act the following holdings have been included in the Substantial Holdings register of the AFM.

Shareholder	Date of notification	Holding
Stichting Administratiekantoor van gewone aandelen A Van Lanschot	12/11/2013	100.00%

Holder of depositary receipts	Date of notification	Holding
Delta Lloyd N.V.	06/05/2011	30.35%
Rabobank Nederland	31/12/2012	12.09%
Stichting Pensioenfonds ABP	03/02/2010	12.06%
Wellington Management Company LLP	15/12/2014	9.90%
LDDM Holding B.V.	03/06/2014	9.76%
SNS Reaal Groep N.V.	01/11/2006	7.43%

Capitalisation

The consolidated capital position of Van Lanschot N.V. and its subsidiaries is as follows:

(x € thousand)	30/06/2014	31/12/2013	30/06/2013	31/12/2012
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Share capital and reserves				
Issued and fully paid	41,017	41,017	41,017	41,017
Reserves	1,227,291	1,242,470	1,232,790	1,221,331
Equity instruments issued by subsidiaries	36,579	37,188	36,621	37,195
Non-controlling interests	18,435	18,291	19,238	15,665
Group Equity	1,323,322	1,338,966	1,329,666	1,315,208
Subordinated debt	123,491	128,218	130,293	132,482
Total group equity and subordinated debt	1,446,813	1,467,184	1,459,959	1,447,690
Loan capital				
Debt securities	3,901,974	4,206,752	3,420,131	2,758,260
Total capitalisation	5,348,787	5,673,936	4,880,090	4,205,950

These figures have been derived from the audited consolidated financial statements as of and for the financial years ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. and from the unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2014 and 30 June 2013. The figures have been prepared under IFRS as adopted by the European Union and comply with Part 9 of Book 2 Netherlands Civil Code and the interim financial statements have been prepared in accordance with IAS 34.

Risk Policy and Credit Ratings

Risk policy

The Bank's aim has always been to have a solid profile, i.e. low risks with robust liquidity and capital positions. Every year, the Bank evaluates its risk appetite, which is then laid down in a risk appetite statement. This statement, which contains both qualitative and quantitative elements, is determined by the Board of Managing Directors and subject to the Supervisory Board's approval. The Risk Policy Committee discusses progress reports once every quarter. For 2014, the Bank has refined its risk appetite further and brought it into line with the strategic review. It now takes more specific account of the Bank's own risk-bearing capital (i.e. the extent to which the impact of the risks can be absorbed).

The risk appetite of the Bank is based on the following key principles:

- The Bank only takes risks that it understands and can explain.
- The Bank only takes risks that either directly or indirectly help it to achieve its strategic objectives.
- The total exposure may not exceed the amount of risk-bearing capital.
- When taking risks, the Bank takes the interests and expectations of all its stakeholders into account.
- The Bank aims to have a single A credit rating as a minimum.
- The risk appetite must be taken into consideration when key decisions are taken at any level in the organisation
- The Bank acts within the legal and regulatory frameworks.
- The Bank does not take any risks that could seriously damage its reputation.

The risks specific to the situation of the Bank that are material for taking investment decisions and that may affect the Bank's ability to fulfil its obligations under the Covered Bonds are limited. The Bank pursues a prudent risk policy, and risk management and control are important elements of its business operations. In accordance with the risk classification outlined by DNB, banks such as the Bank may be subject to liquidity risk, market risk, operational risk, ICT risk, integrity risk, risk of fraud, outsourcing risk and credit risk. With respect to the Bank's exposure to credit risk the following is noted. The Bank's loan acceptance policy is directed at maintaining the quality of its loan portfolio.

Credit ratings of the Bank

Credit rating agencies Standard and Poor's ("**S&P**") and Fitch Ratings ("**Fitch**") periodically review the Bank's creditworthiness. The Bank continuously aims for a high creditworthiness by using the balance sheet only for client related activities and by only taking risks it can manage and understand.

	S&P	Fitch
Long-term credit rating	BBB+	A-
Outlook long-term credit rating	Stable	Negative outlook
Short-term credit rating	A-2	F2

Latest rating update	04-11-2014	30-09-2014
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Board of Managing Directors and Supervisory Board

Board practices of the Bank and Van Lanschot N.V.

Van Lanschot N.V. and the Bank are a two-tier board company (*structuurvennootschap*). The Board of Managing Directors of Van Lanschot N.V. is also the Board of Managing Directors of the Bank. Supervision of the Board of Managing Directors and the general course of affairs at Van Lanschot N.V. and the Bank is entrusted to the Supervisory Board. Its members are appointed by the General Meeting of Shareholders. Members of the Board of Managing Directors are appointed by the Supervisory Board.

Board of Managing Directors

The members of the Board of Managing Directors of both the Bank and Van Lanschot N.V. are:

Mr K.K. Guha (1964), Chairman

Nationality : Dutch
Appointed as of : 2 January 2013. Term of office expires on the day of Van Lanschot N.V.'s Annual General Meeting of Shareholders held after 1 January 2017

Areas of responsibility : Asset Management, Merchant Banking, Corporate Secretariat, Strategy & Corporate Development, Legal Affairs, Compliance, Group Audit, Human Resource Management, Marketing, Communication

Mr C.T.L. Korthout (1962) Member (Chief Financial Officer / Chief Risk Officer)

Nationality : Dutch
Appointed as of : 27 October 2010. Reappointed on 15 May 2014. Term of office expires at the close of the Annual General Meeting of Shareholders to be held in 2018

Areas of responsibility : Risk Management, Financial Control, Financial Risk Management, Treasury and Recovery Department

Main other positions : Vice-chairman Raad van Toezicht Sint Franciscus-Vlietland Groep

Mr A.J. Huisman (1971), Member

Nationality : Dutch
Appointed as of : 6 May 2010. Reappointed on 15 May 2014. Term of office expires at the close of the Annual General Meeting of Shareholders to be held in 2018.

Areas of responsibility : Service Centres, Online Services, Information Technology Management and Corporate Facility Management

Main other positions : Member of the Supervisory Board of Van Lanschot Chabot Holding B.V.

Mr R.P. Bruens (1967), Member

Nationality : Dutch
Appointed as of : 15 May 2014. Term of office expires at the close of the Annual General Meeting of Shareholders to be held in 2018

Areas of responsibility : Private Banking

There are no potential or actual conflicts of interest between any duties owed by the members of the Supervisory Board and the Board of Managing Directors or the general managers of both the Bank and Van Lanschot N.V. to the Bank and/or Van Lanschot N.V. and their private interests or other duties.

The business addresses of the persons mentioned under this section are at the address of the Bank.

Supervisory Board

The members of the Supervisory Board of both the Bank and Van Lanschot N.V. are:

Mr T. de Swaan (1946), Chairman

Nationality : Dutch

Appointed as of : 10 May 2007; due to step down in 2015

Former member of the Managing Board of ABN AMRO Bank N.V., ABN AMRO Holding N.V. and De Nederlandsche Bank N.V.

Seats on other (supervisory) boards : Koninklijke DSM N.V.
Zurich Insurance Group (Chairman)
GlaxoSmithKline Plc

Main other positions : Chairman of the Board of Van Leer Jerusalem Institute
Chairman of the Advisory Board of the Rotterdam School of Management Erasmus University
Chairman of the Supervisory Board Antoni van Leeuwenhoekhuis / Nederlands Kanker Instituut
Member of the Advisory Board of the China Banking Regulatory Committee in Beijing.

Mr J.B.M. Streppel (1949), Vice Chairman

Nationality : Dutch

Appointed as of : 11 May 2005; due to step down in 2017

Former member of the Executive Board of Aegon N.V.

Seats on other (supervisory) boards : KPN N.V. (Chairman)
RSA Insurance Group Plc

Main other positions : Chairman Duisenberg School of Finance
Member of the Supervisory Board of Stichting Arq.
Member of the Board of Amsterdam Center for Corporate Finance
Chairman of the Shareholders Communication Channel
Chairman of the Advisory Board of Koninklijk Actuariel Genootschap

Mr W.W. Duron (1945), Member

Nationality : Belgian

Appointed as of : 10 May 2007; due to step down in 2015

Former Chairman of the Executive Committee of KBC Group N.V.

Seats on other (supervisory) boards : Agfa-Gevaert N.V.
Ravago Plastics N.V.
Van Breda Risk & Benefits N.V.
Tigenix N.V.
Windvision B.V.

Main other positions : Universitair Centrum Kortenberg
Universitaire Ziekenhuizen Leuven

Ms H.H. Kersten (1965), Member

Nationality : Dutch

Appointed as of : 11 May 2011; due to step down in 2015

Partner at Stibbe

Seats on other (supervisory) boards : Egeria Investments B.V.
STMicroelectronics N.V.

Main other positions : Member of the Board of Royal Concertgebouw
Orchestra's donors' foundation Stichting Donateurs

Ms J. Helthuis (1962), Member

Nationality : Dutch

Appointed as of : 2 July 2013; due to step down in 2017

Former Chairperson of the Board of Monuta Holding
and former member of the Managing Board of Fortis
Bank Nederland

Seats on other (supervisory) boards : Prorail B.V.
ixorg N.V.

Main other positions : Member of the Advisory Board Nintes

Mr G.P.J. van Lanschot (1964), Member

Nationality : Dutch

Appointed as of : 10 May 2006; due to step down in 2018

Previously employed in various positions at ABN AMRO
Bank

Seats on other (supervisory) boards : Fetch, Inc.

Audit and Compliance Committee of the Bank and Van Lanschot N.V.

The Audit and Compliance Committee of the Bank and Van Lanschot N.V. is a permanent committee, consisting of members of the Supervisory Board. It has the duty to advise the Supervisory Board on financial reports, internal and external audit reports and compliance matters of Van Lanschot and its subsidiaries (including the Bank). In principle, the Audit and Compliance Committee consists of five members. The current members of the Audit and Compliance Committee are Mr J.B.M. Streppel (chairman), Mr T. de Swaan, Mr W.W. Duron, Mr G.P. van Lanschot and Ms H.H. Kersten.

The Audit and Compliance Committee can only exercise the powers it is explicitly provided with or the powers delegated to it by the Supervisory Board. The Audit and Compliance Committee can never exercise more powers than those of the entire Supervisory Board, or than those the Supervisory Board has provided to or delegated to the Audit and Compliance Committee. Accordingly, the Audit and Compliance Committee only acts as advisor to the Supervisory Board.

The Bank and Van Lanschot N.V. subscribes to the principles of the Corporate Governance Code

Chapter II of the Corporate Governance Code sets out the principles and best practices to apply to the Board of Managing Directors. The Bank and Van Lanschot N.V. comply with all the principles and best practice provisions of the Corporate Governance Code except for best practice provision II.2.5 and III.2.1. for the reasons set out below.

II.2.5 of the Corporate Governance Code. This provision states among other things that depositary receipts of shares granted to board members without financial consideration shall be retained for a period of at least five years or until at least the end of employment of such board member, if this period is shorter. When paying variable pay to the members of the Board of Managing Directors, part of this payment done in the form of depositary receipts of shares may be sold (after three years, at the time the depositary receipts of shares become unconditional).

As many depositary receipts of shares may be sold as required in order to compensate for the corresponding payroll tax payable in respect of this variable pay. This practice is in deviation of best practice provision II.2.5. Depositary receipts of shares received as part of variable pay should subsequently be held for a period of at least two years after payment. The total period after which a member of the Board of Managing Directors has the remaining depositary receipts at his disposal is

therefore at least five years, in accordance with best practice provision II.2.5.

III.2.1. of the Corporate Governance Code. This provision states among other things that all members of the supervisory board, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2. With the appointment of Ms Kersten as a member of the Supervisory Board on 11 May 2011, Van Lanschot has two members of the Supervisory Board which are not independent in the meaning of best practice provision III.2.2. of the Corporate Governance Code.

Mr Van Lanschot is not independent in the meaning of the Corporate Governance Code. Mr Van Lanschot was nominated as a member of the Supervisory Board on the recommendation of shareholder LDDM Holding B.V. The Annual General Meeting of Shareholders appointed Mr van Lanschot on the proposal of the Supervisory Board (for the first time in 2006 and reappointed in 2010). By virtue of the shareholder's agreement concluded between LDDM Holding B.V. and Van Lanschot, LDDM Holding B.V. has the right to recommend one supervisory director to the Supervisory Board.

Ms Kersten is a lawyer and partner at Stibbe law firm. The Corporate Governance Code states that if a supervisory board member is an adviser at a firm that has acted as an adviser to the company in the year prior to the appointment of the relevant supervisory board member, that supervisory board member shall not be deemed to be independent (best practice provision III 2.2.c of the Corporate Governance Code). Stibbe is one of the law firms with which the Bank and Van Lanschot N.V. works. For this reason, Ms Kersten is not an independent supervisory board member within the meaning of the Corporate Governance Code. The Bank and Van Lanschot N.V. is of the opinion that Ms Kersten is an extremely qualified supervisory director whose appointment is beneficial to the Bank and Van Lanschot N.V. in terms of expertise, experience and diversity. Deviation from the Corporate Governance Code on this point is therefore considered reasonable by the Supervisory Board.

The period of office of all members of the Board of Managing Directors of Van Lanschot N.V. and the Bank is four years, in compliance with best practice provision II.1.1 of the Corporate Governance Code. This best practice provision is applied in such a way that the term of office of members of the Board of Managing Directors to be appointed or reappointed expires on the date of the Annual General Meeting of Shareholders held in the fourth year after the (re)appointment concerned.

Selected Financial Information of Van Lanschot N.V.

Van Lanschot N.V. has issued a written undertaking of joint and several liability for all debts arising from any legal act of the Bank under Section 2:403 of the Netherlands Civil Code (the **"403-Declaration"**). As a consequence, the Bank is exempt from the release of financial statements and its financial data are consolidated into Van Lanschot N.V.'s financial statements.

On the basis of the 403-Declaration, Van Lanschot N.V. will be jointly and severally liable with the Bank for the debts resulting from legal acts of the Bank. Van Lanschot N.V. has the right to withdraw the 403-Declaration at any time by depositing a declaration to this effect with the Chamber of Commerce. Nevertheless, the liability shall continue in respect of obligations which arise from legal acts performed before the withdrawal could be invoked against a creditor. Van Lanschot N.V. can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403-Declaration. Such remaining liability will terminate if certain conditions are met, inter alia, that (i) the Bank no longer belongs to the same group of companies as Van Lanschot N.V. and (ii) a two month notice period has expired and the relevant creditor has not opposed the intention to terminate in time or such opposition was dismissed by the court.

Key data

(x € million)				
	30/06/2014	31/12/2013	30/06/2013	31/12/2012
Statement of income				
Income from operating activities	305.0	551.2	292.7	541.8
Operating expenses	210.3	408.6	251.4	449.2
Impairments	40.2	105.1	46.5	258.0
Operating result before tax	54.6	37.4	41.4	-165.5
Net result	49.4	33.5	36.4	-147.3
Efficiency ratio (%)	68.9	74.1	70.0	82.9
(x € million)				

	30/06/2014	31/12/2013	30/06/2013	31/12/2012
Statement of financial position and capital management				
Equity attributable to shareholders	1,268	1,283	1,276	1,262
Equity attributable to equity instruments issued by subsidiaries	36.6	37.2	36.6	37.2
Equity attributable to other non-controlling interests	18.4	18.3	19.2	15.7
Savings and deposits	10,480	10,161	10,142	11,369
Loans and advances to customers	11,929	12,491	13,090	13,464
Total assets	17,694	17,670	17,057	17,941
Funding ratio (%)	87.9	81.4	77.5	84.4
Risk-weighted assets ¹	8,137	9,003	9,505	10,535
Common Equity Tier I ratio (%)	13.8	13.1	12.5	11.0
Tier I ratio (%)	13.8	13.1	12.5	11.0
Total capital ratio (%)	14.5	13.9	13.4	11.9
Basel III				
Common Equity Tier I ratio (%) (fully loaded)	11.6	10.5	9.9	9.3
Liquidity Coverage Ratio (%)	130.6	151.3	86.1	126.3
Net Stable Funding Ratio (%)	96.9	102.9	98.0	101.7
Leverage ratio (%) (fully loaded)	4.9	5.1	5.3	5.1
(x € billion)				
	30/06/2014	31/12/2013	30/06/2013	31/12/2012
Client assets				
Client assets	56.1	53.5	51.3	52.3
- Assets under management	45.6	43.3	41.2	40.9
- Savings and deposits	10.5	10.2	10.1	11.4
Assets under management	45.6	43.3	41.2	40.9
- Discretionary	34.2	31.9	29.8	29.0
- Non-discretionary	11.4	11.4	11.4	11.9
	30/06/2014	31/12/2013	30/06/2013	31/12/2012
Key figures				
Weighted average number of outstanding ordinary shares (x 1,000)	40,951	40,918	40,891	40,883
Earnings per share based on average number of ordinary shares (€)	1.14	0.71	0.77	-3.67
Return on average Common Equity Tier I capital ² (%)	8.1	2.5	5.4	-12.7
Number of staff (FTEs) ³	1,724	1,808	1,871	1,862

These figures have been derived from the audited consolidated financial statements as of and for the financial years ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. and from the unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2013 and 30 June 2012. The figures have been prepared under IFRS as

1 Per 30 June 2014 in line with Basel III on a phase-in basis. The comparative figures relate to Basel II.

2 Half-year data have been annualized

3 FTEs excluding non-strategic investments

adopted by the European Union and comply with Part 9 of Book 2 Netherlands Civil Code and the interim financial statements have been prepared in accordance with IAS 34.

Sources of funds

(x € thousand)	30/06/2014	31/12/2013	30/06/2013	31/12/2012
Financial liabilities held for trading	3,981	798	809	382
Due to banks	1,137,541	1,175,422	1,385,632	1,522,640
Public and private sector liabilities	10,480,264	10,161,397	10,142,319	11,368,814
Financial liabilities designated as at fair value through profit or loss	537,733	357,633	274,824	214,355
Derivatives (liabilities)	367,158	299,662	298,116	364,568
Issued debt securities	3,364,241	3,849,119	3,145,307	2,543,905
Provisions	105,048	35,910	51,153	77,938
Current tax liabilities	15,468	22,904	8,960	7,397
Deferred tax liabilities	10,690	8,358	10,932	22,533
Liabilities of operations held for sale	-	-	-	-
Other liabilities	224,850	291,978	276,220	370,643
Subordinated loans	123,491	128,218	130,293	132,482
Total liabilities	16,370,465	16,331,399	15,724,565	16,625,657

These figures have been derived from the audited consolidated financial statements as of and for the financial years ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. and from the unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2013 and 30 June 2012. The figures have been prepared under IFRS as adopted by the European Union and comply with Part 9 of Book 2 Netherlands Civil Code and the interim financial statements have been prepared in accordance with IAS 34.

6. FINANCIAL STATEMENTS OF VAN LANSCHOT N.V.

The financial information set out below is included in the 2013 audited consolidated annual financial statements as of and for the financial year ended 31 December 2013 (see item b of the 'Documents incorporated by reference'), which can be obtained from the website of Van Lanschot N.V. at <https://corporate.vanlanschot.nl/en/financial/debt-investors/>.

CONSOLIDATED BALANCE SHEET

<i>(x € thousand)</i>					
	30/06/2014	31/12/2013	30/06/2013	31/12/2012	30/06/2012
Assets					
Cash and cash equivalents and balances withdrawable with central banks	1,072,152	1,999,963	869,804	1,647,231	871,580
Financial assets held for trading	57,385	47,083	53,548	52,427	57,530
Due from banks	474,420	429,215	402,079	430,850	498,743
Financial assets designated at fair value through profit or loss	1,250,174	725,938	582,000	631,411	1,106,461
Available-for-sale investments	1,677,328	1,197,731	1,268,630	913,079	753,036
Loans and advances to the public and private sectors	11,929,097	12,490,723	13,089,550	13,464,234	13,993,883
Derivatives (receivables)	227,456	208,134	179,430	213,623	285,943
Investments in associates using the equity method	41,253	50,385	53,318	46,443	46,557
Property, plant and equipment	84,894	84,638	100,661	100,366	113,101
Goodwill and other intangible assets	165,837	172,431	175,405	173,875	305,207
Current tax assets	1,246	13,616	6,947	2,552	1,862
Deferred tax assets	74,259	59,797	59,664	69,698	47,175
Assets of operations held for sale	-	-	-	-	40,155
Other assets	213,800	190,711	215,875	195,076	289,150
Total assets	17,693,787	17,670,365	17,056,911	17,940,865	18,410,383
<i>(x € thousand)</i>					
	30/06/2014	31/12/2013	30/06/2013	31/12/2012	30/06/2012
Equity and liabilities					
Financial liabilities held for trading	3,981	798	809	382	863
Due to banks	1,137,541	1,175,422	1,385,632	1,522,640	1,802,960
Public and private sectors liabilities	10,480,264	10,161,397	10,142,319	11,368,814	11,941,671
Financial liabilities designated at fair value through profit or loss	537,733	357,633	274,824	214,355	168,977
Derivatives (liabilities)	367,158	299,662	298,116	364,568	428,534
Issued debt securities	3,364,241	3,849,119	3,145,307	2,543,905	1,871,302
Provisions	105,048	35,910	51,153	77,938	32,541
Current tax liabilities	15,468	22,904	8,960	7,397	12,660
Deferred tax liabilities	10,690	8,358	10,932	22,533	26,465
Liabilities of operations held for sale	-	-	-	-	74,552
Other liabilities	224,850	291,978	276,220	370,643	406,506
Subordinated loans	123,491	128,218	130,293	132,482	139,654
Total liabilities	16,370,465	16,331,399	15,724,565	16,625,657	16,906,685
Issued share capital	41,017	41,017	41,017	41,017	41,017
Treasury shares	-1,100	-2,135	-2,776	-3,638	-2,852
Share premium	479,914	479,914	479,914	479,914	479,914
Other reserves	701,980	735,461	726,606	895,138	925,106
Undistributed profit attributable to shareholders of Van Lanschot N.V.	46,497	29,230	31,726	-150,083	9,245
Equity attributable to shareholders of		1,283,487	1,276,487	1,262,348	1,452,430

Van Lanschot N.V.	1,268,308				
Equity instruments issued by subsidiaries	36,013	36,063	36,063	36,063	36,063
Undistributed profit attributable to equity instruments issued by subsidiaries	566	1,125	558	1,132	557
Equity attributable to equity instruments issued by subsidiaries	36,579	37,188	36,621	37,195	36,620
Other non-controlling interests	16,066	15,140	15,144	13,995	13,995
Undistributed profit attributable to other non-controlling interests	2,369	3,151	4,094	1,670	653
Equity attributable to other non-controlling interests	18,435	18,291	19,238	15,665	14,648
Total equity	1,323,322	1,338,966	1,332,346	1,315,208	1,503,698
Total equity and liabilities	17,693,787	17,670,365	17,056,911	17,940,865	18,410,383
Contingent liabilities	132,531	177,912	199,522	217,874	251,718
Irrevocable commitments	434,888	447,342	980,678	1,033,277	536,550
	567,419	625,254	1,180,200	1,251,151	788,268

These figures have been derived from the audited consolidated financial statements as of and for the financial years ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. and from the unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2013 and 30 June 2012. The figures have been prepared under IFRS as adopted by the European Union and comply with Part 9 of Book 2 Netherlands Civil Code and the interim financial statements have been prepared in accordance with IAS 34.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2013

(€ thousand)		
	2013	2012 *
Opening balance	1.315.208	1.565.868
Changes in accounting policies regarding IAS 19 Revised Employee Benefits	-	-45.913
Opening balance (restated*)	1.315.208	1.519.955
Net result for the year	33.506	-147.281
Revaluation of shares, investments and derivatives (other comprehensive income)	-8.977	-33.168
Dividends	-2.802	-25.058
Movements by virtue of share option plan	1.038	793
Repurchased equity instruments	-	-
Acquisition of/change in minority interests	1.145	127
Others	-152	-160
Closing balance	1.338.966	1.315.208

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT FOR 2013

(€ thousand)		
	2013	2012 *
Cash and cash equivalents at 1 January	1.670.625	1.210.702
Net cash flow from operating activities	-813.298	141.648
Net cash flow from investing activities	-320.935	-37.086
Net cash flow from financing activities	1.449.645	355.361
Cash and cash equivalents at 31 December	1.986.037	1.670.625

**Some of the amounts stated in this table do not correspond to the audited consolidated financial statements as of and for the financial year ended 31 December 2012. For an explanation on this, please see the paragraph 'Changes in presentation and changes in accounting principles' (Veranderingen in de presentatie en stelselwijzigingen) in the annual report over 2013.*

These figures have been derived from the audited consolidated financial statements as of and for the financial years ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. and from the unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2013 and 30 June 2012. The figures have been prepared under IFRS as

adopted by the European Union and comply with Part 9 of Book 2 Netherlands Civil Code and the interim financial statements have been prepared in accordance with IAS 34.

CONSOLIDATED STATEMENT OF INCOME

(x € thousand)	30/06/2014	31/12/2013	30/06/2013	31/12/2012	30/06/2012
Income from operating activities					
Interest income	387,346	780,728	388,651	917,465	497,897
Interest expense	281,370	568,517	281,500	685,286	371,085
Net interest income	105,976	212,211	107,151	232,179	126,812
Income from associates using the equity method	33,624	10,602	8,748	6,901	4,931
Other income from securities and participations	8,393	6,524	5,435	14,187	8,691
Income from securities and participations	42,017	17,126	14,183	21,088	13,622
Commission income	117,825	240,294	122,692	224,170	111,130
Commission expense	4,117	7,017	3,659	7,384	2,843
Net commission income	113,708	233,277	119,033	216,786	108,287
Profit on financial transactions	34,061	66,273	41,758	54,256	18,942
Other income	9,285	22,306	10,608	17,455	8,835
Total income from operating activities	305,047	551,193	292,733	541,764	276,498
Expenses					
Staff costs	112,176	239,662	117,549	236,845	117,166
Other administrative expenses	86,944	153,081	75,768	181,636	88,037
Staff costs and other administrative expenses	199,120	392,743	193,317	418,481	205,203
Depreciation and amortisation	11,181	15,890	11,517	30,719	13,743
Operating expenses	210,301	408,633	204,834	449,200	218,946
Addition to loan loss provision	35,485	102,385	41,545	113,365	40,004
Other impairments	4,668	2,732	4,986	144,656	6,716
Impairments	40,153	105,117	46,531	258,021	46,720
Total expense	250,454	513,750	251,365	707,221	265,666
Operating result before tax	54,593	37,443	41,368	-165,457	10,832
Income tax	5,161	3,937	4,990	-18,176	377
Net result from continuing operations	49,432	33,506	36,378	-147,281	10,455
Discontinued operations	-	-	-	-	-
Net result	49,432	33,506	36,378	-147,281	10,455

These figures have been derived from the audited consolidated financial statements as of and for the financial years ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. and from the unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2013 and 30 June 2012. The figures have been prepared under IFRS as adopted by the European Union and comply with Part 9 of Book 2 Netherlands Civil Code and the interim financial statements have been prepared in accordance with IAS 34.

CONSOLIDATED CASH FLOW STATEMENT

(x € thousand)		
	31/12/2013	31/12/2012
Operating profit before tax	37,443	(165,457)
Cash flow from operating activities		
Adjustments for:		
- Depreciation and amortisation	24,133	32,972
- Expenses shareplans	1,340	1,007
- Valuation results on associates using the equity method	(10,095)	(6,758)
- Valuation results on Financial receivables at fair value through profit or loss	13,232	(30,321)
- Valuation results on Financial liabilities at fair value through profit or loss	(6,900)	16,911
- Revaluation results derivatives	5,235	-
- Impairments	105,117	258,021
Cash flows from operating activities	169,505	106,375
Net increase/ (decrease) in operating assets and liabilities		
- Financial receivables/liabilities from trading activities	5,106	(1,615)
- Financial receivables at fair value through profit or loss	(105,862)	(87,464)
- Due from/due to banks	(382,903)	1,205,701
- Loans and advances to the public and private sectors	(336,978)	(1,039,013)
- Derivatives	(69,542)	24,396
- Provisions	(19,348)	(15,918)
- Other assets and liabilities	(76,815)	(73,380)
- Current tax assets / tax liabilities	-	(2,909)
- Company tax received	506	20,978
- Dividends received	3,033	4,497
Total movement in assets and liabilities	(982,803)	35,273
Net cash flow from operating activities	(813,298)	141,648
Cash flows from investing activities		
Investments and acquisitions		
- Investments in debt instruments	(1,120,065)	(444,871)
- Investments in equity instruments	(1,741)	(5,289)
- Investments in group companies (exclusive of cash acquired)	(1,082)	(2,803)
- Property, plant and equipment	(14,353)	(5,912)
- Goodwill and other intangible assets	(16,134)	(4,210)
Divestments, repayments and disposals		
- Investments in debt instruments	802,696	385,116
- Investments in equity instruments	1,170	17,775

- Investments in group companies (exclusive of cash acquired)	2,904	-
- Property, plant and equipment	23,780	17,759
- Goodwill and other intangible assets	35	171
Dividends received	1,855	5,178
Net cash flow from investing activities	(320,935)	(37,086)
Cash flow from financing activities		
Change in treasury shares	-	(786)
Issue options	20	2,013
Non-controlling interests	1,145	127
Repayments on subordinated loans	(4,110)	(20,282)
Additions to debt securities	1,930,558	861,484
Repayments on debt securities	(625,345)	(639,416)
Additions on financial liabilities designated at fair value through profit or loss	175,348	179,188
Repayments on financial liabilities designated at fair value through profit or loss	(25,169)	(1,909)
Dividends paid	(2,802)	(25,058)
Net cash flow from financing activities	1,449,645	355,361
Net increase in cash and cash equivalents	315,412	459,923
Cash and cash equivalents at 1 January	1,670,625	1,210,702
Cash and cash equivalents at 30 June / 31 December	1,986,037	1,670,625
Supplementary disclosure		
Cash flows from interest received	792,275	948,585
Cash flows from interest paid	633,152	796,208

These figures have been derived from the audited consolidated financial statements as of and for the financial years ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. and from the unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2013 and 30 June 2012. The figures have been prepared under IFRS as adopted by the European Union and comply with Part 9 of Book 2 Netherlands Civil Code and the interim financial statements have been prepared in accordance with IAS 34.

7. CONDITIONAL PASS-THROUGH COVERED BONDS

CHARACTERISTICS OF CONDITIONAL PASS-THROUGH COVERED BONDS

Conditional pass-through covered bonds

This Programme is a Dutch conditional pass-through covered bonds programme. Two of the main differences of the conditional pass-through covered bond structure compared with other Dutch non conditional pass-through covered bond programmes are set out below under *Extension period* and *Sale of selected assets*. Investors should be aware that there are more differences compared to other existing Dutch non conditional pass-through covered bond programmes, but these are not further described in this section.

Extension period

Van Lanschot Conditional Pass-Through Covered Bond Programme

The conditional pass-through structure will become particularly relevant after an Issuer Event of Default and the service of a Notice to Pay on the CBC. In this Programme the CBC will under the Guarantee be required to redeem each Series of Covered Bonds on the Extended Due for Payment Date that falls 32 years after the Maturity Date of the relevant Series, unless it has funds available to redeem the relevant Series of Covered Bonds on an earlier CBC Payment Date. The Extended Due for Payment Date will therefore fall after the date on which the latest maturing Mortgage Loan must be repaid (Mortgage Loans have a maximum maturity of 30 years, except for the Long Term Mortgage Loans, which may have longer tenors and no maturities). After the service of a Breach of Amortisation Test Notice, which does not result in a CBC Acceleration Notice, the CBC will be required to use all funds available to redeem all Series on a *pro rata* basis. Interest will continue to accrue on the unpaid part of the Covered Bonds (see Chapter 8 *Asset Backed Guarantee* section *Guarantee*).

Comparison with other existing Dutch covered bond programmes

In some, but not all, Dutch non conditional pass-through covered bond programmes (in case of soft bullet covered bonds) the obligations under the guarantee to pay principal on the covered bonds will after the maturity date of the relevant series also be deferred to the extended due for payment date, but for a maximum period of 1.5 years. A breach of amortisation test in all Dutch non conditional pass-through covered bond programmes will result in the security trustee being entitled to serve a CBC acceleration notice. All other existing Dutch non conditional pass-through covered bond programmes that contain a deferral of principal provide that interest will continue to accrue on the unpaid part of the covered bonds.

Sale of selected assets

Van Lanschot Conditional Pass-Through Covered Bond Programme

In this Programme the CBC will after the service of a Notice to Pay only be required to sell Mortgage Receivables if the sale proceeds are sufficient to redeem the relevant Series of Covered Bonds with respect to which a sale is undertaken (which can be all Series in case all Series have become Pass-Through Covered Bonds). If the CBC is not able to sell the Mortgage Receivables for the amount required the relevant Series will not be redeemed in full on the succeeding CBC Payment Date, but will be redeemed to the extent funds are available for such purpose in accordance with the CBC Priority of Payments. The CBC will undertake its best efforts to sell Mortgage Receivables every 6 months. (see Chapter 17 *Asset Monitoring* section *Sale or refinancing of selected assets*).

Comparison other existing Dutch covered bond programmes

In Dutch non conditional pass-through covered bond programmes the CBC will either before (after certain tests have been failed) or, in case of soft bullet covered bonds, shortly after the maturity date be required (to use its best efforts) to sell selected mortgage receivables for a price at least equal to redeem the relevant series of covered bonds in full and thereafter if such sale is not successful, for the best price available if it has insufficient funds to redeem the covered bonds on the maturity date or, in case of soft bullet covered bonds, on the extended due for payment date.

Dutch Central Bank

Below is included a general description of differences between covered bonds and conditional pass-through covered bonds taken from and published on the website of the Dutch Central Bank ("**DNB**") (<http://www.toezicht.dnb.nl>):

"DNB draws a distinction between covered bonds and conditional pass-through covered bonds. What are the implications of this?"

A conditional pass-through covered bond is a covered bond with an extension period of more than 24 months. The extension period is the maximum term by which the covered bond company can defer its contractual payment obligations. This means that covered bonds must be redeemed by the end of this

period.

When assessing a covered bond programme, DNB looks at aspects such as the risks faced by the buyer of a covered bond issued under a covered bond programme. It is important that the relevant covered bond documentation clearly states these risks. Therefore, DNB believes it necessary to make a clear distinction between covered bonds and conditional pass-through covered bonds. Consequently, only covered bonds or only conditional pass-through covered bonds may be issued under a regulated programme. In other words, it is not possible to issue both standard and conditional pass-through covered bonds under a single covered bond programme.

DNB makes a distinction between standard and conditional pass-through covered bonds because they have different risk characteristics. A pass-through structure involves a higher extension risk to investors because the bond's maturity may be extended in specific circumstances to the end of the maturity of the underlying assets. At the same time, the market risk that standard covered bonds pose owing to potential fire sales of the underlying assets is lower in the case of a pass-through covered bond. Given the different risk characteristics, a registration application must specify whether the redemption date can be extended by more than 24 months, making it possible to distinguish between standard covered bonds and conditional pass-through covered bonds. Both types can be issued under the supervision of DNB, but not under the same covered bond programme. This creates transparency for covered bond investors regarding the risks that they are exposed to. Consequently, DNB considers it important that the issuer is transparent in its covered bond programme documentation on at least (and not limited to) the characteristics of a conditional pass-through covered bond as follows.

- *The circumstances that lead or can lead to activation of the pass-through mechanism or deferral of the payment obligations (i.e. the start of the extension period).*
- *The payments that can come under the pass-through mechanism or the extension [1].*
- *The rights of the covered bondholder if the contractual payments are deferred, in particular any rights to additional interest on bonds if the contractual payment date of the principal amount is deferred.*

[1] For example, it should be clear whether deferral of the contractual obligations only applies to redemption of the principal (the bond) or also to the interest payable during the covered bond's maturity."

This Programme qualifies as a conditional pass-through covered bond programme which has an extension period that is longer than 24 months.

FORM OF CONDITIONAL PASS-THROUGH COVERED BONDS

Each Tranche of Covered Bonds will (as specified in the applicable final terms (each the "**Final Terms**") be in bearer or in registered form. Bearer Covered Bonds will initially be issued in the form of a temporary Global Covered Bond without interest coupons attached (a "**Temporary Global Covered Bond**"). Each Temporary Global Covered Bond which is intended to be issued in new global note ("**NGN**") form, as specified in the applicable Final Terms, will be deposited on or prior to the issue date of a Tranche with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Covered Bond which is not intended to be issued in NGN form, as specified in the applicable Final Terms, will on or prior to the original issue date of the Tranche be deposited with (i) the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Nederland**"), and/or with (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or with (iii) (a depositary for) any other agreed clearing system. Registered Covered Bonds will be issued to each holder by a Registered Covered Bonds Deed. Registered Covered Bonds will either be issued by means of a Registered Covered Bonds Deed for all Covered Bonds issued (global) or for one or more Covered Bonds (individual). Registered Covered Bonds in global form may also be held by or on behalf of one of the International Central Securities Depositories ("**ICSDs**") as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) and may also be registered in the name of (i) Euroclear Nederland, and/or of (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or of (iii) (a depositary for) any other agreed clearing system. Registered Covered Bonds will be issued to each holder by a Registered Covered Bonds Deed.

Any reference herein 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 or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Security Trustee, but shall not include Euroclear Nederland.

Whilst any Covered Bond is represented by a Temporary Global Covered Bond payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Covered Bond only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Covered Bond 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 Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland and Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is not less than 40 days (nor (if the Temporary Global Covered Bond has been deposited with Euroclear Nederland) more than 90 days) after the date on which the Temporary Global Covered Bond is issued (or the "restricted period" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010)), interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein for interests in a permanent Global Covered Bond without interest coupons attached (a "**Permanent Global Covered Bond**" and, together with any Temporary Global Covered Bond, each a "**Global Covered Bond**") of the same Series, against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond is improperly withheld or refused. Payments of principal, interest (if any) and any other amounts on a Permanent Global Covered Bond will be made without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will only be exchangeable (free of charge), in whole but not in part, for Definitive Covered Bonds (each a "**Definitive Covered Bond**") with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event, subject to mandatory provisions of applicable laws and regulations. If and for as long as a Permanent Global Covered Bond is deposited with Euroclear Nederland, such laws include the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) and delivery (*uitlevering*) will only be possible in the very limited circumstances prescribed by the Dutch Securities Giro Transfer Act and never in bearer form. For these purposes, "**Exchange Event**" means that (i) the Covered Bonds become immediately due and repayable by reason of a CBC Event of Default or (ii) the Issuer has been notified that Euroclear and Clearstream, Luxembourg or, if applicable in respect of the relevant Series, Euroclear Nederland have been closed for business for a

continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to cease business permanently or have in fact done so and no successor clearing system is available or (iii) the Issuer or the CBC has or will become subject to adverse tax consequences which would not be suffered if the Covered Bonds represented by the Permanent Global Covered Bond, were in definitive form. The Issuer will promptly give notice to Covered Bondholders of each Series in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg and/or, if applicable, Euroclear Nederland (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Security Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer or the CBC may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Definitive Covered Bonds will be in the standard euromarket form (unless otherwise indicated in the applicable Final Terms). Definitive Covered Bonds and Global Covered Bonds will be in bearer form. The Global Covered Bonds are held in book-entry form.

Global Covered Bonds, Definitive Covered Bonds and Registered Covered Bonds will be issued in accordance with and subject to the terms of the Agency Agreement and the Trust Deed.

The following legend will appear on all permanent and definitive Bearer Covered Bonds which have an original maturity of more than one year and on all receipts and interest coupons relating to such Covered Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Covered Bonds, receipts 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 such Covered Bonds, receipts or interest coupons.

The following legend will appear on all Global Covered Bonds held through Euroclear Nederland:

"NOTICE: THIS COVERED BOND IS ISSUED FOR DEPOSIT WITH *NEDERLANDS CENTRAAL INSTITUUT VOOR GIRAAL EFFECTENVERKEER B.V.* ("EUROCLEAR NEDERLAND") AT AMSTERDAM, THE NETHERLANDS. ANY PERSON BEING OFFERED THIS COVERED BOND FOR TRANSFER OR ANY OTHER PURPOSE SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED."

The Covered Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the U.S. or other jurisdiction of the U.S. The Covered Bonds may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Covered Bonds are being offered, sold or delivered only to non-U.S. persons (as defined in Regulation S) outside the U.S. in reliance on Regulation S.

Covered Bonds which are represented by a Global Covered Bond and are held through Euroclear or Clearstream, Luxembourg, will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. In case of a Global Covered Bond deposited with Euroclear Nederland, the rights of Covered Bondholders will be exercised in accordance with and are subject to the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*).

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a temporary common code and ISIN Code by Euroclear and Clearstream, Luxembourg and/or any other relevant security code which are different from the common code, ISIN Code and other relevant security code assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Covered Bonds of such Tranche.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the

CBC unless the Security Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS

Copies of the Final Terms will be provided upon request by the Issuer. [In addition, in case of Covered Bonds listed on Euronext Amsterdam, the Final Terms will be displayed on the website of Euronext Amsterdam (_____).]

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme.

Final Terms

Dated [...]

F. van Lanschot Bankiers N.V.

(incorporated under the laws of the Netherlands with limited liability and having its corporate seat in 's Hertogenbosch)

Issue of [up to] [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]
(the "**Covered Bonds**")

Guaranteed as to payment of principal and interest by

Van Lanschot Conditional Pass-Through Covered Bond Company B.V.

under F. van Lanschot Bankiers N.V.'s EUR 5,000,000,000 Conditional Pass-Through Covered Bond Programme

This document constitutes the Final Terms of the issue of Covered Bonds under the EUR [...] Conditional Pass-Through Covered Bond Programme (the "**Programme**") of F. van Lanschot Bankiers N.V. (the "**Issuer**") guaranteed by Van Lanschot Conditional Pass-Through Covered Bond Company B.V. (the "**CBC**"), described herein for the purposes of article 5.4 of Directive 2003/71/EC (including Directive 2010/73/EU) (the "**Prospectus Directive**"). This document must be read in conjunction with the base prospectus pertaining to the Programme, dated 2 March 2015 [as lastly amended on [...]] and any further amendments and supplements thereto (the "**Base Prospectus**"), which constitute a base prospectus for the purposes of the Prospectus Directive [*include the following language if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date[, refer to the relevant Terms and Conditions]*, save in respect of the Terms and Conditions (as defined below) which are replaced by the terms and conditions set forth in the base prospectus dated [...] [which are incorporated by reference in the Base Prospectus]. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus and any amendments or supplements thereto and the terms and conditions set forth in [the Base Prospectus]/[the base prospectus dated [...]]. The Base Prospectus (and any amendments thereto) is/are, in accordance with article 14 of the Prospectus Directive, available for viewing at <https://corporate.vanlanschot.nl/en/financial/debt-investors/> as well as at the office of the Issuer at Hooge Steenweg 29, 5211 JN 's-Hertogenbosch, the Netherlands, where copies may also be obtained (free of charge). Any supplements to the Base Prospectus will in any case be available at this office and copies thereof may be obtained (free of charge) there.

The Covered Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the U.S. or other jurisdiction. The securities may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Covered Bonds are being offered, sold or delivered only to non-U.S. persons (as defined in Regulation S) outside the U.S. in reliance on Regulation S.

These Final Terms are to be read in conjunction with the Terms and Conditions (the "**Terms and Conditions**") set forth in Chapter 7 of the Base Prospectus. The Terms and Conditions as supplemented, amended and/or disappplied by these Final Terms constitute the conditions (the "**Conditions**") of the Covered Bonds. Capitalised terms not defined herein have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Conditions which are not defined therein have the meaning set forth in a master definitions agreement (the "**Master Definitions Agreement**") dated 2 March 2015, as amended, supplemented, restated or otherwise modified from time to time and signed by the Issuer, the CBC, the Security Trustee, the Transferor and certain other parties. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in Chapter 7 of the Base Prospectus.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[Consider whether a drawdown prospectus is necessary in order to issue fungible Covered Bonds where the first Tranche was issued pursuant to a previous base prospectus. This could arise in circumstances where, for example, the Final Terms for the original tranche included information which is no longer permitted to be included in Final Terms under the Prospectus Directive (as amended) or pursuant to guidance issued by ESMA.]

1. (i) Issuer: F. van Lanschot Bankiers N.V.
(ii) CBC: Van Lanschot Conditional Pass-Through Covered Bond Company B.V.
2. [(i)] Series Number: [...]
[(ii)] Tranche Number: [...]
(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)
3. Currency: Euro
4. Aggregate Nominal Amount: [of Covered Bonds admitted to trading]:
[(i)] Tranche: [...]
[(ii)] Series: [...]
5. Issue Price of Tranche: [...] 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: [...]
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations).
7. (i) Issue Date: [...]
(ii) Interest Commencement Date : For the [Fixed Rate period/Floating Rate period] (the period from (and including) the Issue Date to (but excluding) the Maturity Date or, if earlier, the date on which a Breach of Amortisation Test Notice has been served): [...]
For the extension Fixed Rate period (the period from (and including) the Maturity Date or if earlier, the date on which a Breach of Amortisation Test Notice has been served to (but excluding) the Extended Due for Payment Date): the Maturity Date or, if earlier, the date on which a Breach of Amortisation Test Notice is served.
8. Maturity Date: *[specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to [specify month and year]]*

Extended Due for Payment Date: *[specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to [specify month and year, which date is 32 years after the*

Maturity Date]

9. Interest Basis: [For the [Fixed Rate period/Floating Rate period] (the period from (and including) the Issue Date to (but excluding) the Maturity Date or, if earlier, the date on which a Breach of Amortisation Test Notice has been served):][...] per cent. Fixed Rate]
[[LIBOR/EURIBOR/other reference rate] +/- [...] per cent. Floating Rate]
- If payment of the Guaranteed Final Redemption Amount is deferred in whole or in part, for the period from (and including) the Maturity Date or, if earlier, the date on which a Breach of Amortisation Test Notice has been served to (and excluding) the Extended Due for Payment Date: [...] per cent Fixed Rate
10. Redemption/Payment Basis: [Redemption at par]
[specify other amount or percentage] (NB: no derivatives within the meaning of the Commission Regulation (EC) 809/2004 will be issued, unless a Supplemental Prospectus is issued in this respect)
- [11. Change of Interest Basis or Redemption/Payment Basis: [The Interest Basis will change from [] to [...] per cent Fixed Rate on the Maturity Date, if applicable, or, if earlier, the date on which a Breach of Amortisation Test Notice is served / Not applicable]
12. Put/Call Options: [[Investor Put]
[Issuer Call]
[(further particulars specified below)]
[Not applicable]
13. Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
14. Status of the Guarantee: Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed
15. Method of distribution: [Syndicated/Non-syndicated/Not applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Covered Bond Provisions:** [Applicable to but excluding the Maturity Date, or if earlier, the date on which a Breach of Amortisation Test Notice has been served / Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [...] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) Interest Payment Date(s): [[specify one date or more dates] in each year]/[...] in each month] up to and including the Maturity Date, if applicable subject to the Business Day Convention
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [...] per [Calculation Amount]
- (iv) Broken Amount(s): [...] per Calculation Amount, payable on the Interest Payment Date falling [in/on] / [...] / Not applicable]

- (v) Business Day Convention
 - Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention/No Adjustment/Preceding Business Day Convention]
 - Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (vi) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
17. **Floating Rate Covered Bond Provisions:** [Applicable to (but excluding) the Maturity Date, or if earlier the date on which a Breach of Amortisation Test Notice has been served /Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/
 Specified Interest Payment Dates: [...] *(Specified Interest Payment Dates and Specified Period are alternatives.)*
- (ii) Business Day Convention:
 - Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment]
 - Adjustment or Unadjustment for Interest Period: [Adjusted] or [Unadjusted]
- (iii) Additional Business Centre(s): [Not Applicable / *give details*]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and interest Amount (if not the Principal Paying Agent): [[Name] shall be the Calculation Agent *(no need to specify if the Principal Paying Agent is to perform this function)*]
- (vi) Screen Rate Determination: [Yes/No]
 - Reference Rate: [...] *(Either LIBOR or EURIBOR or other reference rate)*
 - Interest Determination Date(s): [...] *(Second London Business Day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET2 is open prior to the start of each Interest Period if EURIBOR, euro LIBOR or any other inter-bank offered rate prevailing in a country in which the TARGET2 does not apply)
 (specify up to and including the earlier of the Maturity Date and the Extended Due for Payment Date)*
 - Relevant Screen Page: [...] *(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*
 - Relevant Time: [...] *(For example, 11.00 a.m. London time/Brussels time)*

- Relevant Financial Centre: [...]

(For example, London/Euro-zone (where Euro zone means the region comprised of the countries whose lawful currency is the euro))
- (vii) ISDA Determination: [Yes/No]
 - Floating Rate Option: [...]
 - Designated Maturity: [...]
 - Reset Date: [...]
- (viii) Margin(s): [+/-] [...] per cent. per annum
- (ix) Minimum Rate of Interest: [...] per cent. per annum
- (x) Maximum Rate of Interest: [...] per cent. per annum
- (xi) Floating Day Count Fraction: [[Actual/365
Actual/365 (Fixed)
Actual/360
or 30/360 or Bond Basis
30E/360 or Eurobond Basis
30E/360 (ISDA)]
[(See Condition [5] for alternatives)]

18. Fixed Rate Covered Bond Provisions

(also applicable for each Floating Rate Covered Bond which switches to a Fixed Rate Covered Bond):

[Applicable from and including the Maturity Date if payment of the Guaranteed Final Redemption Amount is deferred in whole or in part or, if earlier, applicable from and including the date on which a Breach of the Amortisation Test Notice is served/Not Applicable]

- (i) Rate(s) of Interest: [...] per cent per annum payable monthly in arrear
- (ii) Interest Payment Date(s): [each CBC Payment Date after the earlier of (i) the Maturity Date up to and including the Extended Due for Payment Date and (ii) the date on which a Breach of Amortisation Test Notice is served, up to and including the Extended Due for Payment Date , if applicable subject to the Business Day Convention]
- (iii) Interest Period: [Please specify/Not Applicable]
- (iv) Business Day Convention
 - Business Day Convention: [Following Business Day
Convention/Modified Following Business Day
Convention/No Adjustment/Preceding Business Day
Convention]]
 - Adjustment or Unadjustment for Interest Period: [Adjusted] or [Unadjusted]
- (v) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA)]

PROVISIONS RELATING TO REDEMPTION

- 19. Issuer Call:** [Applicable/Not Applicable]
If not applicable, delete the remaining sub-paragraphs of this paragraph
- (i) Optional Redemption Date(s): [...]
 - (ii) Optional Redemption Amount(s): [...] per [Calculation Amount/ [...]]

- (iii) If redeemable in part:
 (a) Minimum Redemption Amount: [...] per [Calculation Amount/ [...]]
 (b) Maximum Redemption Amount: [...] per [Calculation Amount/ [...]]
20. **Investor Put:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [...]
- (ii) Optional Redemption Amount(s): [...] per [Calculation Amount/ [...]]
21. **Final Redemption Amount** [...] [per [Calculation Amount/ [...]]
22. Early Redemption Amount(s) per Calculation Amount of each Covered Bond payable on redemption for taxation reasons, or on acceleration following an Issuer Event of Default as against the Issuer or a CBC Event of Default or other early redemption: [[...] per [Calculation Amount] / as specified in Condition 7(e).]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

23. Form of Covered Bonds: [Bearer form/registered form *(Include for Registered Covered Bonds)*]

 [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event.]

 [Permanent Global Covered Bond exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event.]

 [Permanent Global Covered Bond not exchangeable for Definitive Covered Bonds]
24. New Global Note form: [Applicable/Not Applicable (see also item 39(vi))]
25. a) Exclusion of set-off: [Not applicable/Applicable]
 [See Condition 6(G).]
 b) German Insurers: [Not applicable/Applicable]
26. Additional Financial Centre(s) or other special provisions relating to payment Dates: [Not Applicable/*give details*]
 Note that this item relates to the date and place of payment and not Interest Period end dates to which item 17 (iii) relates
27. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No] *(If yes, give details)*
28. Consolidation Provisions: [the provisions of Condition 18 apply]/[Not Applicable]

DISTRIBUTION

29. Method of distribution: [syndicated / non-syndicated]

- (i) [If syndicated, names of Managers]: [Not Applicable/give names/ give legal names]
- [Please note that the process for notification to potential investors of the amount allotted and an indication whether dealing may begin before notification is made will be provided for by the Manager(s) and notified by the Manager(s) to potential investors]
- (ii) Stabilising Manager (if any): [Not Applicable/give legal name]
30. If non-syndicated, name and address of relevant Dealer: [specify name of Dealer/Not applicable. The Covered Bonds are not being underwritten by any Dealer(s).]

OTHER PROVISIONS

31. U.S. Selling Restrictions: [Reg S Compliance [category [...]]/TEFRA D/TEFRA C/ TEFRA rules not applicable]
32. Listing:
- (i) Listing [Euronext Amsterdam/other (specify)/ None]
- (ii) Admission to trading: Application has been made for the Covered Bonds to be admitted to trading on the regulated market on the official list of [Euronext Amsterdam] /[specify other regulated market] with effect from [...] [Not Applicable].
- (iii) Estimate of total expenses related to admission to trading: [...]
33. Ratings: The Covered Bonds to be issued [are expected to be / have been] rated:
- [S&P*: AAA]
[Fitch*: 'AAA']
[Other*]: [...]
- (*The exact legal name of the rating agency entity providing the rating should be specified-for example "Fitch Ratings Ltd.", rather than just Fitch.)

[Registration of Rating Agency: [...]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to the Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[Insert one (or more) of the following options, as applicable:]

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation").

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the *[relevant competent authority]* */[European Securities and Markets Authority]*.

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Covered Bonds is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

34. [Notification / Not applicable]

The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) ("**AFM**") [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the [establishment/update] of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a notification that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

35. **Interests of Natural and Legal Persons Involved in the Issue**

Need to include a description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:

["Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer." (*Amend as appropriate if there are other interests*)]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

36. [Reasons for the Offer (*if different from making a profit and/or hedging certain risks*)]

(Also see "*Use of Proceeds*" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. 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.)

37. [Estimated net proceeds and total expenses]
- (i) Estimated net proceeds: [...]
 - (ii) Estimated total expenses: [...] [Include breakdown of expenses]]
38. Yield (Fixed Rate Covered Bonds only)
- Indication of yield: [...]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
39. Operational Information
- (i) ISIN: [...]
 - (ii) Common Code: [...]
 - (iii) Fondscod: [...]
 - (iv) WKN Code: [...] [Not Applicable]
 - (v) [Other relevant code:] [...] [Not Applicable/give name(s) and numbers(s)]
 - (vi) New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]
- [Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered Covered Bonds] and does not necessarily mean that the Covered Bonds 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 ECB being satisfied that Eurosystem eligibility criteria have been met.] [Include this text if "Yes" selected in which case the Covered Bonds must be issued in NGN form]
- [No. (only include if held through or on behalf of Euroclear or Clearstream, Luxembourg) 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 Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered Covered Bonds]]. Note that this does not necessarily mean that the Covered Bonds 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 ECB being satisfied that Eurosystem eligibility criteria have been met.]]
- [Not applicable, means that the Covered Bond will not be held through the system of Euroclear or Clearstream, Luxembourg]

- (vii) Offer Period: [The offer of the Covered Bonds is expected to open at [...] hours ([...] time) on [...] and close at [...] hours ([...] time) on [...] or such earlier or later date or time as the Issuer may determine, following consultation with the relevant Dealer where practical,] (and announce)] [Not Applicable]
- (viii) Delivery: Delivery [against/free of] payment
- (ix) Payment: Method and time limits of paying up the Covered Bonds – *to be included if any agreement in this respect is entered into between Issuer and Manager(s)*
- (x) Settlement Procedure: [Method of settlement procedure]
- (xi) Clearing System: [Euroclear/Clearstream, Luxembourg/Euroclear Nederland/other agreed clearing system] [insert address of relevant clearing system]
40. Additional paying agent (if any) [Name: [...]][Address: [...] / Not Applicable]
41. Listing Application
[These Final Terms comprise the final terms required to list and have admitted to trading on [specify the relevant regulated market] the issue of Covered Bonds described herein pursuant to the Programme for the issuance of Covered Bonds of F. van Lanschot Bankiers N.V./ Not Applicable]

Responsibility

The Issuer and the CBC declare that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer and the CBC [(only as far as it concerns the CBC)] accept responsibility for the information contained in these Final Terms. [...] has been extracted from [...]. The Issuer and the CBC confirm that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [...], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

Signed on behalf of the CBC:

By:
Duly authorised

By:
Duly authorised

By:
Duly authorised

By:
Duly authorised

TERMS AND CONDITIONS OF CONDITIONAL PASS-THROUGH COVERED BONDS

The following are the terms and conditions of Covered Bonds (the "Terms and Conditions") to be issued by the Issuer which will be incorporated by reference into each Global Covered Bond, Registered Covered Bonds Deed and each Definitive Covered Bond in the standard euromarket form. The applicable Final Terms in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Covered Bonds. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Covered Bond, Registered Covered Bonds Deed and Definitive Covered Bond in the standard euromarket form. Reference should be made to "Form of the Covered Bonds" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by F. van Lanschot Bankiers N.V. (the "**Issuer**" which expression shall include any Substitute Debtor pursuant to Condition 17) pursuant to a trust deed (as amended, restated or otherwise modified from time to time, the "**Trust Deed**") dated 2 March 2015 (such date, and in respect of the Programme Agreement 2 March 2015,

the "**Programme Date**") made between the Issuer, Van Lanschot Conditional Pass-Through Covered Bond Company B.V. (the "**CBC**") and Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company (the "**Security Trustee**") and Stichting Holding Van Lanschot Conditional Pass-Through Covered Bond Company (the "**Stichting Holding**").

Save as provided for in Conditions 10 (*Events of Default and Enforcement*) and 15 (*Meetings of Covered Bondholders, Modification and Waiver*) or where the context otherwise requires, references herein to the Covered Bonds shall be references to the Covered Bonds of this Series and shall mean:

- (i) in relation to any Covered Bonds represented by a Global Covered Bond, units of the lowest Specified Denomination in euro;
- (ii) any Temporary Global Covered Bond, any Permanent Global Covered Bond and any Registered Covered Bond, as the case may be; and
- (iii) any Definitive Covered Bonds issued in exchange for a Permanent Global Covered Bond upon the occurrence of an Exchange Event.

The Covered Bonds and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended, supplemented, restated or otherwise modified from time to time, the "**Agency Agreement**") entered into on the Programme Date between the Issuer, the CBC, the Security Trustee, Citibank N.A., London Branch as issuing and principal paying agent (the "**Principal Paying Agent**") and as registrar (the "**Registrar**"), and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agent).

Interest bearing Definitive Covered Bonds in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The Final Terms for this Covered Bond (or the relevant provisions thereof) are (i) in the case of a Bearer Covered Bond, attached to or endorsed on this Covered Bond or (ii) in the case of a Registered Covered Bond, attached to the relevant Registered Covered Bonds Deed, and supplement these Terms and Conditions (together in respect of the relevant Covered Bond the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Covered Bond. References to the applicable Final Terms are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond or the relevant Registered Covered Bonds Deed.

The Security Trustee acts for the benefit of the holders for the time being of the Covered Bonds (the "**Covered Bondholders**" or "**Bondholders**", which expression shall, in relation to (i) any Bearer Covered Bonds represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond, and (ii) any Registered Covered Bond, be construed as provided below) and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons) and for holders of each other Series in accordance with the provisions of the Trust Deed. Any holders mentioned above include those having a credit balance in the collective depots held by Euroclear Nederland or one of its participants.

As used herein, "**Tranche**" means Covered Bonds which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

These Terms and Conditions include summaries of, and are subject to, the provisions of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements and the Agency Agreement.

Copies of the Trust Deed, the Pledge Agreements, the Master Definitions Agreement, the Parallel Debt Agreement and the Agency Agreement are available for inspection during normal business hours at the registered office of the Security Trustee for the time being at Claude Debussylaan 24, 1082 MD, Amsterdam, the Netherlands and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of each of the Paying Agents and any Covered Bondholder must produce evidence satisfactory to the Issuer and the

Security Trustee or, as the case may be, the relevant Paying Agent as to its holding of Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed, the Pledge Agreements, the Master Definitions Agreement, the Agency Agreement, each of the other Transaction Documents and the applicable Final Terms which are applicable to them and to have notice of each Final Terms relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Terms and Conditions shall bear the meaning given to them in the applicable Final Terms and/or the master definitions agreement dated the Programme Date, as amended, supplemented, restated or otherwise modified from time to time (the "**Master Definitions Agreement**"), a copy of each of which may be obtained as described above.

1. FORM, DENOMINATION AND TITLE

The Covered Bonds are either in bearer form ("**Bearer Covered Bonds**") or registered form ("**Registered Covered Bonds**") issued pursuant to the terms and conditions of a registered covered bonds deed ("**Registered Covered Bonds Deed**"), as set out in the applicable Final Terms, and, in the case of Definitive Covered Bonds, serially numbered, and in the case of Definitive Covered Bonds or Registered Covered Bonds in euro and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Covered Bonds are issued with Coupons attached.

Under Dutch law, the valid transfer of Covered Bonds requires, among other things, delivery (*levering*) thereof.

For Bearer Covered Bonds held by Euroclear Nederland deliveries will be made in accordance with the Wge.

The Issuer, the CBC, the Paying Agents and the Security Trustee may (except as otherwise required by law) deem and treat the holder of any Bearer Covered Bond or Coupon as the absolute owner thereof, whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such bearer for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the first succeeding paragraph. The signatures on this Covered Bond or the relevant Registered Covered Bonds Deed, as applicable, are manual and/or in facsimile.

For so long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") by a common safekeeper, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to such nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CBC, the Paying Agents and the Security Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, for which purpose the bearer of the relevant Global Covered Bond shall be treated by the Issuer, the CBC, any Paying Agent and the Security Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions "**Covered Bondholder**" and "**holder of Covered Bonds**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Covered Bonds as aforesaid, the Security Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error or an error established as such to the satisfaction of the Security Trustee, be conclusive and binding on all concerned. Covered Bonds which are represented by a Global Covered Bond will be

transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, and/or Euroclear Nederland, as the case may be.

Where Covered Bonds represented by a Permanent Global Covered Bond are deposited with Euroclear Nederland, a Covered Bondholder shall not have the right to request delivery (*uitlevering*) of his Covered Bonds under the Wge other than as set out in accordance with the rules and procedures of Euroclear Nederland and the Wge and never in bearer form.

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 or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Security Trustee but shall not include Euroclear Nederland.

2. STATUS OF THE COVERED BONDS

The Covered Bonds and any relative Coupons constitute unsubordinated and unsecured obligations of the Issuer, guaranteed by the Guarantee and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, present and future, other than any obligations preferred by mandatory provisions of applicable law.

3. THE GUARANTEE

Pursuant to a guarantee issued under the Trust Deed, the CBC has as an independent obligation irrevocably undertaken to pay the Guaranteed Amounts when the same shall become Due for Payment (the "**Guarantee**"). However, the CBC shall have no such obligation under the Guarantee until (i) the occurrence of an Issuer Event of Default, service by the Security Trustee on the Issuer of an Issuer Acceleration Notice and service by the Security Trustee on the CBC of a Notice to Pay or (ii) the occurrence of a CBC Event of Default and the service by the Security Trustee of a CBC Acceleration Notice on the Issuer and the CBC. In addition, if the CBC is obliged under the Guarantee to pay a Guaranteed Amount relating to Scheduled Principal payable on the Maturity Date or after service of a Breach of Amortisation Test Notice, on each CBC Payment Date (the "**Guaranteed Final Redemption Amount**"), then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, provided that if on any CBC Payment Date which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC to be paid (or reserved for payment of principal on any Series of Covered Bonds), after the CBC shall under the relevant Priority of Payments have paid or provided for (on the relevant CBC Payment Date) all higher ranking amounts, then the CBC shall (a) give notice thereof to the relevant holders of the Pass-Through Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agencies, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least two Business Days prior to such CBC Payment Date (whereby such notice shall be deemed to have been given on the first Business Day following the date on which such notice was given by the CBC to the relevant clearing system, if any, and otherwise in accordance with Condition 14 (*Notices*)), and (b) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount pertaining to all Pass-Through Covered Bonds, if applicable *pro rata* by reference to the Principal Amount Outstanding of such Covered Bonds (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on such CBC Payment Date; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*),

all without prejudice to the CBC's obligation to pay any other Guaranteed Amount (i.e. other than the Guaranteed Final Redemption Amount) when Due for Payment.

The rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a holder of Covered Bonds only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The obligations of the CBC under the Guarantee are unsubordinated and unguaranteed obligations of the CBC, which are secured (indirectly, through a parallel debt) as

set out below.

As security for a parallel debt corresponding to the CBC's obligations under the Guarantee and the other Transaction Documents to which it is a party, the CBC has granted the following security rights to the Security Trustee:

- (i) a first ranking right of pledge (or such other security right as may be applicable) over the Transferred Assets; and
- (ii) a first ranking right of pledge over the CBC's rights under or in connection with the CBC Transaction Documents.

The holders of the Covered Bonds of each Series will, through the Security Trustee, benefit from the security rights and are deemed to have acknowledged, and are bound by the Parallel Debt Agreement and Trust Deed.

For the purposes of these Terms and Conditions:

"Extended Due for Payment Date" means, subject to Condition 7(c), the date falling thirty-two (32) years after the Maturity Date, as specified as such in the applicable Final Terms; and

"Pass-Through Covered Bonds" means (i) each Covered Bond of a Series in respect of which any amount has remained unpaid on the relevant Maturity Date or (ii) after the service of a Notice to Pay on the CBC and a Breach of Amortisation Test Notice, all Series of Covered Bonds.

4. **REDENOMINATION**

(a) Redenomination

The Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Nederland and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds and the Coupons denominated in euro (each the **"Old Currency"**) shall be redenominated in another currency (the **"New Currency"**) upon the occurrence of a Convertibility Event.

The election will have effect as follows:

- (i) the Covered Bonds and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of the equivalent of euro 0.01 in another currency, with a principal amount for each Covered Bond equal to the principal amount of that Covered Bond in euro, converted into the New Currency at the Established Rate provided that, if the Issuer determines, with the agreement of the Security Trustee, that the market practice at the time of redenomination in respect of the redenomination into the New Currency of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the stock exchange (if any) on which the Covered Bonds may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice (as defined below) has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate principal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest equivalent of euro 0.01 in another currency;
- (iii) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 100,000 or such other amount as may be allowed pursuant to the relevant laws which are applicable equivalent to (the offering of) such Covered Bonds and notified to the Covered Bondholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in euro (whether or not attached to the Covered Bonds) will become void with effect from the

date on which the Issuer gives notice (the "**Exchange Notice**") to the Covered Bondholders in accordance with Condition 14 that replacement of Old Currency denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in euro in such manner as the Issuer, may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;

- (v) on or after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, with a possible exception of payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in the New Currency as though references in the Covered Bonds to euro were to the New Currency. Payments will be made in the New Currency by credit or transfer to a New Currency account (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque; and
- (vi) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction (as defined in Condition 5(a)), and rounding the resultant figure to the nearest sub-unit of the relevant New Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. The amount of interest payable in respect of such Fixed Rate Covered Bonds shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(b) *Definitions*

In these Terms and Conditions, the following expressions have the following meanings:

"**Calculation Amount**" has the meaning ascribed to in the applicable Final Terms;

"**Convertibility Event**" means the (indirect or direct) determination by government of the Netherlands, that the euro is substituted by another currency;

"**Established Rate**" means the rate for the conversion of the Old Currency into the New Currency as fixed by the government of the Netherlands;

"**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"**Redenomination Date**" means any date for payment of interest or redemption under the Covered Bonds, specified by the Issuer in the notice given to the Covered Bondholders pursuant to paragraph (a) above and which shall be the date the government of the Netherlands accepts payment in the New Currency as legal tender; and

"**Treaty**" means the treaty on the functioning of the European Union, as amended.

5. **INTEREST**

A. ***Interest on Fixed Rate Covered Bond (up to but excluding the Maturity Date or, if earlier, the date on which a Breach of Amortisation Test Notice is served on the CBC)***

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the interest commencement date as specified in the applicable Final Terms (an "**Interest Commencement Date**") (or, if not specified in the applicable Final Terms, the Issue Date) at the rate(s) per annum equal to the Fixed Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up (i) to (and including) the Maturity Date (if that date does not fall on an Interest Payment Date), or, (ii) if earlier, up to, but excluding the date on which a Breach of Amortisation Test Notice is served on the CBC.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount except if a Breach of Amortisation Test Notice is served on the CBC in which case the interest will be calculated as set out below. Payments of interest on any Interest Payment Date or the Maturity Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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, if the Business Day Convention specified is:

- (1) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (4) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the "**Interest Calculation Period**"), such interest shall be calculated by applying the fixed Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the euro, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount.

For the purposes of these Terms and Conditions (unless defined otherwise in the relevant section or subsection);

"**Fixed Day Count Fraction**" means:

if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms for the relevant period, it means:

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

Determination Periods normally ending in any year;

where:

"Determination Period" means the period from and including an Interest Payment Date in any year up to but excluding the next Interest Payment Date;

if **"30/360"** is specified in the applicable Final Terms for the relevant period, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Fixed Interest Period is the 31st day of a month but the first day of the Fixed Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Fixed Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) divided by 360;

"sub-unit" means one cent;

"Calculation Amount" has the meaning ascribed to it in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, the Specified Denomination.

"Fixed Interest Period" means the period from and including an Interest Payment Date (or in the case of a first interest period, the Interest Commencement Date, or if such is not specified in the applicable Final Terms, the Issue Date) to but excluding the next or first Interest Payment Date;

"Maturity Date" means, subject to Condition 7(c) and (d), in respect of a Series of Covered Bonds, the relevant Interest Payment Date which falls no more than 15 years after the Issue Date of such Series and on which the Covered Bonds of such Series are expected to be redeemed at their Principal Amount Outstanding in accordance with these Conditions, as specified in the relevant Final Terms; and

"Principal Amount Outstanding" means, on any date, the principal amount of a Covered Bond on the relevant Issue Date, less the aggregate amount of any principal payments in respect of such Covered Bond which have been paid to the relevant Covered Bondholder on or prior to that date.

The applicable Final Terms shall contain provisions (if necessary) relating to the calculation of interest in respect of Interest Payment Dates that fall in the interval between the Issue Date and the First Interest Payment Date or the interval between the Maturity Date and the immediately preceding Interest Payment Date.

B. *Interest on Floating Rate Covered Bonds (up to, but excluding, the Maturity Date or, if earlier, the date on which a Breach of Amortisation Test Notice is served on the CBC)*

(i) *Interest Payment Dates*

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (a) the Specified Interest Payment Date(s) in each year; or
- (b) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **"Interest Payment Date"**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **"Interest Period"** (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

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, if the Business Day Convention is specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5 (B)(i)(b) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (5) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition 5, "**Business Day**" means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (b) a day on which the TARGET2 is open. In these Terms and Conditions, "**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof.

(ii) *Rate of Interest*

The rate of interest ("**Rate of Interest**") payable from time to time in respect of the Floating Rate Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(a) *ISDA Determination for Floating Rate Covered Bonds*

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 the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds, published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words "are open for" in the second line before the word "general" and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

When this sub-paragraph (a) applies, in respect of each relevant Interest Period the Principal Paying Agent will be deemed to have discharged its obligations under Condition 5(B)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (a).

(b) *Screen Rate Determination for Floating Rate Covered Bonds*

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 for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, if the relevant Screen Rate is EURIBOR, to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date. 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 Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations,

plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph (b) in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the applicable Final Terms.

(iii) *Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies 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 the provisions of paragraph (ii) above 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 specifies 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 the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Covered Bonds 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 Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Covered Bonds, in respect of each Calculation Amount for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the euro, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Floating Rate Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

In this Condition "**Floating Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/365**" or "**Actual/Actual ISDA**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\text{where: } \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

- (v) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

Day Count Fraction =

$$\text{where:} \quad \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

- (vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest 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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest 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.

- (v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 14. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the

Calculation Amount and the Interest Amount in respect of the Covered Bond having the minimum Specified Denomination. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(B), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, if applicable, the other Paying Agents and all Covered Bondholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

C. ***Interest from the Maturity Date or, if earlier, the date a Breach of Amortisation Test Notice has been served on the CBC***

As from the Maturity Date or, if earlier, the date on which a Breach of Amortisation Test Notice is served on the CBC, each Covered Bond will bear interest on its Principal Amount Outstanding from (and including) the date as specified in the applicable Final Terms as Interest Commencement Date (or, if not specified in the applicable Final Terms, the earlier to occur of (i) the Maturity Date and (ii) the date on which a Breach of Amortisation Test Notice is served on the CBC) ("**Interest Commencement Date**") at the rate(s) per annum equal to the Fixed Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Dates in each year up to (and including) the Extended Due for Payment Date (if that date does not fall on an Interest Payment Date).

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will be calculated in respect of each Calculation Amount by applying the fixed Rate of Interest to each Principal Amount Outstanding, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the euro, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount.

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, if the Business Day Convention specified is:

- (1) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (4) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

For the purposes of this Condition 5(C):

"Fixed Day Count Fraction" means:

if **"Actual/Actual (ICMA)"** is specified in the applicable Final Terms for the relevant period, it means:

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

where:

"Determination Period" means the period from and including an Interest Payment Date in any year up to but excluding the next Interest Payment Date;

if **"30/360"** is specified in the applicable Final Terms for the relevant period, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Fixed Interest Period is the 31st day of a month but the first day of the Fixed Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Fixed Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) divided by 360;

"sub-unit" means one cent; and

"Fixed Interest Period" means the period from and including an Interest Payment Date (or in the case of a first interest period, the Interest Commencement Date) to but excluding the next or first Interest Payment Date.

D. *Accrual of interest*

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

6. *PAYMENTS*

A. *Method of payment*

Subject as provided below, payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

In no event will payment be made by a cheque mailed to an address in the United States. Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment in these Terms and Conditions, the Trust Deed, the Agency Agreement and the Final Terms, but without prejudice to the provisions of Condition 8 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **"Code"**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements

thereunder, any official interpretations thereof, or any law implementing an intergovernmental agreement thereto. References to euro will include any successor currency under Dutch law.

B. *Presentation of Definitive Covered Bonds and Coupons*

Payments of principal in respect of Definitive Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (A) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Covered Bonds, and payments of interest in respect of Definitive Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Fixed Rate Covered Bonds in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five (5) years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond in definitive form becomes due and repayable in whole, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Covered Bond is presented for redemption without all unmatured Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

If the due date for redemption of any Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Covered Bond.

C. *Payments in respect of Global Covered Bonds*

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond against presentation or surrender (as the case may be) of such Global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Global Covered Bond by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made and in respect of a Global Covered Bond in NGN-form the payment is entered *pro rata* in the record of Euroclear and Clearstream, Luxembourg.

D. *General provisions applicable to payments*

The holder of a Global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer or the CBC and the Security Trustee will be discharged by payment to, or to the order of, the holder of such Global Covered Bond in respect of each amount so paid.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Euroclear Nederland as the beneficial holder of a particular nominal amount of Covered Bonds represented by a Global Covered Bond must look solely to Euroclear, Clearstream, Luxembourg or Euroclear Nederland, as the case may be, for his share of each payment so made by the Issuer or the CBC or the Security Trustee to, or to the order of, the holder of such

Global Covered Bond.

E. *Payment Day*

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- a) the relevant place of presentation; and
- b) any Additional Financial Centre specified in the applicable Final Terms.

F. *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the optional redemption amount(s) (if any) of the Covered Bonds as specified in the applicable Final Terms ("**Optional Redemption Amount**");
- (v) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds; and
- (vi) any Excess Proceeds which may be payable by the Security Trustee to either the CBC or the Covered Bondholders under or in respect of the Covered Bond.

Any reference in these Terms and Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

G. *Set-off*

- (i) Any payments under or pursuant to the Covered Bonds shall be made by the Issuer free of set-off and withholding if so specified in the applicable Final Terms;
- (ii) If in the Final Terms "German Insurers" are indicated Applicable, each of the Issuer and the CBC hereby waives, for the benefit of all present and future holders of the Registered Covered Bonds issued in such Final Terms, any right to set-off ("*verrechnen*", in German: "*aufrechnen*") any amount against, any right to retain ("*inhouden*", in German: "*zurückbehalten*") any amount from, and any right of pledge ("*pandrecht*", in German: "*Pfandrecht*"), including but not limited to any right of pledge created under the Issuer's General Banking Conditions with regard to, any amount it owes under or in respect of the Registered Covered Bonds.

If this waiver under (G)(ii) is applicable it applies as far as and as long as the Registered Covered Bonds are part of the security funds ("*Sicherungsvermögen*") and the other restricted assets ("*sonstiges gebundenes Vermögen*") within the meaning of section 54 of the German Insurance Supervisory Act ("*Versicherungsaufsichtsgesetz*") in connection with the German Regulation on the Investment of the Restricted Assets of Insurance Companies ("*Verordnung über die Anlage des gebundenen Vermögen von Versicherungsunternehmen*") also in case of an insolvency and (ii) prevails over any present or future agreement with a conflicting content, save in the case of future agreements only, where such future agreement has a conflicting content which explicitly refers to this specific waiver.

7. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in euro on the Maturity Date (the "**Final Redemption Amount**").

(b) *Redemption for tax reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Security Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Security Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Security Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Security Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Covered Bondholders and the Couponholders.

Covered Bonds redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in Condition 7(d) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms, the Issuer may, subject as provided in paragraph (e) below and having given:

- (i) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 14 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Security Trustee, the Principal Paying Agent, the CBC and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any optional redemption date as specified in the applicable Final Terms ("**Optional Redemption Date**") and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, provided that no Issuer Event of Default has occurred and is continuing.

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms and it cannot exercise its option because an Issuer Event of Default has occurred and is continuing, then the CBC may declare with:

- (i) not less than 5 (or if the notice period of the Issuer has been shortened to 5 days' or less, the notice period will be 1 day less than the minimum notice period for the Issuer) nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 14 (Notices); and
- (ii) not less than 5 days (or if the notice period of the Issuer has been shortened to 5 days' or less, the notice period will be 1 day less than the minimum notice period for the Issuer) before the giving of the notice referred to in (i), notice to the Security Trustee, the Principal Paying Agent, the Issuer and the Registrar;

that all of the Covered Bonds then outstanding of such Series will mature on the optional redemption date as specified in the applicable Final Terms ("**Optional Redemption Date**") and at the Optional Redemption Amount(s) specified in the applicable Final Terms, and that the Maturity Date will be such Optional Redemption Date.

Any redemption pursuant to this Condition 7(c) must be of a nominal amount not less than the minimum redemption amount as specified in the applicable Final Terms ("**Minimum Redemption Amount**") and not more than the maximum redemption amount as specified in the applicable Final Terms ("**Maximum Redemption Amount**"), in each case as may be specified in the applicable Final Terms (and subject to Condition 3). In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the "**Redeemed Covered Bonds**") will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and where applicable in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or Euroclear Nederland, in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds (i) represented by Definitive Covered Bonds, a list of the serial numbers and (ii) in the case of Registered Covered Bonds, the nominal amount drawn and the holders thereof, of such Redeemed Covered Bonds will be published in accordance with Condition 14 (Notices) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 14 (Notices) at least five days prior to the Selection Date.

If the option to redeem the Covered Bonds is exercised by the Issuer or the CBC has given a declaration that the Covered Bonds will mature on the Optional Redemption Date (each in accordance with this Condition 7(c)), then the Optional Redemption Date will for all purposes in all Transaction Documents be deemed to be the Maturity Date in respect of the Covered Bonds to which it applies instead of the Maturity Date specified as such in the applicable Final Terms to the extent of the amount redeemed or to be redeemed, as the case may be, on such date. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Transaction Documents be deemed to be 32 years after such new Maturity Date instead of the date included in the applicable Final Terms (unless in the section Issuer Call in the applicable Final Terms a specific date is included, in which case such date will apply).

If in the applicable Final Terms it is specified that the manner of determining the interest on some or all Covered Bonds of a Series switches to another manner of determining the interest as of the Maturity Date, such switch will occur on the Maturity Date as determined pursuant to the previous paragraph to the extent of the amount redeemed or to be redeemed, as the case may be, on such date.

(d) Redemption of Covered Bonds at the Option of the Covered Bondholders

Subject as provided in paragraph (e) below, if the Covered Bondholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Covered Bond

giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond its holder must deliver such Covered Bond at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

If the option to redeem the Covered Bonds is exercised by the Covered Bondholders, then the Optional Redemption Date will for all purposes in all Transaction Documents be deemed to be the Maturity Date in respect of the Covered Bonds to which it applies instead of the Maturity Date specified as such in the applicable Final Terms to the extent of the amount redeemed or to be redeemed, as the case may be, on such date. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Transaction Documents be deemed to be 32 years after such new Maturity Date instead of the date included in the applicable Final Terms (unless in the section Issuer Call in the applicable Final Terms a specific date is included, in which case such date will apply).

If in the applicable Final Terms it is specified that the manner of determining the interest on some or all Covered Bonds of a Series switches to another manner of determining the interest as of the Maturity Date, such switch will occur on the Maturity Date as determined pursuant to the previous paragraph to the extent of the amount redeemed or to be redeemed, as the case may be, on such date.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) and (d) above and Condition 10 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows (each, the relevant "**Early Redemption Amount**"):

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Covered Bond with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount.

(f) *Purchases*

The Issuer, the CBC and/or any member of the group formed by the Issuer and its affiliates (*groepsmaatschappijen*) (the "**Van Lanschot Group**") may at any time purchase Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Covered Bondholders alike. Covered Bonds purchased in accordance with this Condition 7(f) may be held, reissued, resold or, at the option of the Issuer or the CBC and/or such member of the Van Lanschot Group, surrendered to any Paying Agent for cancellation.

(g) *Cancellation*

All Bearer Covered Bonds which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption).

(h) *Redemption due to illegality*

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Security

Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Security Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make any payments under the Covered Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 7(h) will be redeemed at their Early Redemption Amount referred to in Condition 7(e) (*Redemption and Purchase - Early Redemption Amounts*) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(i) *Certificate*

Prior to the publication of any notice of redemption pursuant to this Condition 7 (*Redemption and Purchase*), the Issuer shall deliver to the Security Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Security Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all Covered Bondholders.

8. **TAXATION**

(a) *General*

All payments of principal and interest in respect of the Covered Bonds and Coupons by the Issuer or the CBC, as the case may be, will be made without withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction of such taxes, duties, assessments or charges is required by law. In the event of a withholding or deduction being made by the Issuer in respect of a payment made by it, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond or Coupon presented for payment:

- (a) by, or by a third party on behalf of, a holder of a Bearer Covered Bond who is liable to such taxes or duties in respect of such Covered Bond or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Bearer Covered Bond or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such directive or similar measures adopted by a number of third countries and territories; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) 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.

Should any payments made by the CBC under the Guarantee be made subject to any withholding or deduction on account of taxes or duties of whatever nature imposed or levied by or on account of any Tax Jurisdiction the CBC will not be obliged to pay any additional amounts as a consequence.

In particular, but without limitation, no additional amounts shall be payable in respect of any Covered Bonds or Coupon presented for payment where such withholding or deduction is

imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used herein:

"Relevant Date" in relation to a payment means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Security Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 14 (*Notices*); and

"Tax Jurisdiction" means the Netherlands or any political subdivision or any authority thereof or therein having power to tax.

(b) FATCA Withholding

Payments in respect of the Covered Bonds may be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental agreement thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid by the Issuer or the CBC on the Covered Bonds with respect to any such withholding or deduction.

9. **PRESCRIPTION**

The Covered Bonds and Coupons will become void unless presented for payment within a period of five years after the Relevant Date therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6(B) or any Talon which would be void pursuant to Condition 6(B).

10. **EVENTS OF DEFAULT AND ENFORCEMENT**

(a) *Issuer Events of Default*

An **"Issuer Acceleration Notice"** means a notice from the Security Trustee in writing to the Issuer that each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable as against the Issuer (but not against the CBC) at its Early Redemption Amount together with accrued interest as provided in the Trust Deed.

Pursuant to the Trust Deed the Security Trustee at its discretion may, and in relation to the defaults set out in subparagraphs (i) and (v) below or if so directed by a Programme Resolution of the Covered Bonds shall, give an Issuer Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each an **"Issuer Event of Default"**) shall occur and be continuing:

- (i) default is made by the Issuer for a period of 7 calendar days or more in the payment of any principal or redemption amount, or for a period of 14 calendar days or more in the payment of any interest of the Covered Bonds of any Series when due; or
- (ii) a default is made in the performance by the Issuer of any material obligation (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series) under the provisions of the Covered Bonds of any Series or the Trust Deed or any other Transaction Document to which the Issuer is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied, shall have been given to the Issuer by the Security Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the Issuer (except a dissolution or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by an Extraordinary

Resolution (as defined below) of the holders of the Covered Bonds or which has been effected in compliance with the terms of Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*)); or

- (iv) a liquidator, receiver or other similar officer is appointed in relation to the Issuer or in relation to the whole of its assets; or the Issuer initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or equivalent or analogous proceedings under any applicable law, or shall make a conveyance, assignment or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (v) the Issuer is adjudged or found bankrupt (*failliet*) or emergency regulations (*noodregeling*) in the interest of all creditors as referred to in Chapter 3 of the Wft, or equivalent or analogous judgments or measures under any applicable law, are imposed on the Issuer,

provided that in case an event described in paragraph (ii) above shall occur, the Security Trustee shall only deliver an Issuer Acceleration Notice if it shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Upon delivery of an Issuer Acceleration Notice pursuant to this Condition 10(a), the Security Trustee shall forthwith serve a notice to pay (the "**Notice to Pay**") on the CBC pursuant to the Guarantee and the CBC shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Security Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 10(c) (*Events of Default and Enforcement*).

Following an Issuer Event of Default the Security Trustee shall, within three months, convene a meeting for each Series to discuss the possibility to sell Selected Transferred Assets in the following 6 months. The voting rights for such meeting for Covered Bonds held by any member of the Van Lanschot Group shall be excluded, as set out in Condition 15.

The Trust Deed provides that all moneys (including Swap Collateral) received by the Security Trustee from the Issuer or any administrator, liquidator, trustee or other similar official appointed in relation to the Issuer following the service of an Issuer Acceleration Notice and a Notice to Pay but prior to a CBC Acceleration Notice (the "**Excess Proceeds**"), may be paid by the Security Trustee to the CBC and shall be held by the CBC in the CBC Account and shall be used by the CBC in the same manner as all other moneys from time to time standing to the credit of the CBC Account. Any Excess Proceeds received by the Security Trustee shall discharge the obligations of the Issuer in respect of the Covered Bonds and Coupons for an amount equal to such Excess Proceeds. The Security Trustee shall not be required to pay such amounts to the CBC. However, the receipt by the Security Trustee of any Excess Proceeds shall not reduce or discharge any of the obligations of the CBC under the Guarantee.

(b) *CBC Events of Default*

A "**CBC Acceleration Notice**" means a notice from the Security Trustee in writing to the CBC, copied to the Issuer, that each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and, through the Guarantee, as against the CBC, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed and after delivery of such CBC Acceleration Notice, the Security shall become enforceable.

The Security Trustee at its discretion may, and, if so directed by a Programme Resolution, shall give a CBC Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each a "**CBC Event of Default**") shall occur and be continuing:

- (i) default is made by the CBC under the Guarantee for a period of 7 calendar days or more in the payment of any principal or redemption amount, or for a period of 14 calendar days or more in the payment of any interest when due; or

- (ii) a default is made in the performance or observance by the CBC of any material obligation binding upon it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Trust Deed, the Pledge Agreements or any other Transaction Document to which the CBC is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied shall have been given to the CBC by the Security Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the CBC; or
- (iv) the CBC ceases to carry on its business or substantially all its business; or
- (v) a liquidator, receiver or other similar officer is appointed in relation to the CBC or in relation to the whole or any major part of its assets or a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) or other process is levied or enforced upon or sued out against the whole or any major part of its assets or the CBC initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or (preliminary) suspension of payments (*voorlopige surseance van betaling*), or equivalent or analogous proceedings under any applicable law, or makes a conveyance, assignment or equivalent or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (vi) the CBC is adjudged or found bankrupt (*failliet*) or, if applicable, emergency regulations (*noodregeling*) in the interest of all creditors as referred to in Chapter 3 of the Wft, or equivalent or analogous judgments or measures under any applicable law, are imposed on the CBC; or
- (vii) the Guarantee is not, or is claimed by the CBC not to be, in full force and effect,

provided that in case an event described in paragraph (ii) above shall occur, the Security Trustee shall only deliver a CBC Acceleration Notice if it shall have certified in writing to the CBC that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following the occurrence of a CBC Event of Default which is continuing and service of a CBC Acceleration Notice, the Security Trustee may or shall take proceedings or steps against the Issuer and the CBC in accordance with Condition 10(c) (*Events of Default and Enforcement - Enforcement*) and the Covered Bondholders shall have a claim against the CBC, under the Guarantee, for the Early Redemption Amount together with accrued interest as provided in the Trust Deed in respect of each Covered Bond.

In these Terms and Conditions:

"Calculation Date" means the date falling two Business Days before each CBC Payment Date. The "relevant" Calculation Date in respect of any Calculation Period will be the first Calculation Date falling after the end of that period and the "relevant" Calculation Date in respect of any CBC Payment Date will be the last Calculation Date prior to that CBC Payment Date.

"Calculation Period" means the period from the Programme Date to the last day of March 2015 and thereafter, each period from (and including) the first day of each month to the last day of that same month.

"CBC Payment Date" means the 17th day of each month or, if such day is not a Business Day, the next following Business Day unless it would thereby fall into the next calendar month, in which event such CBC Payment Date shall be brought forward to the immediately preceding Business Day.

"Distribution Compliance Period" has the meaning given to that term in Regulation S under the Securities Act;

(c) *Enforcement*

The Security Trustee may at any time after service of an Issuer Acceleration Notice (in the case of the Issuer) or a CBC Acceleration Notice (in the case of both the Issuer and the CBC), at its

discretion and without further notice, take such proceedings in accordance with the relevant provisions under Dutch law against the Issuer and/or the CBC, as the case may be, to enforce the provisions of the Trust Deed, the Covered Bonds and the Coupons, the Pledge Agreements and any other security rights of the Security Trustee on the Transferred Assets (if any) and the other Transaction Documents (the "**Security**"), but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds or the Coupons, the Security or any other Transaction Document unless (i) it shall have been so directed by a Programme Resolution and (ii) it shall have been indemnified and/or secured to its satisfaction.

(d) *No action by Covered Bondholders or Couponholders*

Subject to the provisions of the Trust Deed, only the Security Trustee may enforce the provisions of the Covered Bonds and the Transaction Documents. Neither the Covered Bondholders nor any other person shall be entitled to proceed directly against the Issuer or the CBC to enforce any provision of the Covered Bonds and/or the Transaction Documents, unless the Security Trustee fails to take any steps to enforce the Security in accordance with the Trust Deed within a reasonable time and such failure is continuing. All limitations and restrictions imposed under or by virtue of the Trust Deed, the Covered Bonds or any other Transaction Document on the Security Trustee in relation to the enforcement of rights and the availability of remedies, shall *mutatis mutandis* also fully apply to such Secured Parties.

Neither the Covered Bondholders nor the Security Trustee may institute against, or join any person in instituting any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding against the CBC until the expiry of a period of at least one (1) year after the latest maturing Covered Bond is paid in full. The only remedy of the Security Trustee against the CBC after a CBC Acceleration Notice has been given pursuant to this Condition 10 is to enforce the Security.

(e) *Limited Recourse*

The recourse of the Covered Bondholders and the Couponholders against the CBC pursuant to the Guarantee is limited. Covered Bondholder will have a right of recourse (*verhaalsrecht*) only in respect of the Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the CBC's other assets.

No amounts under the Covered Bonds and the Transaction Documents shall be due and payable by the CBC or, as the case may be, the Security Trustee, except (i) in accordance with the Trust Deed and (ii) unless and until all amounts thereby required to be paid in priority thereto have been paid or discharged in full.

In the event that the Security has been fully enforced and the proceeds of such enforcement and any other amounts received by the Security Trustee, after payment of all claims ranking in priority to any Covered Bonds or Coupons of any Series in accordance with the Trust Deed, are insufficient to pay in full all amounts outstanding in respect of the Covered Bonds or Coupons, then the Covered Bondholders or Couponholders shall have no further claim against the CBC or the Security Trustee in respect of such unpaid amount.

11. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

12. PAYING AGENTS AND REGISTRAR

The names of the initial Paying Agents and the Registrar and their initial specified offices are set out in the Base Prospectus.

The Issuer or the CBC, as the case may be, is entitled, with the prior written approval of the Security Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent and the Registrar and/or appoint additional or other Paying Agents or Registrars and/or approve any change in the specified office through which any Paying Agent or Registrar acts, provided that:

- (a) there will at all times be a Principal Paying Agent;

- (b) as long as any Registered Covered Bonds are outstanding, there will at all times be a Registrar;
- (c) so long as the Covered Bonds are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange; and
- (d) it will ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

Any variation, termination, appointment or change shall only take effect (other than in the case of a bankruptcy, an insolvency or any equivalent or analogous proceeding, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Paying Agents and the Registrar act solely as agents of the Issuer and the CBC and, in certain circumstances specified therein, of the Security Trustee and do not assume any obligation to, or relationship of agency with, any Covered Bondholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent or the Registrar is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent or registrar.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date or the Specified Interest Payment Date or the Specified Period, as the case may be, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*). Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

14. NOTICES

All notices regarding the Covered Bonds shall be published in a daily newspaper of wide circulation in the Netherlands and in the English language in the Financial Times or such other newspaper of wide circulation in Europe as long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system, such notice shall be published in such place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system.

Until such time as any Definitive Covered Bonds are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the Global Covered Bond(s) is or are held in its or their entirety with a depository or a common depository or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or with Euroclear Nederland, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or Euroclear Nederland and/or any other relevant clearing system for communication by them to the holders of the Covered Bonds. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or Euroclear Nederland and/or any other relevant clearing system.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Definitive Covered Bonds or Registered Covered Bonds) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent and/or Registrar. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent through Euroclear,

Clearstream, Luxembourg and/or Euroclear Nederland, as the case may be, in such manner as the Principal Paying Agent and Euroclear, Clearstream, Luxembourg and/or Euroclear Nederland, as the case may be, may approve for this purpose.

15. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds of such Series or the related Coupons or of any of the Transaction Documents (subject as provided below and in the Trust Deed). Such a meeting may be convened by the Issuer, the CBC or the Security Trustee and shall be convened by the Issuer if required in writing by Covered Bondholders of a Series holding not less than fifteen (15) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being remaining outstanding. The quorum at any such meeting in respect of any Series for passing an Extraordinary Resolution (other than a Programme Resolution to be taken by an Extraordinary Resolution) is: one or more persons holding or representing not less than seventy-five (75) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders of such Series whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented.

Any modification of the Covered Bonds of a Series, which the Security Trustee deems to be materially prejudicial to the interest of Covered Bondholders of other Series, may not become effective, unless the Covered Bondholders of such other Series of Covered Bonds have agreed thereto.

An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series. Pursuant to the Trust Deed, the Security Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Security Trustee there is no conflict between the holders of such Covered Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

In a meeting convened by the Security Trustee for Covered Bondholders of each Series to discuss the possibility to sell Selected Transferred Assets as set out in Condition 10(a) any member of the Van Lanschot Group holding Covered Bonds shall not have any voting rights on its Covered Bonds in respect of a resolution to sell Selected Transferred Assets and such Covered Bonds held by a member of the Van Lanschot Group shall not be taken into account for the quorum.

Notwithstanding the preceding paragraphs of this Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*), any resolution to direct the Security Trustee (i) to accelerate the Covered Bonds pursuant to Condition 10 (*Events of Default and Enforcement*); (ii) to take any enforcement action, or (iii) to remove or replace the Security Trustee's Director shall only be capable of being passed by a Programme Resolution. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the CBC or the Security Trustee or by Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution (including by means of an Extraordinary Resolution) is one or more persons holding or representing more than 50 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders in respect of such Series.

The Security Trustee, the Issuer and the CBC may also agree, without the consent of the Covered Bondholders or Couponholders of any Series, to:

- (a) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or any of the other Secured Parties (other than the CBC) (in which respect the Security Trustee may rely upon the consent in writing of any other

- Secured Party as to the absence of material prejudice to the interests of such Secured Party), (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid) and (iii) it has received Rating Agency Confirmation in respect of such modification; or
- (b) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee or to comply with its EMIR obligations or to comply with mandatory provisions of law; or
 - (c) any modification to the Covered Bonds of one or more Series, the related Coupons, and/or any Transaction Documents, required or necessary in connection with any change, after the relevant Issue Date, to any laws or regulation (including but not limited to the laws and regulations of the Netherlands and the European Union) applicable or relevant with respect to covered bonds (*gedekte obligaties*) to ensure that the Issuer, the CBC and/or Covered Bondholders enjoy the full benefits of such legislation, provided that in the sole opinion of the Security Trustee such modification is not materially prejudicial to interest of any of the Covered Bondholders or any of the other Secured Parties (a "**Legislative Amendment**"); or
 - (d) any modification to the Transaction Documents which are in the opinion of the Issuer and the Security Trustee necessary in order to transfer title (and if applicable obligations) in respect of Eligible Assets to the CBC and/or to create security in respect thereof in favour of the Security Trustee, provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or any of the other Secured Parties (other than the CBC) (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party), (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid) and (iii) the Security Trustee has received Rating Agency Confirmation in respect of such modification; or
 - (e) any modification to the Eligibility Criteria which is in the opinion of the Security Trustee not materially prejudiced to the existing Covered Bondholders of any Series.

The Security Trustee may also agree, without the consent of the Covered Bondholders of any Series, and/or Couponholders or any other Secured Party, to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Covered Bonds of any Series or the Transaction Documents, or determine, without any such consent as aforesaid, that any Issuer Event of Default or CBC Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Security Trustee, materially prejudicial to the interests of any of the Secured Parties (in which respect the Security Trustee may (without further enquiry) rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party) provided that (i) the Security Trustee has not been informed by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid) and (ii) the Security Trustee has received Rating Agency Confirmation in respect of such waiver, authorisation or determination.

Any such modification, waiver, authorisation or determination shall be binding on all Covered Bondholders of all Series for the time being outstanding, the related Couponholders and the other Secured Parties, and unless the Security Trustee otherwise agrees, any such modification, waiver, authorisation or determination will be notified by the Issuer to the Covered Bondholders of all Series for the time being outstanding, the other Secured Parties and the Rating Agencies in accordance with the relevant terms and conditions as soon as practicable thereafter.

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Security Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise

for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Security Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the CBC, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 8 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Security Trustee shall, as regards all the powers, authorities, duties and discretions vested in it by the Covered Bonds or the other Transaction Documents or, except where expressly provided otherwise, have regard to the interests of both the Covered Bondholders and the other Secured Parties, but if, in the Security Trustee's sole opinion, there is a conflict between their interests, it will have regard solely to the interests of each Secured Party, including, but not limited to, the Covered Bondholders, in accordance with the relevant Priority of Payments.

The Issuer may, without the consent of the holders of the Covered Bonds of any Series or any Coupons relating thereto, or any other Secured Party consolidate with, merge or amalgamate into or transfer their respective assets substantially as an entirety to, any corporation organised under Dutch law, or any political subdivision thereof, provided that (i) a certificate of two authorised signatories of the Issuer and the CBC is delivered to the Security Trustee to the effect that immediately after giving effect to such transaction no Issuer Event of Default and no CBC Event of Default, respectively, will have happened and be continuing and (ii) unless the Issuer is the surviving entity, the Issuer shall procure that the surviving or transferee company assumes its obligations as Issuer under the Trust Deed, each other Transaction Document and all of the outstanding Covered Bonds of all Series, in place of the Issuer and (iii) in the case of an assumption of the obligations of the Issuer by a successor or transferee company, the Guarantee of the CBC is fully effective on the same basis in relation to the obligations of such successor or transferee company and (iv) certain other conditions set out in the Trust Deed are met. Upon the assumption of the obligations of the Issuer by such surviving or transferee company, the predecessor Issuer shall (subject to the provisions of the Trust Deed) have no further liabilities under or in respect of the Trust Deed or the outstanding Covered Bonds of each Series then outstanding or any Coupons appertaining thereto and the other Transaction Documents. Any such assumption shall be subject to the relevant provisions of the Trust Deed. The Trust Deed provides that any such assumption shall be notified to the holders of all Series in accordance with the relevant terms and conditions of such Covered Bonds and the other Secured Parties.

For the purposes hereof:

"Extraordinary Resolution" means a resolution at a meeting duly convened and held in accordance with the provisions for meetings of covered bondholders as set out in the Trust Deed, by not less than two-thirds of the votes cast.

"Programme Resolution" means either:

- (a) a written resolution of the holders of not less than fifty (50) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding as if they were a single Series; or
- (b) an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series).

"Security Trustee's Director" means SGG Securitisation Services B.V. and/or such other person(s) who may be appointed as director(s) (*bestuurder*) of the Security Trustee from time to time.

16. SECURITY TRUSTEE

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

The Security Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Transferred Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or

by intermediaries such as banks, brokers or other similar persons on behalf of the Security Trustee. The Security Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Transferred Assets, including, without limitation, whether the Transferred Assets are in compliance with the Asset Cover Test or the Amortisation Test; or (iv) monitoring whether Mortgage Receivables (and any other Transferred Assets) satisfy the applicable Eligibility Criteria or such other criteria as may be agreed with the CBC and subject to Rating Agency Confirmation in relation to other Transferred Assets. The Security Trustee will not be liable to any Covered Bondholder or other Secured Party for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the security rights and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the security rights it holds and the Transaction Documents.

17. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may, subject to Rating Agency Confirmation and without the consent of the Covered Bondholders or Couponholders in respect of each Series of Covered Bonds on which no payment of principal of or interest on any of the Covered Bonds is in default and after written approval of DNB (*De Nederlandsche Bank N.V.*), be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Covered Bonds and the relative Coupons provided that:
 - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Covered Bondholder and Couponholder to be bound by the Terms and Conditions of the Covered Bonds and the provisions of the Transaction Documents as fully as if the Substituted Debtor had been named in the Covered Bonds, and the relative Coupons and the Transaction Documents as the principal debtor in respect of the Covered Bonds and the relevant Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Substituted Debtors Guarantee**") in favour of each Covered Bondholder and each holder of the relative Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8 (*Taxation*)) payable in respect of the Covered Bonds and the relative Coupons;
 - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Covered Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Covered Bondholder and Couponholder against all liabilities, costs, charges and expenses, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Covered Bondholder or Couponholder by any political subdivision or taxing authority of any country in which such Covered Bondholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
 - (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance 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 each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Covered Bondholder;

- (iv) each stock exchange which has Covered Bonds listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Covered Bonds would continue to be listed on such stock exchange;
 - (v) the Substituted Debtor shall have delivered to the Security Trustee or procured the delivery to the Security Trustee of a legal opinion from a leading law firm in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Covered Bonds and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three (3) days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent;
 - (vi) the Issuer shall have delivered to the Security Trustee or procured the delivery to the Security Trustee of a legal opinion from a Dutch law firm to the effect that the Documents (including the Substituted Debtors Guarantee) will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent; and
 - (vii) the Issuer shall have delivered to the Security Trustee or procured the delivery to the Security Trustee of a legal opinion from a Dutch law firm to the effect that the Documents (including the Substituted Debtors Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent.
- (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 Covered Bondholders 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 Covered Bondholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Covered Bonds and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Covered Bonds and the relative Coupons as the principal debtor in place of the Issuer and the Covered Bonds and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Covered Bonds and the relative Coupons save that any claims under the Covered Bonds and the relative Coupons prior to release shall ensure for the benefit of Covered Bondholders and Couponholders.
- (d) The Documents shall be deposited with and held by the Principal Paying Agent for so long as any Covered Bonds or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Covered Bondholder or Couponholder in relation to the Covered Bonds or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Covered Bondholder and Couponholder to the production of the Documents for the enforcement of any of the Covered Bonds or the relative Coupons or the Documents.
- (e) Not later than fifteen (15) Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Covered Bondholders in accordance with Condition 14 (Notices).

18. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

19. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Covered Bonds and the Transaction Documents (except for the Swap Agreements) are governed by, and shall be construed in accordance with, Dutch law.

Any disputes arising out of or in connection with the Covered Bonds, including any disputes relating to any non-contractual obligations arising out of or in connection with the Covered Bonds shall be submitted to the exclusive jurisdiction of the competent courts of Amsterdam, the Netherlands.

20. **TERMS AND CONDITIONS OF REGISTERED COVERED BONDS**

- 20.1 If the applicable Final Terms specify that Registered Covered Bonds are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Conditions 1 to and including 19 above. In the event of any inconsistency between Conditions 1 to and including 19 and this Condition 20, this Condition 20 will prevail with regard to Registered Covered Bonds.
- 20.2 Registered Covered Bonds are registered claims (*vorderingen op naam*) which will be issued to each holder by a Registered Covered Bonds Deed. The holder of a Registered Covered Bond is the creditor of the relevant registered claim and "**Covered Bondholder**" shall be construed accordingly, provided that if the provision at the end of Condition 20.3 applies, the transferee shall, from the moment the transfer takes effect be treated as a Covered Bondholder for all purposes, without prejudice to any entitlement of the transferor pursuant to Condition 20.5.
- 20.3 Under Dutch law, the valid transfer of Covered Bonds requires, among other things, delivery (*levering*) thereof, which in the case of Registered Covered Bonds is effected by assignment (*cessie*) of both the rights under the Registered Covered Bonds and the corresponding rights under the Guarantee by execution of a deed of assignment (*akte*) between the transferor and the transferee and notification (*mededeling*) thereof to the Issuer and the CBC and the Registrar. A form of deed of assignment and notification is attached to each Registered Covered Bonds Deed. Registered Covered Bonds may be transferred in whole, but not in part, provided that the transferor and transferee may otherwise agree in the relevant assignment deed in respect of amounts that have accrued but not yet been paid in respect of the period up to the relevant transfer.
- 20.4 The Issuer shall procure that a register be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). The Registrar shall register details of any holder of Registered Covered Bonds in the Register and amend the Register to reflect any transfer and/or redemption of Registered Covered Bonds.
- 20.5 Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount at the close of business of the Business Day prior to the due date of such payments (the "**Record Date**"). If any Registered Covered Bondholder transfers any Registered Covered Bonds in accordance with Condition 20.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the Record Date, the Issuer, the CBC and the Security Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Security Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with this Condition.
- 20.6 Notices to holders of Registered Covered Bonds shall be mailed or faxed to them at their respective addresses as recorded in the Register and shall be deemed to have been given on

the fourth Business Day (being a day other than a Saturday or a Sunday) following the date of mailing or faxing.

TAXATION IN THE NETHERLANDS

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Covered Bonds. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Covered Bonds. Each prospective Covered Bondholder should consult a professional adviser with respect to the tax consequences of an investment in the Covered Bonds. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on The Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of the Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect. Where in this summary the terms "the Netherlands" and "Dutch" are used, these terms solely refer to the part of the Kingdom of the Netherlands that is situated in Europe.

With the exception of paragraph (a) below under General, this summary does not address the Netherlands tax consequences of:

- (a) a Covered Bondholder holding a substantial interest (aanmerkelijk belang) in the Issuer, within the meaning of Section 4.3 of the Dutch Income Tax Act 2001 (Wet inkomstenbelasting 2001). Generally speaking, a Covered Bondholder (including both individuals and entities) holds a substantial interest in the Issuer, if such Covered Bondholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of five percent or more of the total issued capital of the Issuer or of five percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;*
- (b) a Covered Bondholder qualifying as an investment institution (fiscale beleggingsinstellingen); and*
- (c) a Covered Bondholder qualifying as a pension fund, exempt investment institution (vrijgestelde beleggingsinstellingen) or other entity that is exempt from Netherlands corporate income tax.*

Where in this summary reference is made to a "Covered Bondholder", this includes, without limitation, an individual to whom, or an entity to which, benefits derived from Covered Bonds are attributed for Dutch tax purposes.

General

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

- (a) all payments by the Issuer under the Covered Bonds can be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein;*
- (b) a Covered Bondholder deriving income from a Covered Bond or realising a gain on the disposal or redemption of a Covered Bond will not be subject to Netherlands taxation on income or capital gains unless:*
 - (i) the holder is a resident of the Netherlands or treated as resident in The Netherlands for the purpose of the relevant provisions; or*
 - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on by or for the benefit of the Covered Bondholder through a permanent establishment or a permanent representative in The Netherlands; or*
 - (iii) the holder is an individual and such income or gain qualifies as income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) in The Netherlands as defined in section 3.4 of the Dutch Income Tax Act 2001;*
- (c) Netherlands gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Covered Bond by way of gift by, or on the death of, a Covered Bondholder, unless:*
 - (i) the Covered Bondholder is, or is deemed to be, a resident of The Netherlands for the purpose of the Netherlands gift and inheritance tax (Successiewet 1956); or*
 - (ii) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions;*
- (d) there is no Netherlands registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any*

foreign judgment in the courts of The Netherlands) of the Covered Bonds or the performance of the Issuer's obligations under the Covered Bonds;

- (e) there is no Netherlands value added tax payable in respect of payments in consideration for the issue of a Covered Bond or in respect of the payment of interest or principal under the Covered Bonds or the transfer of a Covered Bond; and
- (f) a holder of a Covered Bond will not have a permanent establishment, or be deemed to have a permanent establishment, in The Netherlands by reason only of the holding of a Covered Bond or the execution, performance delivery and/or enforcement of a Covered Bond.

European Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States of the European Union (the "**Member States**" and each a "**Member State**") are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The EU Savings Directive has been amended by the Council Directive 2014/48/EU which was published on 15 April 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement, agreed with the Issuer and the CBC a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated in the Terms and Conditions and under *Form of Conditional Pass-Through Covered Bonds*. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Dealers have represented and agreed, and each further Dealer appointed 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 the Covered Bonds which is the subject of the offering contemplated by this Base Prospectus 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 the Covered Bonds to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; (iii) at any time if the denomination per Covered Bond being offered amounts to EUR 100,000; or (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Covered Bonds referred to in (i) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer of Covered Bonds to the public' in relation to any Covered Bonds 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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, 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 (including Directive 2010/73/EC), and includes any relevant implementing measure in the Relevant Member State.

France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties ("*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*"), and/or (b) qualified investors ("*investisseurs qualifiés*"), other than individuals acting for their own account all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 and D.411-4 of the French *Code monétaire et financier*.

Italy

No action has or will be taken by the each of the Dealers, which would allow an offering (or a "*sollecitazione all'investimento*") of the Covered Bonds to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and the Covered Bonds have not been registered pursuant to Italian securities legislation with the *Commissione Nazionale per le Società e la Borsa* ("**Consob**") for the public offering of the Covered Bonds in the Republic of Italy ("*Italy*").

Accordingly, the Covered Bonds cannot be offered, sold or delivered in Italy nor may any copy of this Base Prospectus or any other document relating to the Covered Bonds be distributed in Italy other than:

- i. to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- ii. in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in Italy under (i) and (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed will be required to represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

United States

The Covered Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the U.S. or other jurisdiction of the U.S. The Covered Bonds may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Covered Bonds are being offered, sold or delivered only to non-U.S. persons (as defined in Regulation S) outside the U.S. in reliance on Regulation S.

The Covered Bonds are in bearer form and 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, or for the account or benefit of, a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and U.S. Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed will be required to represent and agree, that it will offer, sell or deliver the Covered Bonds (i) as part of its distribution at any time and (ii) otherwise until forty (40) days after distribution of the Covered Bonds only in accordance with Rule 903 of the Securities Act. Each Dealer has also represented and agreed, and each further Dealer appointed will be required to represent and agree, that it will have sent to each distributor, Dealer or person receiving a selling concession, fee or other remuneration to which it sells Covered Bonds during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Japan

The Covered Bonds 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) and 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 Covered Bonds in Japan or to, or for the benefit of, any 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 as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Act No. 228 of 1949, as amended)) or to others for re-offering or resale,

directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands/All issues

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that as long as it does not have the benefit of a licence or exemption as an investment firm of the relevant type pursuant to the Wft, it shall not offer any Covered Bonds or distribute this Base Prospectus or any circulars, offer documents or information relating to the Issuer or the Covered Bonds in the Netherlands.

General

Each Dealer has agreed and each further Dealer appointed will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any Dealer shall represent, nor any further Dealer appointed will be required to represent, that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions set out in the applicable Final Terms.

COVERED BOND LEGISLATION AND COMPLIANCE WITH UCITS- AND/OR CAPITAL REQUIREMENTS DIRECTIVE

Description of the Dutch Covered Bond Regulations

The Dutch regulations for the issuance of covered bonds came into force in the Netherlands on 1 July 2008 (the "**Old CB Regulations**") which regulations were replaced on 1 January 2015 with a new framework (the "**New CB Regulations**" and together the "**CB Regulations**"). The New CB Regulations aim to provide more safeguards to covered bondholders, while respecting other interests that are connected with the issuance of covered bonds, such as avoiding an undesirable degree of asset encumbrance of the covered bond issuer. The Old CB Regulations consist of a limited, principle based framework that gave issuers a large amount of flexibility. While a considerable amount of flexibility is retained, the new framework contains more detailed provisions to increase transparency and protection for investors.

The CB Regulations apply to the issuance of covered bonds registered with DNB ("**DNB-registered covered bonds**"), which are bonds included in the list made publicly available pursuant to Article 52(4) of the UCITS Directive or, where such registration has not yet occurred, a covered bond which is registered by DNB in accordance with the CB Regulations. Therefore, like any other issuance of debt instruments and legal transfers of assets made in accordance with Dutch law, the issuance of a DNB-registered covered bond and the legal transfer of cover assets are subject to the provisions of the Dutch Civil Code and the Dutch Bankruptcy Code.

The CB Regulations include various requirements relating to issuers, owners of the asset pool, eligible assets and the contractual arrangements made in respect of such assets. The CB Regulations also require a valid safeguarding of sufficient cover assets for holders of DNB-registered covered bonds. Furthermore, the issuer must be a licensed bank with its registered address in the Netherlands.

Due to the grandfathering provision of the New CB Regulations and the application by the Issuer prior to 1 January 2015, the New CB Regulations will become effective for the Programme of the Issuer twelve (12) months as from 1 January 2015, which means that this Programme remains subject to the CB Regulations as applicable before 1 January 2015 as set out below until 1 January 2016, after which the New CB Regulations will apply to the Issuer and the Programme.

Regulatory framework applicable until 1 January 2016

The Old CB Regulations implement article 52(4) of the UCITS Directive and are a collection of rules forming part of two layers of secondary legislation implementing the Wft: the Wft Prudential Rules Decree (*Besluit prudentiële regels Wft*) and the Wft Implementing Regulation (*Uitvoeringsregeling Wft*).

The Old CB Regulations list the general requirements of Article 52(4) of the UCITS Directive and therefore regard CRD IV compliance of covered bonds as an option instead of a requirement. Consequently, the Old CB Regulations allow flexibility for issuers of DNB-registered covered bonds to either opt for UCITS Directive compliance or both UCITS Directive and CRD IV compliance.

The Old CB Regulations include certain criteria as to which assets may be included in an asset pool for the purposes of a DNB-registered covered bond. Whilst the Old CB Regulations include a limitation on the laws that may govern a relevant asset, they do not contain a list of assets that may serve as collateral for the purposes of a DNB-registered covered bond. Consequently, under the Old CB Regulations an issuer of a DNB-registered covered bond has flexibility as to the type of assets that can serve as collateral for the purposes of a DNB-registered covered bond. However, where it is intended that such covered bonds obtain preferential treatment under the CRD IV, they must meet the CRD IV's detailed requirements on cover assets.

In respect of an application made for registration of a covered bond and the issuer thereof by DNB pursuant to the Old CB Regulations, DNB requires amongst other things:

- (i) the covered bonds to have a minimum credit rating of 'AA'- (Fitch or S&P) or Aa3 (Moody's);
- (ii) a healthy ratio to exist between the programme/issuance amount on the one hand and on the other hand (a) the value of the cover assets, (b) the value of the remaining assets of the issuer eligible for on-transfer to the cover pool (for (over-)collateralisation purposes or otherwise) and (c) the consolidated balance sheet of the issuer (the latter to protect other stakeholders); and
- (iii) the issuer to have solid and effective strategies and procedures for verifying and procuring the sufficiency of the cover assets, taking into account the composition of the cover assets, the over-collateralisation and the applicable risks and stress tests.

Also, the Old CB Regulations provide for ongoing administration and reporting obligations towards DNB. DNB will perform certain supervision and enforcement related tasks in respect of DNB-registered covered bonds, including admitting issuers and covered bonds to the relevant register and monitoring compliance with ongoing requirements set out in the Old CB Regulations. If a DNB-registered covered bond no longer meets the requirements prescribed by the Old CB Regulations, or if the issuer of DNB-registered covered bonds no longer complies with its ongoing administration and/or reporting obligations towards DNB, DNB can, inter alia, impose an issuance-stop on the issuer, which may be disclosed by DNB in the relevant register, and DNB has the authority to terminate the registration as a result of which the covered bonds would no longer be UCITS Directive and, if applicable, CRD IV compliant.

Regulatory framework applicable as of 1 January 2016

Whereas the Old CB Regulations were part of a government and ministerial decree, the New CB Regulations will also include rules on the level of parliamentary law and form a collection of rules forming part of three layers of legislation: the Wft, the Wft Prudential Rules Decree (*Besluit prudentiële regels Wft*) and the Wft Implementing Regulation (*Uitvoeringsregeling Wft*). The inclusion of rules on parliamentary law level enable a more extensive and proportional sanctions regime, such as fines. Under the Old CB Regulations, the DNB can only eliminate the registration of a covered bond and the issuer if the issuer does not meet the requirements and can order an issuance stop. It has no other sanctioning powers. Under the New CB Regulations the first sanction has been eliminated, the registration of a covered bonds issued under a programme cannot be cancelled anymore. DNB can however still eliminate the registration of the issuer and order an issuance stop, after which the issuing bank will not be allowed to issue more covered bonds.

As under the Old CB Regulation, the New CB Regulations require that DNB-registered covered bonds will have to comply with the conditions for preferential treatment of article 52(4) UCITS Directive. In addition the New CB Regulation also include mandatory compliance with article 129 CRR.

The New CB Regulations introduce a minimum level of overcollateralization of 5%. This means that the nominal value of the cover assets must be 105% of the nominal value of the outstanding covered bonds under the relevant program. An additional collateralization requirement, which is calculated separately, is that the nominal size of the cover assets taking into account the cut-off rules for collateralized assets of article 129 CRR, is at least equal to the nominal value of the outstanding covered bonds. The Issuer as part of the Programme already undertakes as part of the Asset Cover Test that it will meet the requirements pursuant to the Wft in respect of the collateralisation of the Covered Bonds, including, that the Net Outstanding Principal Amount of Mortgage Receivables and the Substitution Assets are at least equal to 105% of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding.

An issuer is required to maintain a liquidity buffer that covers interest payments, principal payments and senior costs that will be due in the coming six months. If an extension period of at least six months is included, (which is the case in this programme), no liquidity needs to be held for principal payments. Liquid assets are public sector loans and exposures to institutions as defined in article 129 CRR.

The New CB Regulations include strict criteria as to which assets may be included in an asset pool for the purposes of a DNB-registered covered bond and are limited to the assets listed in article 129 CRR under (a),(b), (d) sub (i), (e), (f) sub (i) and (g), i.e. public sector loans, residential real estate loans, commercial real estate loans and shipping loans, subject to certain limitations. An issuer must choose which assets it wishes to include in its programme. In addition, up to 20% of the outstanding covered bonds under a program may be covered by substitution assets. These are the liquid assets that are allowed under CRR: public sector exposures and exposures to institutions. Residential mortgage backed securities and commercial mortgage backed securities are excluded as cover assets. The Eligibility Criteria require that the Issuer only includes residential real estate loans as primary assets and the definition of Substitution Asset already complies with the New CB Regulation.

The New CB Regulation will include rules on valuation of cover assets. As a main rule, cover assets will be valued at their nominal value. Substitution assets will have to be valued at market value according to an internationally accepted accountancy standard. Several categories of assets will be awarded no value when applying the overcollateralization and liquidity requirements are met:

- defaulted loans, as defined by article 178 CRR
- asset which are the subject of a sub-participation or similar arrangement
- assets that consist of exposures of the CBC on the issuer or entities of the same group

Issuers will be required to appoint an external accountant as asset monitor which will have to perform a yearly check of certain aspects of the administration and valuation process. More specifically, the external accountant has to:

- perform a check on the calculation of the coverage of the overcollateralization requirement;
- perform a check on the calculation of the liquidity buffer requirement;

In addition the issuer must ensure that an external accountant performs a yearly check on a sample of the files related to the cover assets.

As under the old framework, the issuer must maintain a healthy ratio between the outstanding covered bonds and the balance sheet of the issuer (the latter to protect other stakeholders). As a new element, the issuer will be required to perform yearly stress tests to assess whether the healthy ratio will be maintained in adverse scenarios. Risks to be taken into account include credit risk, interest rate risk, currency risk and liquidity risk.

The issuer will under the new framework also have to have solid and effective strategies and procedures for verifying and procuring the sufficiency of the cover assets, taking into account the composition of the cover assets, the over-collateralisation and the applicable risks and stress tests.

Also, the New CB Regulations continue to provide for ongoing administration and reporting obligations towards DNB and include new reporting obligations towards the covered bond holders.

Under the New CB Regulations the covered bonds no longer need to have a (minimum) credit rating.

Compliance with UCITS- and/or Capital Requirements Directive

The Issuer has applied to DNB for admission of its covered bonds issued under the Programme to the register of DNB in accordance with the CB Regulations. After the first issue that will be retained by the Issuer, the Issuer will only issue Covered Bonds under this Base Prospectus that obtain the Regulated Status. See also *Compliance of Covered Bonds with the UCITS Directive and/or CRD IV* above.

In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds that have obtained the Regulated Status, will keep the Regulated Status until their Maturity Date.

It is the intention of the Issuer that the Covered Bonds have the CRD Status and such status will be mandatory as of 1 January 2016. The criteria for Eligible Assets and the limitations as a result of the LTV Cut-Off Percentage in the Asset Cover Test procure that the Covered Bonds issued have the CRD Status, when these have the Regulated Status.

In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds with the Regulated Status will be collateralised by assets that are eligible to collateralise covered bonds under the CRD IV.

The "best efforts" undertakings set out in this section will no longer apply if, as a result of a change of law or regulations, Dutch residential mortgage receivables are insufficient for collateralisation of the Covered Bonds to keep the Regulated Status or are no longer eligible to collateralise covered bonds under the CRD IV.

8. ASSET BACKED GUARANTEE

GUARANTEE

Pursuant to the Guarantee, if (i) an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, the CBC will be liable to pay Guaranteed Amounts when the same become Due for Payment.

The pass-through structure will become relevant after the service of a Notice to Pay on the CBC. The CBC will be obliged to pass any available funds through and apply such funds towards redemption of all Pass-Through Covered Bonds and the CBC will also be obliged to use its best efforts to sell Transferred Assets on each sixth CBC Payment Date to enable it to redeem all Pass-Through Covered Bonds prior to the Extended Due for Payment Date, provided that it can sell the Transferred Assets and consequently redeem the Pass-Through Covered Bonds without negatively impacting the Amortisation Test. Failure by the CBC to sell or refinance Selected Mortgage Receivables in the portfolio in accordance with the Asset Monitoring Agreement (as described below) will not constitute a CBC Event of Default.

All payments of Guaranteed Amounts by or on behalf of the CBC will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless the withholding or deduction of such taxes, assessments or other governmental charges are required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the CBC will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The CBC will not be obliged to pay any additional amount to the Security Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction.

Payments in respect of the Covered Bonds might be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid on the Covered Bonds with respect to any such withholding or deduction.

An Extended Due for Payment Date will apply to each Series of Covered Bonds to be issued under the Programme.

In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, provided that if on any CBC Payment Date which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC to be paid (or reserved for payment of principal on any Series of Covered Bonds) after the CBC shall under the relevant Priority of Payments have paid or provided for (on the relevant CBC Payment Date) all higher ranking amounts, then the CBC shall (a) give notice thereof to the relevant holders of the Pass-Through Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agencies, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least two Business Days prior to such CBC Payment Date (whereby such notice shall be deemed to have been given on the first Business Day following the date on which the notice was given by the CBC to the relevant clearing system, if any, and otherwise in accordance with Condition 14 (*Notices*)) and (b) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount pertaining to all Pass-Through Covered Bonds, if applicable *pro rata* by reference to the Principal Amount Outstanding of such Covered Bonds (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on such CBC Payment Date. If any amount of principal on a Covered Bond remains unpaid on its Maturity Date, such Covered Bond will become a Pass-Through Covered Bond and if a Notice to Pay and a Breach of Amortisation Test Notice have been served, all Covered Bonds will become Pass-Through Covered Bonds; and

- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*),

all without prejudice to the CBC's obligation to pay any other Guaranteed Amount (i.e. other than the Guaranteed Final Redemption Amount) when Due for Payment.

Failure by the CBC to pay Guaranteed Final Redemption Amounts or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay the other Guaranteed Amounts on any Scheduled Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be a CBC Event of Default.

If a Series of Covered Bonds is held through Euroclear and Clearstream, Luxembourg, the Issuer shall (to ensure that such Series of Covered Bonds will be redeemed on the Maturity Date) provide or procure that the Principal Paying Agent shall on its behalf provide a formal notice (in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg) at least two (2) Business Days prior to the relevant Maturity Date to Euroclear and Clearstream, Luxembourg that such Series of Covered Bonds will be redeemed on the Maturity Date, with a copy of such notice to the CBC and the Security Trustee.

For the purposes hereof:

"Due for Payment" means, with respect to a Guaranteed Amount, (i) prior to the service of a CBC Acceleration Notice, the Scheduled Payment Date in respect of such Guaranteed Amount or, if later, the day which is two Business Days after service of an Issuer Acceleration Notice and a Notice to Pay on the CBC or (ii) after the service of a CBC Acceleration Notice, the date on which the CBC Acceleration Notice is served (or, in either case, if such day is not a Business Day, the first following Business Day).

"Guaranteed Amounts" means, in respect of a Series:

- (a) with respect to any Scheduled Payment Date falling prior to the service of a CBC Acceleration Notice, the sum of the Scheduled Interest and Scheduled Principal payable on such Scheduled Payment Date; or
- (b) with respect to any date after the service of a CBC Acceleration Notice, an amount equal to the aggregate of (i) the relevant Early Redemption Amount specified in the Terms and Conditions as being payable on that date and (ii) all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds and all amounts payable by the CBC under the Trust Deed, provided that any Guaranteed Amounts representing interest paid after the Maturity Date shall be paid on such dates and at such rates as specified in the applicable Final Terms.

"Scheduled Interest" means, in respect of a Series, any amount of scheduled interest payable (i) under the Covered Bonds as specified in Condition 5 (*Interest*) (but excluding (a) any additional amounts relating to premiums, default interest or interest upon interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Security Trustee on account of scheduled interest and on-paid to the CBC in accordance with the Trust Deed, or (ii) under the Guarantee as specified in Condition 3(b) (*The Guarantee*).

"Scheduled Payment Dates" means, in respect of a Series, each Interest Payment Date and the Maturity Date as specified in (i) in the case of Scheduled Interest, Condition 5 (*Interest*) or Condition 3(b) (*The Guarantee*), as the case may be, or (ii) in the case of Scheduled Principal, Condition 7(a) (*Redemption at Maturity*).

"Scheduled Principal" means, in respect of a Series, any amount of scheduled principal payable under the Covered Bonds as specified in Condition 7(a) (*Redemption at Maturity*) (but excluding (a) any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Security Trustee on account of scheduled principal and on-paid to the CBC in accordance with the Trust Deed.

SECURITY

Parallel Debt

In the Parallel Debt Agreement the CBC has irrevocably and unconditionally undertaken to pay to the Security Trustee (the "**Parallel Debt**") an amount equal to the aggregate amount due (*verschuldigd*) by it (i) to the Covered Bondholders under the Covered Bonds, (ii) as fees or other remuneration to the Directors under the Management Agreements, (iii) as fees and expenses to the Servicer under the Servicing Agreement, (iv) as fees and expenses to the Administrator under the Administration Agreement, (v) as fees and expenses to the Paying Agents and the Registrar under the Agency Agreement, (vi) as fees and expenses to the Calculation Agent under the Calculation Agency Agreement, (vii) to the Swap Counterparties under the Swap Agreements, (viii) as fees and expenses to the Asset Monitor under the Asset Monitor Appointment Agreement, (ix) to the CBC Account Bank under the CBC Account Agreement, (x) to the Subordinated Loan Provider, (xi) to the Transferor, and (xii) to such other party designated by the Security Trustee to become a secured party (the parties referred to in items (i) through (xii) together the "**Secured Parties**"). The Parallel Debt constitutes a separate and independent obligation of the CBC and constitutes the Security Trustee's own separate and independent claims (*eigen en zelfstandige vordering*) to receive payment of the Parallel Debt from the CBC. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the CBC to the Secured Parties shall be reduced by an amount equal to the amount so received.

Security Documents - distribution of proceeds

The Parallel Debt is secured by the first ranking security rights created under the Security Documents. "**Security Documents**" means all deeds and/or other documents under which the CBC creates first ranking security in favour of the Security Trustee over the Transferred Assets and certain other assets of the CBC.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Post CBC Acceleration Notice Priority of Payments, save for Swap Collateral. The amounts due to the Secured Parties will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee on the Mortgage Receivables and other assets pledged to the Security Trustee under any Security Trustee Receivables Pledge Agreement, any Security Trustee Rights Pledge Agreement and any other Pledge Agreements, excluding Swap Collateral.

Security in favour of the Security Trustee in respect of the Mortgage Receivables

Pursuant to a receivables pledge agreement (the "**Security Trustee Receivables Pledge Agreement**") the CBC has undertaken to vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights immediately following the transfer thereof to the CBC, which will secure the payment obligations of the CBC to the Security Trustee under the Parallel Debt Agreement and any other Transaction Documents. The pledge on the Mortgage Receivables will not be notified to the Borrowers and the Insurance Companies, respectively, except in the event that certain notification events occur relating to the CBC, including the occurrence of a CBC Event of Default, by the Security Trustee (the "**Security Trustee Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be an "undisclosed" right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Dutch Civil Code.

Security in favour of the Security Trustee over other Transferred Assets

The CBC has also undertaken to vest a first ranking right of pledge or such other appropriate first ranking security interest in favour of the Security Trustee on any other Transferred Assets transferred to the CBC on the relevant Transfer Date.

Security in favour of the Security Trustee over Transaction Documents

In addition, under a pledge agreement of rights (the "**Security Trustee Rights Pledge Agreement**", together with the Security Trustee Receivables Pledge Agreement and any other agreement pursuant to which security is granted to the Security Trustee on any Transferred Asset other than the Mortgage Receivables and the Beneficiary Rights relating thereto entered into with the Security Trustee, the "**Pledge Agreements**") a right of pledge was vested by the CBC in favour of the Security Trustee on the Programme Date over all rights of the CBC under or in connection with (i) the Guarantee Support Agreement, (ii) the Servicing Agreement, (iii) the Administration Agreement, (iv) the Subordinated

Loan Agreement, (v) any Swap Agreement, (vi) the Asset Monitor Appointment Agreement; (vii) the Agency Agreement, (viii) the CBC Account Agreement and (ix) in respect of the CBC Transaction Accounts (the "**CBC Transaction Documents**"). This right of pledge has been notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*).

THE CBC

The Van Lanschot Conditional Pass-Through Covered Bond Company B.V. (the "**CBC**") was incorporated with limited liability under the laws of the Netherlands on 11 December 2014. The corporate seat (*statutaire zetel*) of the CBC is in Amsterdam, the Netherlands. The registered office of the CBC is at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands and its telephone number is +31 20 521 4777. The CBC is registered with the Commercial Register of the Chamber of Commerce under number 62066587.

The CBC is a special purpose vehicle, which objectives are, in the framework of a Conditional Pass-Through Covered Bond Programme of the Issuer, (a) to acquire, purchase, conduct the management of, dispose of and to encumber receivables and other goods under or in connection with loans granted by a third party or by third parties, and to exercise any rights connected to such receivables and other goods, (b) to issue guarantees in favour of holders of covered bonds issued by the Issuer, (c) to on-lend and invest any funds held by the CBC, (d) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) in connection with the foregoing: (i) to borrow funds; and (ii) to grant security rights to third parties or to release security rights and (f) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

The CBC has an authorised share capital of euro 1.00 of which euro 1.00 has been issued and is fully paid. All shares of the Issuer are held by Stichting Holding Van Lanschot Conditional Pass-Through Covered Bond Company.

Stichting Holding Van Lanschot Conditional Pass-Through Covered Bond Company is a foundation (*stichting*) incorporated under the laws of the Netherlands on 9 December 2014 (the "**Stichting Holding**"). The objects of Stichting Holding Van Lanschot Conditional Pass-Through Covered Bond Company are to incorporate, to acquire and to hold shares in the capital of the CBC, to conduct the management of and to administer shares in the CBC, to exercise any rights connected to shares in the CBC, to grant loans to the CBC and to alienate and to encumber shares in this company and furthermore, to perform any acts which are related or conducive to the above. The sole managing director of Stichting Holding is Intertrust Management B.V.

Statement by managing director of the CBC

Since its incorporation there has been no material adverse change in the financial position or prospects of the CBC and the CBC has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the transaction included in this Base Prospectus nor (ii) prepared any financial statements.

The CBC has not published any audited financial information or interim financial information and the CBC confirms that since the date of its incorporation there has been no significant change in the financial or trading position of the CBC.

There are no legal, arbitration or governmental proceedings (including any such proceedings of which are pending or threatened of which the CBC is aware) which may have, or have had in the recent past, a significant effect on the CBC's financial position or profitability nor, so far as the CBC is aware, are any such proceedings pending or threatened against the CBC.

The CBC has the corporate power and capacity to issue the Guarantee, to acquire the Transferred Assets and to enter into and perform its obligations under the Transaction Documents (see further *Terms and Conditions of the Covered Bonds*).

The sole managing director of the CBC is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are A.R. van der Veen, R. Posthumus, P. de Langen, O.J.A. van der Nap and D.J.C. Niezing. The managing director of the CBC have chosen domicile at the office address of Intertrust Management B.V., being Prins Bernardplein 200, 197 JB Amsterdam, the Netherlands.

Each of the managing directors of Stichting Holding and the CBC has entered into a management agreement with the entity of which it has been appointed managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Covered Bonds outstanding. In addition each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the CBC other than the Transaction Documents to which it is a

party, without the prior written consent of the Security Trustee and subject to Rating Agency Confirmation.

There are no potential conflicts of interest between any duties to the CBC of its managing director and private interests or other duties of the managing director.

The financial year of the CBC coincides with the calendar year and the first financial year will end on 31 December 2015.

9. THE SECURITY TRUSTEE

Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company (the "**Security Trustee**") is a foundation (*stichting*) incorporated under the laws of the Netherlands on 9 December 2014. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as security trustee for the benefit of the creditors of the CBC, including the holders of covered bonds to be issued by the CBC and the beneficiaries of guarantees issued by the CBC for covered bonds issued by the Issuer, (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the CBC, including the holders of covered bonds issued by the CBC and holders of covered bonds issued by the Issuer in whose favour the CBC has issued guarantees, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the CBC, which is conducive to the holding of the above mentioned security rights, (c) to borrow money, (d) to make donations and (e) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of the above. The Security Trustee does not have the intent to make profits.

The sole director of the Security Trustee is SGG Securitisation Services B.V., having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

The Security Trustee has agreed to act as security trustee for the holders of the Covered Bonds and to pay any amounts received from the Issuer or the CBC or amounts collected by the Security Trustee under the Security to the Covered Bondholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

In addition, the Security Trustee has agreed to act as security trustee *vis-à-vis* the other Secured Parties and to pay to such Secured Parties any amounts received from the Issuer or the CBC or amounts collected by the Security Trustee under the Security to which the relevant Secured Party is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Transaction Document to which it is a party, except in the event of its wilful misconduct (*opzet*) or gross negligence (*grote nalatigheid*), and it shall not be responsible for any act or negligence of persons or institutions selected by it in good faith and with due care.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Trust Deed or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed or otherwise.

As set out in the Trust Deed, the relevant Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer or the CBC to the Secured Parties have been paid in full.

However, the Covered Bondholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by a Programme Resolution, on the basis of Clause 25 of the Trust Deed. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer and the CBC, after having consulted the Secured Parties, other than the Covered Bondholders, and subject to Rating Agency Confirmation, has been contracted to act as director of the Security Trustee.

10. GUARANTEE SUPPORT

SALE AND TRANSFERS

The Issuer and the Transferor have agreed in the guarantee support agreement dated the Programme Date between the Issuer, the Transferor, the CBC and the Security Trustee, as the same may be amended and restated from time to time (the "**Guarantee Support Agreement**") that the Issuer and the Transferor will use its best efforts to transfer or procure the transfer of sufficient Eligible Assets, either directly by it as Transferor or, after accession of a new Transferor and upon the instruction of the Issuer, by another Transferor, to the CBC. The Transferor may sell and transfer Eligible Assets to the CBC. The transfers are effectuated as follows:

- (a) in the case of Eligible Receivables, by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the Transferor and the CBC of a deed of sale and assignment in the form attached to the Guarantee Support Agreement and offering the same for registration to the Dutch tax authorities (*Belastingdienst*) or by way of a notarial deed incorporating such deed of assignment. Notification (*mededeling*) of the assignment to the Borrowers will only take place if an Assignment Notification Event occurs in respect of the Transferor. Following receipt of notification by the relevant Borrowers, in principle, only payment to the CBC will be capable of discharging a Borrower's obligations under the relevant Mortgage Receivable; and/or
- (b) in the case of Eligible Collateral, by way of book-entry transfer (*girale overboeking*) and such further deed shall be executed as required and customary to effect the sale and transfer of such Eligible Collateral.

On the first Transfer Date, the Transferor will sell and transfer to the CBC the respective Eligible Receivables. Thereafter:

- (i) the Issuer and the Transferor may at any time offer for sale and transfer further Eligible Assets to the CBC; and
- (ii) the Issuer will use its best efforts, upon request of the CBC, to offer to sell and transfer or, after the accession of a new Transferor, procure that the other Transferor offers to sell and transfer further Eligible Receivables to the CBC. The CBC will only make such a request if it (or the Administrator on its behalf) determines that the Asset Cover Test has been breached (or would be breached when at that moment the Asset Cover Test would be performed) under the Asset Monitoring Agreement. The Issuer will have the right to comply with this best efforts undertaking by any other Transferor (if any) offering to transfer (part of) such Eligible Assets to the CBC.

The CBC shall accept each such offer to purchase new Mortgage Receivables if the relevant conditions precedent set out in the Guarantee Support Agreement have been met, including in the case of sale and transfer of mortgage receivables (the "**New Mortgage Receivables**") receipt of a confirmation that the Mortgage Receivables Warranties are true and correct in all material respects and not misleading in any material respect as at the relevant Transfer Date.

The purchase price for the Mortgage Receivables shall consist of an initial purchase price which shall be payable on the Transfer Date (the "**Initial Purchase Price**") and a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price is equal to the aggregate Outstanding Principal Amount of the Eligible Receivables at the Cut-Off Date. A part of the relevant Initial Purchase Price equal to the aggregate Construction Deposits will be withheld by the CBC and will be credited to the Construction Account. The Deferred Purchase Price shall be equal to the sum of all instalments in respect of the Deferred Purchase Price and each instalment (each a "**Deferred Purchase Price Instalment**") will, with respect to a CBC Payment Date, be equal to (A) prior to delivery of a CBC Acceleration Notice, an amount equal to the part of the Interest Available Amount and Principal Available Amount that exceeds (if any) the sum of all amounts payable by the CBC under (a) up to and including (m) of the CBC Priority of Payments or (B), after the delivery of a CBC Acceleration Notice the amount remaining after all payments as set forth in the Post CBC Acceleration Notice Priority of Payments under (a) up to and including (i) have been made (see *Cashflows*).

If an Assignment Notification Event has occurred, the Issuer shall or, at its option, shall procure that the Transferor shall, unless the Security Trustee, subject to a Rating Agency Confirmation, instructs it otherwise, forthwith notify or ensure that the relevant Borrowers and, solely in relation to the Beneficiary Rights, the Insurance Companies are forthwith notified of the assignment of the relevant Mortgage Receivables and the Beneficiary Rights relating thereto.

The CBC has the right to make these notifications itself.

The Transferor will undertake that it will use its best efforts upon the occurrence of an Assignment Notification Event to terminate its appointment as beneficiary under the Insurance Policies and to appoint the CBC or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies.

Pursuant to the Guarantee Support Agreement, the CBC will be entitled to any proceeds from the Transferred Assets as of the first day of the month immediately preceding the date on which such New Mortgage Receivables are transferred or, in respect of other Transferred Assets, the date of purchase and transfer (the "**Cut-Off Date**").

The Subordinated Loan Provider has made available and will make a Subordinated Loan available to finance the Initial Purchase Price for New Mortgage Receivables.

In the Guarantee Support Agreement the Transferor covenants, among other things, that if (i) it makes any Further Advance under any mortgage loan agreement, (ii) such Further Advance is secured by the same Mortgage that secures the Mortgage Receivable and (iii) (a) such Further Advance results in an Eligible Receivable, then it will offer to sell and transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date, or (b) such Further Advance does not result in an Eligible Receivable, then it will offer to repurchase and request the retransfer of the relevant Mortgage Receivable in accordance with the Guarantee Support Agreement.

Neither the CBC, nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Transferred Assets. Instead, each is relying entirely on the Transferor Warranties by the Transferor contained in the Guarantee Support Agreement. The parties to the Guarantee Support Agreement may, with the prior written consent of the Security Trustee and subject to Rating Agency Confirmation, amend the Transferor Warranties. The mortgage receivables warranties, (the "**Mortgage Receivables Warranties**") are as follows and are given on the relevant Transfer Date by the Transferor in respect of the Eligible Receivables and the New Mortgage Receivables to be transferred by it to the CBC:

- (i) each New Mortgage Receivable is an Eligible Receivable; and
- (ii) the particulars of the Eligible Receivables set out in Annex 1 to the relevant deed of sale, assignment and pledge, are true, complete and accurate in all material respects and the Outstanding Principal Amount in respect of each Eligible Receivable as at the relevant Transfer Date and the aggregate Outstanding Principal Amount of the Eligible Receivables is correctly stated in the relevant deed of assignment.

The Programme Agreement provides a mechanism for (i) at the option of the Issuer, members of the Van Lanschot Group wishing to transfer Eligible Assets to the CBC, to accede to the Transaction Documents as a New Transferor, subject always to Rating Agency Confirmation and (ii) a Transferor that has not originated any of the CBC's Transferred Assets held by the CBC at such time, to withdraw from the Transaction Documents as a Transferor. New Transferors will be required to provide the same covenants, representations and warranties described herein as the initial Transferor, provided that it will not undertake its best efforts to transfer Eligible Assets if requested by the CBC.

In the Trust Deed, the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that an Assignment Notification Event or a Breach of Asset Cover Test has occurred.

For the purpose hereof:

"Assignment Notification Event" means in respect of a Transferor the earliest to occur of the following:

- (i) a default is made by the Transferor in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to the Transferor;
- (ii) the Transferor fails duly to perform or comply with any of its obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to the Transferor or such other party;

- (iii) the Transferor takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (*ontbinding*), liquidation (*vereffening*) or legal demerger (*juridische splitsing*) involving the Transferor or for its being converted in a foreign entity, or its assets are placed under administration (*onder bewind gesteld*);
- (iv) the Transferor takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft or suspension of payments (*surseance van betaling*), as the case may be, (ii) its bankruptcy, (iii) any analogous insolvency proceedings under any applicable law or (vii) the appointment of a liquidator, administrator or a similar officer of it or of any or all of its assets;
- (v) a Notice to Pay is served on the Issuer and the CBC;
- (vi) an Issuer Acceleration Notice is served on the Issuer;
- (vii) a CBC Event of Default occurs; or
- (viii) a Security Trustee Pledge Notification Event occurs.

"Further Advance" means, in relation to a Mortgage Receivable, a new mortgage loan or a further advance to be made to a Borrower by the Transferor, whether or not under the relevant Mortgage Loan, which is only secured by the Mortgage which also secures the Mortgage Receivable.

"Further Advance Receivable" means any and all rights of the Transferor under or in connection with a Further Advance.

"Net Outstanding Principal Amount" means in relation to a Mortgage Receivable, at any date, the Outstanding Principal Amount of the relevant Mortgage Loan.

"Outstanding Principal Amount" in respect of a Mortgage Receivable, on any date the (then remaining) aggregate principal sum (*hoofdsom*) due by the relevant Borrower under the relevant Mortgage Loan, including any Further Advance Receivable transferred to the CBC, and after the foreclosure of the relevant Mortgage Receivable resulting in a loss being realised, zero.

"Rating Agency Confirmation" means, with respect to a matter which requires Rating Agency Confirmation under the Transaction Documents and which has been notified to each Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

- (a) a confirmation from each Rating Agency that its then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant matter (a **"confirmation"**);
- (b) if no confirmation is forthcoming from any Rating Agency, a written indication, by whatever means of communication, from such Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an **"indication"**); or
- (c) if no confirmation and no indication is forthcoming from any Rating Agency and such Rating Agency has not communicated that the then current ratings of the Covered Bonds will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:
 - i. a written communication, by whatever means, from such Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or
 - ii. if such Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Rating Agency.

"Transferor Warranties" means the representations and warranties given by each of the Transferors with respect to it as set out in Schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement including the Mortgage Receivables Warranties.

"Transfer Date" means the date of transfer of any Eligible Assets to the CBC in accordance with the Guarantee Support Agreement.

"Transferred Assets" means the Mortgage Receivables and the Beneficiary Rights relating thereto and the Transferred Collateral.

"Transferred Collateral" means any Eligible Collateral transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not redeemed, retransferred, sold or otherwise disposed of by the CBC.

REPURCHASE AND RETRANSFERS

Pursuant to the Guarantee Support Agreement:

Mandatory repurchase

1. The Transferor shall repurchase and request the retransfer of a Mortgage Receivable from the CBC if a material breach of the Mortgage Receivables Warranties occurs on or appears after the relevant Transfer Date in respect of such Mortgage Receivable.
2. The Transferor shall repurchase and request a retransfer of a Mortgage Receivable from the CBC if (a) the Transferor becomes entitled to a Further Advance, (b) such Further Advance is secured by the same Mortgage that secures the Mortgage Receivable and (c) such Further Advance does not result in an Eligible Receivable and, as a consequence thereof, such Mortgage Receivable would not qualify as an Eligible Receivable if it were tested against the Eligibility Criteria at that time.

Voluntary repurchase

3. Prior to the occurrence of a CBC Event of Default the Transferor may from time to time request a repurchase and retransfer from the CBC to it of any Transferred Asset.

Right of first refusal of Transferors

4. If the CBC intends to sell Transferred Assets on terms permitted or required by the Asset Monitoring Agreement, it shall first offer such Transferred Assets for sale on the same terms to the Transferor (or any party appointed by such Transferor) in accordance with the Guarantee Support Agreement.

A sale, repurchase and retransfer of a Mortgage Receivable will take place in accordance with the Guarantee Support Agreement. A sale, repurchase and retransfer by the CBC as abovementioned will be effectuated in substantially the same manner as the sale and transfers to the CBC described above, *mutatis mutandis*. If the sale, repurchase and retransfer concerns Mortgage Receivables which are transferred to the Transferor further to the Transferor's right of first refusal (*voorkeursrecht*), the underlying sale and purchase will be concluded through execution and registration of a deed of sale and assignment. In each case the repurchase price for the relevant Transferred Asset will be equal to the Outstanding Principal Amount in respect of a Mortgage Receivable plus Accrued Interest, except with respect to Defaulted Receivables in respect of which no breach of the Mortgage Receivables Warranties has occurred, and will be equal to the Collateral Market Value in respect of other Transferred Assets. The repurchase price for the relevant Defaulted Receivable in respect of which no breach of the Mortgage Receivables Warranties has occurred will be at least the lesser of (i) the sum of (a) an amount equal to the foreclosure value of the Mortgaged Assets and (b) the value of all other collateral and (ii) the sum of the Outstanding Principal Amount of such Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under such Mortgage Receivable.

The Guarantee Support Agreement provides that the Transferor may amend the terms and conditions of the Mortgage Loans, in respect of Mortgage Receivables, provided that (i) after such amendment the Mortgage Loan or, as the case may be, the Mortgage Receivable meets the Eligibility Criteria and (ii) such amendment does not adversely affect the enforceability of the Mortgage Loan or, as the case may be, the Mortgage Receivable and the security rights granted in connection therewith. Therefore, if the Transferor wishes to amend the terms and conditions of the Mortgage Loans, in respect of Mortgage Receivables, in such manner that such Mortgage Loan or, as the case may be, the Mortgage Receivable will no longer meet the Eligibility Criteria, it must first repurchase the relevant Mortgage Receivable prior to such amendment.

"Accrued Interest" means in relation to any Mortgage Receivable and as at any date interest on such Mortgage Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Mortgage Loan immediately prior to the relevant date up to and including that date;

"Arrears of Interest" means in relation to any Mortgage Receivable and as at any date, interest which is due and payable and unpaid up to and including that date;

"Defaulted Receivable" means any Mortgage Receivable (other than any Mortgage Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower owing such Mortgage Receivable or any Mortgage Receivable which has been written off by the Transferor as irrecoverable for accounting purposes in accordance with the Transferor's general accounting practices) in respect of which:

- (i) a declaration has been made by the Transferor that such Mortgage Receivable is irrecoverable;
- (ii) legal proceedings have been commenced for its recovery;
- (iii) the related Borrower is declared bankrupt (*failliet verklaard*) or has been granted a suspension of payments (*surseance van betaling*) or debt rescheduling arrangement (*schuldsaneringsregeling*) or equivalent or analogous events or proceedings have occurred in relation to the relevant Borrower; or
- (iv) the relevant Borrower has not paid (including, without limitation, payments made by third parties on behalf of the Borrower) by the end of the calendar month during which such Mortgage Receivable becomes more than 180 days overdue for payment from the original date on which such Mortgage Receivable is due and payable.

ELIGIBLE ASSETS

The following assets are eligible to be transferred to the CBC by the Transferors pursuant to the Guarantee Support Agreement:

- Eligible Receivables; and
- Eligible Collateral (together with the Eligible Receivables; the "**Eligible Assets**").

For the purpose hereof:

"Borrower Investment Account" means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;

"Borrower Investment Pledge" means a right of pledge (*pandrecht*) on the rights of the relevant Borrower in connection with the Borrower Investment Account in relation to Investment Mortgage Loans to the extent the rights of the Borrower qualify as future claims, such as options (*opties*);

"Eligible Collateral" means euro denominated cash and/or Substitution Assets.

"Eligible Receivable" means a mortgage receivable or a mortgage loan to which it relates which complies with the following criteria, which are all subject to amendment from time to time, provided that Rating Agency Confirmation is obtained in respect of such amendment (as amended from time to time, the "**Eligibility Criteria**") as at the relevant Transfer Date:

General

- the mortgage loans are denominated in euro and either:
 - Interest-only Mortgage Loans (*aflossingsvrije hypotheken*);
 - Linear Mortgage Loans (*lineaire hypotheken*);
 - Annuity Mortgage Loans (*annuïteitenhypotheken*);
 - Investment Mortgage Loans (*beleggingshypotheken*);
 - Insurance Savings Mortgage Loans (*spaarhypotheken*);
 - Life Mortgage Loans (*levenhypotheken*); or
 - Mortgage Loans which combine any of the above mentioned types of Mortgage Loans (*combinatiehypotheken*) and, for the avoidance of doubt, any of the above mentioned types of Mortgage Loans which qualify as starters Mortgage Loans (*startershypotheekleningen*);
- the Mortgage Receivable and the Beneficiary Rights relating thereto are duly and validly existing, not subject to annulment or dissolution as a result of circumstances which have occurred prior to the relevant Transfer Date;
- each Mortgage Receivable and the Mortgage and the right of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower *vis-à-vis* the Transferor, subject to any limitations arising from bankruptcy, insolvency and any other laws of general application relating to or affecting the rights of creditors;
- the Mortgage Loans and, if offered by the Transferor, the Insurance Policy connected thereto, has been granted, in all material respects, in accordance with all applicable legal requirements prevailing at the time of origination, and insofar applicable at such time the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) and the relevant originator's standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a prudent lender of Netherlands residential mortgages;
- the maximum Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, (a) originated in and after August 2011 did not at origination exceed (i) 104 per cent. of the original market value of the relevant mortgaged assets, which outstanding principal amount may, where applicable, be supplemented by the stamp duty payable under the Dutch Legal Transactions (taxation) Act upon its creation or, if lower, (ii) the maximum amount as may be applicable under the relevant regulations at the time of origination, and (b) originated before August 2011 the Outstanding Principal Amount of the Mortgage Loan from which it results does not exceed 125% of the foreclosure value of the related Mortgaged Asset at the time of origination;
- with respect to Mortgage Receivables secured by a Mortgage on a long lease, the Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the Transferor provide that certain provisions should be met as

- would in such case be required by a reasonable lender and (b) becomes due if the long lease terminates for whatever reason;
- (g) there are no other receivables having the same details, and (i) in the administration of the Transferor the Mortgage Receivables, which are purported to be assigned and pledged, can be identified without uncertainty, and (ii) one can determine in the administration of the Transferor without any uncertainty which Beneficiary Rights and ancillary rights belong to which Mortgage Receivables;
 - (h) each Borrower under the Mortgage Loans has given a power of attorney to direct debit its account for amounts due under the Mortgage Loans;
 - (i) none of the Borrowers is an employee of any of the Transferors;
 - (j) each Borrower is a private individual and a resident of the Netherlands;
 - (k) in the Mortgage Loans, it is stipulated that all payments by the Borrowers should be made without any deduction or set-off;
 - (l) each Mortgage Loan is governed by Dutch law;
 - (m) to the best knowledge of the Transferor, the Borrowers are not in material breach of their Mortgage Loans;
 - (n) none of the Mortgage Loans has a maturity date beyond 30 years after the date of the transfer of the related Mortgage Receivable to the CBC, except that the Long Term Mortgage Loans may have longer or no maturities;
 - (o) the interest rate for each Mortgage Receivable (or relevant loan part thereof) is on the relevant Cut-Off Date at least equal to the Minimum Mortgage Interest Rate;
 - (p) the principal sum was in case of each Mortgage Loan fully disbursed to the relevant Borrower whether or not through the relevant civil law notary and no amounts are held in deposit with respect to premia and interest payments (*rente en premiedepots*) except for any Construction Deposits;
 - (q) at least the first instalment of each Mortgage Receivable is paid by the relevant Borrower;

Transfer

- (r) the Transferor has full right and title to the Mortgage Receivables and the Beneficiary Rights and ancillary rights relating thereto and no restrictions on the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned;
- (s) the Transferor has power (*is beschikkingsbevoegd*) to assign the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (t) the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments (*beslagen*) and no option rights to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto have been granted by the Transferor in favour of any third party with regard to the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (u) neither the Mortgage Loan nor the Mortgage contain any reference or indication or wording to the effect that in case of assignment or pledge of the receivable the mortgage or pledge will not follow the receivable if assigned or pledged;

Security

- (v) each Mortgage Receivable is secured by a Mortgage governed by Dutch law on at least one Mortgaged Asset which is located in the Netherlands and such Mortgaged Asset is predominantly used for a residential purpose in the Netherlands;
- (w) all Mortgages and rights of pledge granted to secure the Mortgage Receivable (i) constitute valid Mortgages (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge respectively and, to the extent relating to the Mortgages, entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*), (ii) have first or first and sequentially lower ranking priority and (iii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the Transferor on behalf of the Borrower;
- (x) each Mortgaged Asset is occupied by the Borrower at the moment of (or shortly after) origination or, in case a Mortgage Receivable is secured by more than one Mortgaged Asset, one of the primary Mortgaged Asset is occupied by the Borrower at such moment;
- (y) each Mortgaged Asset concerned was valued according to the then prevailing guidelines of the Transferor, which guidelines are in a form as may reasonably be expected from a prudent lender of residential mortgage loans in the Netherlands. No revaluation of the Mortgaged Assets has been made for the purpose of the Programme;
- (z) if the Transferor is not the originator of the Mortgage Loan, the relevant Mortgage Loan was transferred by means of a contract transfer to which the relevant Borrowers have not abstained

their cooperation and the Mortgage no longer secures any claims of the originator after transfer;

Insurance

- (aa) with respect to Mortgage Loans, whereby it is a condition for the granting of the Mortgage Loan that a life insurance policy is entered into by the Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the Transferor, (ii) the Mortgage Loan and the life insurance policy are in the Transferor's or the Life Insurance Company's promotional materials not offered as one product or under one name (iii) the Borrowers are free to choose the relevant Life Insurance Company and (iv) the Life Insurance Company is not a group company of the Transferor;
- (bb) in respect of each Mortgage Loan the Transferor has the benefit of a valid right of pledge on the rights under a life insurance policy or risk insurance policy and either (i) the Transferor (or originator) has been validly appointed as beneficiary under such policy or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;
- (cc) the Mortgage Conditions contain a requirement to have and to maintain the benefit of a buildings insurance (*opstalverzekering*) for at least the full reinstatement value (*herbouwwaarde*);

Savings Mortgage Loans

- (dd) with respect to Savings Mortgage Loans the Transferor has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the Transferor has been validly appointed as beneficiary under such policy or (ii) the Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;

Investment Mortgage Loans

- (ee) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the Transferor and the securities are purchased on behalf of the relevant Borrower by:
 - (i) an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*), which is by law obliged to administer the securities in the name of the relevant Borrower through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); or
 - (ii) a bank, which is by law obliged to (x) administer the securities through a separate depositary vehicle and/or (y) only administer securities the transfer of which is subject to the Wge;
- (ff) there is no connection between any of the Investment Mortgage Loans and any Investment Portfolio, other than the Borrower Investment Pledge;

Index Guaranteed Contracts

- (gg) there is no connection between any of the Mortgage Loans and the Index Guaranteed Contracts, other than the Borrower Investment Pledge and the claims of any Borrower under the Index Guaranteed Contracts are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and the Index Guaranteed Contract cannot be terminated by the Transferor prematurely, but can be terminated by the relevant Borrower on a monthly basis;

Entire Loan

- (hh) each receivable under a Mortgage Loan (*hypothecaire lening*) which is secured by the same Mortgage is assigned to the CBC pursuant to the Guarantee Support Agreement; and
- (ii) each Mortgage Loan constitutes the entire Mortgage Loan granted to the relevant Borrower and not merely one or more loan parts (*leningdelen*);

"Mortgage" means a mortgage right (*hypothekerecht*) securing the relevant Mortgage Receivable.

"Mortgaged Assets" means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), (iii) a long lease (*erfpacht*), which is subject to a Mortgage.

"Standardised Approach" means Chapter 2 (Standardised Approach) of the CRR (as amended, varied and/or supplemented from time to time), as applicable;

"Substitution Assets " means the classes of assets denominated in euro from time to time eligible under the CRR and/or the Wft to collateralise covered bonds including (on the date of this Base Prospectus) and subject to certain limitations:

- (a) exposures to or guaranteed by central governments, central banks or international organisations in accordance with article 129(1)(a) CRR;
- (b) exposures to or guaranteed by public sector entities, regional governments or local authorities in accordance with article 129(1)(b) CRR;
- (c) exposures to institutions in accordance with article 129(1)(c) CRR; and
- (d) exposures for which DNB has waived the application of article 129(1)(c) CRR in accordance with article 129(1) CRR third paragraph,

which assets are limited to 20 per cent., or such other percentage as required under the Wft, of the aggregate Principal Amount Outstanding of the Covered Bonds.

11. SUBORDINATED LOAN

On the first Transfer Date and each Transfer Date thereafter the Subordinated Loan Provider will under a subordinated loan agreement dated the Programme Date between the CBC, the Subordinated Loan Provider, the Issuer and the Security Trustee, as the same may be amended and restated from time to time, (the "**Subordinated Loan Agreement**") make available to the CBC the Subordinated Loan Facility and advance subordinated loan advances to finance the acquisition of New Mortgage Receivables (in each case with a maximum of the Initial Purchase Price for the Mortgage Receivables purchased on such date) and Substitution Assets and on any date, advance a subordinated loan advance to credit the Reserve Account up to the Reserve Account Required Amount (each such subordinated loan advance a "**Subordinated Loan Advance**" and the aggregate amount of all Subordinated Loan Advances outstanding at a time together the "**Subordinated Loan**").

Each Subordinated Loan Advance will accrue interest at a rate equal to 3.00 per cent. per annum which rate will be reset on the CBC Payment Period falling in June of each year by the Subordinated Loan Provider at a rate which is in line with the last publicly issued senior unsecured debt obligations of the Issuer under its Euro Medium Term Notes programme, unless the Subordinated Loan Provider determines that such rate substantially deviates from the rate which at such date would be expected to be payable by Van Lanschot on such senior unsecured debt obligations, in which case the Subordinated Loan Provider will set the interest rate at a level which it, in its reasonable discretion, determines to be a fair interest rate for Van Lanschot's senior unsecured debt obligations. The interest rate on each Subordinated Loan Advance and the Subordinated Loan will accrue on a monthly basis. The interest payable under the Subordinated Loan and each Subordinated Loan Advance outstanding will be due on each CBC Payment Date, provided that if the amount remaining from the Principal Available Amount and the Interest Available Amount after all items ranking above (l) (payment of interest on the Subordinated Loan) or, as the case may be, item (h) of the Post CBC Acceleration Notice Priority of Payments, have been paid or provided for in full, is insufficient to pay the interest due on the Subordinated Loan, the amount available (if any) shall be applied to the amount of interest due on such Subordinated Loan. In the event of a shortfall, the CBC shall credit a ledger established for such purpose (the "**Subordinated Loan Interest Deficiency Ledger**") with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Loan on any CBC Payment Date falls short of the aggregate amount of interest payable on the Subordinated Loan on that date. Such shortfall shall not be treated as due on that date, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Loan for such period and such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated as if it were interest due, subject to this limitation, on the Subordinated Loan on the next succeeding CBC Payment Date.

On each CBC Payment Date the CBC will apply the Subordinated Loan Available Redemption Amount towards redemption of the Subordinated Loan up to a maximum of the Subordinated Loan Maximum Redemption Amount. Each Subordinated Loan shall be repaid ultimately on the CBC Payment Date falling in February 2062.

"**Subordinated Loan Facility**" means the subordinated loan facility made available by the Subordinated Loan Provider to the CBC under the Subordinated Loan Agreement (i) to finance the acquisition of New Mortgage Receivables (in each case with a maximum of the Initial Purchase Price for the Mortgage Receivables purchased on such date) or Substitution Assets and (ii) to credit the Reserve Account up to the Reserve Account Required Amount.

"**Subordinated Loan Available Redemption Amount**" means on any CBC Payment Date the lower of (a) any amount remaining from the Principal Available Amount and the Interest Available Amount after all items ranking above item (m) (repayment of principal on the Subordinated Loan) of the CBC Priority of Payments have been paid or provided for in full and (b) the outstanding amount under the Subordinated Loan minus the sum of the Outstanding Principal Amount of the Transferred Assets.

"**Subordinated Loan Maximum Redemption Amount**" means (a) the amount outstanding under the Subordinated Loan minus (b) (i) the Outstanding Principal Amount of the Mortgage Receivables plus (ii) the Collateral Market Value of the Substitution Assets and plus (iii) the balance standing to the credit of the Reserve Account.

In connection with the CBC issuing the Guarantee, the Subordinated Loan Provider, the Issuer and the CBC will agree that each time when the CBC has paid any Guaranteed Amount under the Guarantee, the Subordinated Loan may be reduced by the CBC with notice to the Issuer and to the Subordinated Loan Provider with an amount equal to the Guaranteed Amounts to be paid by the CBC to the Covered Bondholders. The Subordinated Loan will after such notice be reduced automatically with an amount equal to the amount paid by the CBC under the Guarantee.

The obligations of the CBC under the Subordinated Loan Agreement, and recourse of the Subordinated Loan Provider to the CBC, is limited to the amounts remaining for such purpose if all higher ranking items in the relevant Priority of Payments have been paid in full and will cease if the CBC no longer holds any Transferred Assets.

If a CBC Event of Default occurs the Subordinated Loan Provider may by notice to the CBC declare that the Subordinated Loan shall become immediately due and payable upon which the Subordinated Loan shall become immediately due and payable. The CBC shall immediately notify the Subordinated Loan Provider of the occurrence of such CBC Event of Default.

12. OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

Dutch residential mortgage market

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a range of relatively complex mortgage loan products⁴. Generous tax incentives have resulted in various loan structures. Most of these structures share the common characteristic of bullet repayment of principal at maturity. Historic practices and culture have also shaped the Dutch residential mortgage market in quite a unique way⁵.

Most mortgage loan products reflect the tax deductibility of mortgage loan interest and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high LTV values and the extensive use of interest-only mortgage loans (which only need to be redeemed at maturity)⁶. For borrowers who want to redeem their mortgage loan without losing tax deductibility, alternative products such as 'bank saving mortgage loans' were introduced. The main feature of a bank savings mortgage loan is that the borrower opens a deposit account which accrues interest at the same interest rate that the borrower pays on the associated mortgage loan. At maturity, the bank savings are used to redeem the mortgage loan.

In the period prior to the credit crisis increased competition and deregulation of the Dutch financial markets resulted in the development of tailor-made mortgage loans consisting of different loan parts and features, including mortgage loans involving investment risks for borrowers. More focus on transparency and financial predictability have resulted in simpler mortgage loan products in recent years.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a term between 5 and 15 years. Rate term fixings differ by vintage however. Historically low mortgage interest rates in the last decade provided an incentive for households to refinance their mortgage loans with a long-term fixed interest rate (up to as much as 30 years). Compared to countries where floating mortgage rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations⁷.

Even though Dutch house prices have declined since 2008, the principal amount outstanding of Dutch mortgage loans has continued to increase until the fourth quarter of 2012. Since then the aggregate outstanding mortgage debt of Dutch households has slightly decreased. The Dutch mortgage market is still supported by a gradual increase in the levels of owner-occupation and an environment of low mortgage loan interest rates.

Tax deductibility and regulation

Prior to 2001, all interest payments on mortgage loans were deductible in full from taxable income. As from January 2001, tax deductibility was made conditional in three ways. Firstly, deductibility applies only to mortgage loans on the borrower's primary residence (and not to secondary homes such as holiday homes). Secondly, deductibility is only allowed for a period of up to 30 years. Lastly, the highest marginal tax rate was reduced from 60 per cent. to 52 per cent. in 2001. However, these tax changes did not have a significant impact on the rate of mortgage loan origination, mainly because of the ongoing decrease of mortgage interest rates at that time.

On top of these limitations that came into force in 2001, tax deductibility of mortgage loan interest payments has been further restricted for borrowers that relocate to a new house and refinance their mortgage loan as from 1 January 2004. Under this new tax regulation (*Bijleenregeling*), tax deductibility in respect of interest on the mortgage loan pertaining to the new house is available only for that part of the mortgage loan that equals the purchase price of the new house less the realised net profit on the old house. Other housing related taxes partially unwind the benefits, but even despite restrictions implied in the past, tax relief on mortgage loans is still substantial. More meaningful restrictions to tax deductibility have been imposed per 1 January 2013 (see recent regulatory changes).

⁴ Due to new regulation, borrowers have been restricted to annuity or linear mortgage loans since January 2013 if they want to make use of tax deductibility. See paragraph "Recent regulatory changes" below

⁵ Rabo Credit Research, Dutch RMBS: a Primer (2013)

⁶ Dutch Association of Insurers, Dutch Insurance Industry in Figures (2012)

⁷ Maarten van der Molen en Hans Stegeman, "De ongekende stabiliteit van de Nederlandse woningmarkt" (2011)

Underwriting standards follow from the Code of Conduct for Mortgage Lending, which is the industry standard. Since 1 August 2011, the requirements for mortgage lending have been tightened by the Financial Markets Authority (AFM). This has resulted in a revised Code of Conduct for Mortgage Lending (*Gedragscode Hypothecaire Financieringen*). It limits the risks of over-crediting. Under those tightened requirements, the principal amount of a mortgage loan may not exceed 103 per cent. of the market value of the mortgaged property plus transfer tax (2 per cent.). In addition, only a maximum of 50 per cent. of the market value of the mortgaged property may be financed by way of an interest-only mortgage loan. In addition, the revised Code of Conduct provides less leeway for exceptions using the 'explain' clause.⁸ Consequence is that banks are less willing to deviate from the rules set by the revised Code of Conduct. This will make it more difficult for especially first-time buyers to raise financing as they used to be overrepresented as borrowers of mortgage loans subject to an explain clause. In practice, expected income rises of first-time buyers were frequently included, which led to additional borrowing capacity⁹.

Recent regulatory changes

Mortgage loans taken out for houses purchased after 1 January 2013 have to be repaid in full in 30 years and at least on an annuity basis in order to be eligible for tax relief (the linear option is also possible). Tax benefits for mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged. Grandfathering of these tax benefits is possible in case of refinancing and/or relocation. However, any such mortgage loans will again be tested against the Code of Conduct for Mortgage Lending, with the most important condition being that no more than 50 per cent. of the mortgage loan may be repaid on an interest-only basis.

As from 2014, the maximum interest deductibility for mortgage loans for tax purposes will decrease annually at a rate of 0.5 percent-point from the main income tax rate of 52 per cent. down to 38 per cent. in 2042.

In addition, the maximum LTV will be gradually lowered to 100 per cent. in 2018, by 1 per cent. per annum (2015: max LTV: 103 per cent. including transfer tax). This guideline has been inserted in special underwriting legislation, which has become effective per 1 January 2013. This new legislation overrules the Code of Conduct for Mortgage Lending currently.

The transfer tax (stamp duty) was temporarily lowered from 6 per cent. to 2 per cent. on 1 July 2011. With effect from 15 June 2012, it will remain permanently at 2 per cent.

Finally, interest paid on any outstanding debt from a mortgage loan remaining after the sale of a home (negative equity financing) can be deducted for tax purposes for a period of up to 15 years. This measure will be in place for negative equity financings entered into before 2018. Recent developments in the housing market¹⁰

The Dutch housing market has shown clear signs of recovery since the second half of 2013. On a quarterly basis, existing house prices (PBK-index) stayed flat in the fourth quarter of 2014, though the annual price increase equalled 2.1%. Since the recovery on the housing market started in the third quarter of 2013, house prices have increased by 2.2%. Compared to the peak in the third quarter of 2008, house prices are still 18.8% lower.

In the fourth quarter of 2014, considerably more houses changed hands than in previous quarters. The Land Registry registered a total of 51,314 transactions, which was the highest number since 2008. In particular December 2014 was good, but the number of sales in this month has been affected by the expiration of a temporary exemption in the gift tax framework. Forward looking indicators, such as the sales figures by the Dutch association of real estate agents (NVM), suggest an ongoing recovery of the Dutch housing market in 2015, though sales momentum is likely to decrease somewhat.

Forced sales

The number of arrears and involuntary sales of residential property by public auction ("forced sale") in the Netherlands is traditionally very low compared to international standards¹¹. Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in the event of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very good employment conditions and a continuing reduction of

⁸ Under the "explain" clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct

⁹ M.T. van der Molen, "Aanschaffen woning is makkelijker" (2012)

¹⁰ Rabobank Economic Research Department, Dutch Housing Market Quarterly, August 2014

¹¹ Comparison of S&P 90+ day delinquency data

mortgage interest rates. In the years before 2001, the total number of forced sales was therefore limited compared to the number of owner-occupied houses.

The relatively prolonged economic downturn from 2001 to 2005 led to a significant rise in the amount of mortgage loan payment arrears and correspondingly forced house sales. The number of forced sales in the Netherlands reported by the Land Registry (*Kadaster*) rose from 695 in 2002 to about 2,000 forced sales from 2005 onwards. This increase was mainly the result of a structural change in the Dutch mortgage loan market during the nineties: instead of selling single income mortgage loans only, lenders were allowed to issue double income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry recorded 1,863 forced sales in 2013. In 2014 the number of forced sales amounted to 2,178. Recent numbers on forced sales could be distorted by the fact that originators increasingly attempt to circumvent such sales, for example by selling the property in the normal market using an estate agent. Recent research confirms that the number of households in payment difficulties in the Netherlands is low from an international perspective and that problems mainly have 'external' causes such as divorce or unemployment as opposed to excessively high mortgage debt¹².

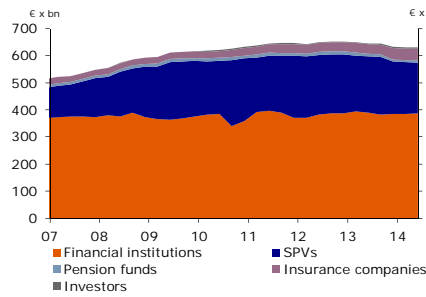
The proportion of forced sales is of such size that it is unlikely to have a significant impact on house prices. The Dutch housing market is characterised by a large discrepancy between demand and supply, which mitigates the negative effect of the economic recession on house prices. In the unforeseen case that the number of forced sales were to increase significantly, this could have a negative effect on house prices. Decreasing house prices could in turn increase loss levels should a borrower default on his mortgage loan payment obligations.

Even though in a relative sense the increase over the last years is substantial, the absolute number of forced sales is still small compared to the total number of residential mortgage loans outstanding. There is no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding¹³ and the current average mortgage loan principal amount it is estimated that the total number of residential mortgage loans outstanding in the Netherlands exceeds 3 million. A total of approximately 2,500 forced sales per year since 2005 therefore corresponds to approximately 0.1 per cent. of the total number of residential mortgage loans outstanding.

¹² Standard & Poor's, Mortgage lending business supports some European banking systems (2010)

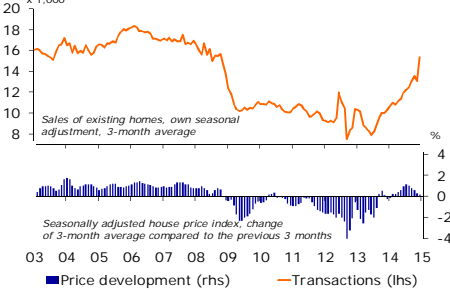
¹³ Dutch Central Bank, statistics, households, table T11.1

Chart 1: Total mortgage debt



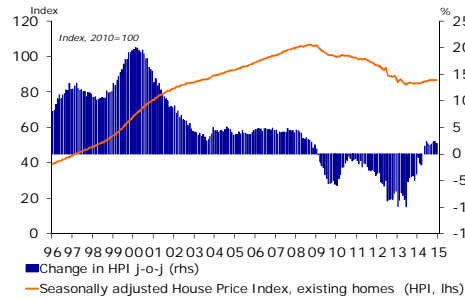
Source: Dutch Central Bank

Chart 2: Transactions and prices



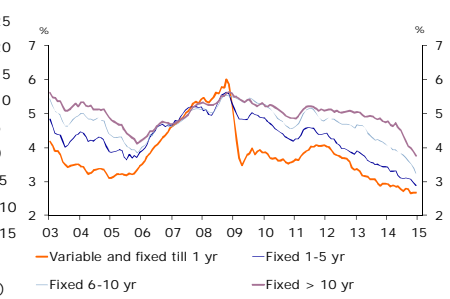
Source: Statistics Netherlands

Chart 3: Price index development



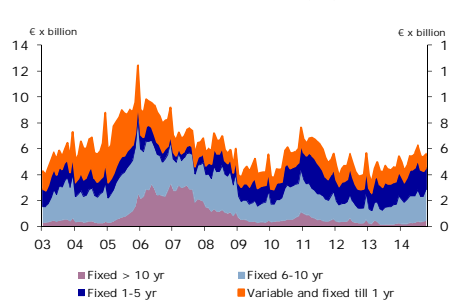
Source: Statistics Netherlands

Chart 4: Interest rate on new mortgages



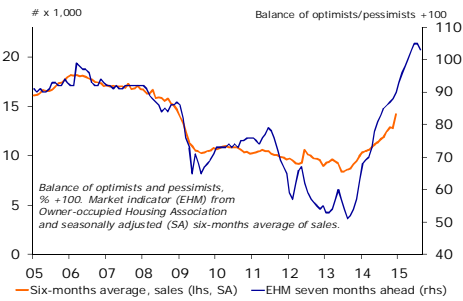
Source: Dutch Central Bank

Chart 5: Volume of new mortgages by term



Source: Dutch Central Bank

Chart 6: Confidence bodes for more sales



Source: Delft University OTB, Rabobank

13. ORIGINATION AND SERVICING

Mortgage Application and Approval, Servicing, Arrears and Foreclosure Management Processes

General overview

The Van Lanschot Risk Management Committee sets the risk management strategy, policy assumptions and credit limits. Responsibility for preparing policy and supervising its implementation has been delegated to the risk management department.

The following departments take part in the processes of application, approval, servicing, arrears and foreclosure management:

Risk Assessment Private Banking

The department Risk Assessment Private Banking (*Acceptatie & Beheer PB*) and its risk managers are responsible for the approval of credit applications, credit reviews as well as general credit management. Under certain conditions the certified mortgage advisor of the *Hypotheekcentrum* can also approve credit applications. Furthermore, this department also provides advice to the mortgage specialists of the *Hypotheekcentrum*. All risk managers have a proven track record within the Van Lanschot organisation and have significant expertise in analysing, evaluating and monitoring (mortgage) loans.

Recovery Division

The Recovery Division is responsible for the management and recovery of non-performing loans. The activities are divided in (i) special monitoring of borrowers with a less favourable financial position and (ii) control & administration of defaulted loans. Van Lanschot will take provisions for defaulted loans if repayment of the loan is doubtful as defined in applicable IFRS rules.

Credit Risk Management

CRM executes the second line of defense in credit risk management within Van Lanschot. Other responsibilities include Credit Portfolio Management and Credit Policy (initiating and coordinating).

Financial risk management

The financial risk management department is responsible for the development, validation and monitoring of the models used for measurement of Credit Risk. The activities are divided in retail modelling, non-retail modelling, economic capital modelling, introducing risk based pricing and risk management reporting

Mortgage application and approval process

The application process

Under the authority of the private banker and together with a mortgage specialist the credit banker writes the loan application. The credit banker is responsible for the entire application process, so both the content as well as the duration. After the application, the administration uses the ASK program as a workflow program which supports the financing administration from application to repayment of mortgage loans. ASK registers all securities and relevant documents related to the mortgage loan: valuation reports, income tax declarations and annual figures. The credit banker ensures that all relevant items of the application are sent to risk management and, provided that certain conditions are, the certified mortgage advisor can approve mortgage loans. After approval by risk management, the credit banker is responsible for sending the offer directly to the client or to the private banker. Once the client has accepted the offer, all relevant information will be entered into the back office systems. Every change in the offer that is requested by the client or the private banker or credit banker has to be approved again by risk management or the certified mortgage advisor under certain circumstances. When the mortgage loan is paid out, the approved application and all signed documents are documented and kept in the back office systems.

Required Documentation

The private banker and credit banker are responsible for the upfront delivery of the necessary documents so *Acceptatie & Beheer PB* can form a well based judgement (primary documents). The ASK program registers and is capable of storing these documents, such as valuation reports, income tax declarations, Figlo planning documents, annual reports etc. (the actual electronic filing is done in another application ("VLD")). In case one or more primary documents are not available at the time the approval officer of *Acceptatie & Beheer PB* is asked to take a decision, the approval officer gives a conditional approval so the credit banker or private banker can make a conditional offer to the client. The mortgage loan can only be paid out after explicit final approval of *Acceptatie & Beheer* and only when the necessary conditions have been met.

Mortgage loan criteria

Qualified Borrowers

Employees of a Dutch employer and with a Dutch permanent employment contract can be accepted as a borrower. Employees with a temporary contract can be accepted as borrowers when the likelihood of re-employment is considered high, dependent on characteristics such as education, position, prior professional experience, etc. A mortgage loan can also be granted based on the income of a double income family, when the borrowers are within the target client base of Van Lanschot. Both incomes may be from a temporary contract when the likelihood of re-employment is considered high (see above). Self-employed clients such as lawyers, doctors and independent accountants can be accepted as a borrower when the respective company has existed for at least three years and/or (in case of a starting company) future income can be determined with a high degree of certainty.

Income and capital criteria

All relevant information is reported in an extensive report. Particularly the overall financial position and the stability and amount of income combined with the wealth of the borrower, determines the limits of the mortgage offer. Van Lanschot uses the financial planning program called "*Figlo*" to assess the income and capital flow. In Figlo the nationally acknowledged NIBUD-benchmark is used to determine the maximum loan amount. The credit banker report will also incorporate an extensive analysis of the quality of income in general and particularly in respect of foreign borrowers, (starting) self-employed professionals, manager / shareholders. When doubts exist about the stability of the income and/or the proposed financing is largely based on growth forecasts, the application will be rejected or, to cover these income risks, additional security in the form of (liquid) wealth should be pledged to the bank.

Since august 2011 the benchmarks in the "*Gedragcode Hypothecaire Financieringen*" are leading in respect of the Mortgage Loans. This code forces criteria upon the loan capacity and will also be checked by risk management. These NIBUD criteria are for example:

- for the payments of the mortgage loan a 30 years annuity is the standard, without regarding the real redemption of the mortgage loan;
- the rate is 10 years State + 1% (for mortgage loans shorter than 10 years) or the real rate (for mortgage loans longer than 10 years);
- for the mortgage loans shorter than 10 years the rate is reviewed every quarter by the AFM.

The amount of the annuity payment compared to the total income accounted for in Figlo needs to be smaller than the income used in NIBUD. When there are multiple borrowers NIBUD is based on the borrower with the highest income.

If the income criteria are not met, the credit application is rejected. When additional capital is available to the client that can be used to supplement his income, the application can be accepted and a special condition (*zorgplichtclausule*) has to be mentioned in the mortgage loan agreement, sometimes in combination with additional collateral (liquid assets or stocks).

Maximum LTV at start (since 1-1-2015):

- 103% of the market value with regard to mortgage loans up to and including EUR 2 million;
- 103% of the market value with regard to mortgage loans higher than EUR 2 million but less than EUR 3 million with an additional condition, i.c. pledge of securities of 25% of the part of the loan above 75% of the market value of the residence;
- 103% of the market value with regard to mortgage loans higher than EUR 4 million but less than 5 million, with an additional condition, i.e. pledge of securities of 50% of the market value of the residence.
- 115% of the market value in case of a residual debt (*restschuld*).

No redemption required: up to 50% of the market value.

Other mortgage loan criteria:

- the maximum duration of a mortgage loan is 30 years;
- all mortgage loans are offered in euros. Other currencies are not allowed, although some exceptions could be accepted under specified approval guidelines;
- for a second ranking mortgage loan the same underwriting conditions as for first ranking mortgage loans apply.

Collateral

The property has to be situated in the Netherlands (excluding the Netherlands Antilles). When the collateral is a house it has to be the primary residence of the borrower and occupied by the borrower. However, temporary renting e.g. for a few months when the owner is for instance temporary abroad could be allowed. Some property types we consider as normal collateral are villas, bungalows, country houses, family houses and apartments.

A full valuation of the property should be carried out conform the requirements of the Dutch Central Bank (*De Nederlandsche Bank* or "**DNB**"). Valuation reports are only accepted from quality appraisers and valuation agents and needs to be validated by an authorized external party.

A new valuation report is in principle also necessary for the application of a new or additional mortgage loan or for the conversion of an existing mortgage loan into an interest only mortgage loan. No new valuation report is required when the original value is sufficient for the approval of the interest only mortgage loan and the market did not exhibit a general drop in value for such properties.

Client solvency

Bureau Krediet Registratie ("BKR")

The Bureau for Credit Registration is consulted to check the solvency of the borrower. Van Lanschot is complying with all existing rules related to the BKR, which implies that with every application the borrower is fully checked. The liabilities which become apparent after consultation of the BKR system will be reflected in the credit evaluation. When the BKR system exhibits a delinquency or some other form of credit irregularity, in general, Van Lanschot will not take the application in consideration.

Compulsory insurance

The property has to be sufficiently insured during the duration of the mortgage loan against fire and storm damage, based on the reconstruction value. The client also has to hold an additional life insurance for the part of the mortgage amount exceeding 75% of the market value.

Arrears management

When a client is not meeting its mortgage payments, his current account with Van Lanschot will be debited for those delinquent amounts, even if the client exceeds his predefined current account limit. All arrears in current account ('overdrafts') are calculated and signalled on a daily basis and reported to private and business bankers on a weekly basis. If the overdraft is more than € 250,-, a reminder letter is automatically generated by the system and sent out to the client.

For Private Banking clients, the first letter is sent 30 days after the overdraft has become material and the second letter is sent 45 days after the overdraft has become material. In respect of Personal Banking clients the first letter is sent 7 days after a material overdraft and the second letter is sent 30 days after the overdraft has become material. These letters are generated automatically.

Recovery division

90 days after the overdraft has become material, the client is said to be in default and is handed over to the Recovery Division. The experience of the employees of the Recovery Division averages around 7 years, with many of its members having additional private banking or credit experience. No performance incentives are given.

The risk manager of the recovery team will contact the account manager and/or the client and will assess the client's position with Van Lanschot, both in terms of value and relationship.

If the Recovery Division considers the situation to be curable, based on its assessment of the payment problems (e.g. divorce, temporary income decline, temporary unemployment, etc.), the income expectations and some more general features (e.g. age, experience, education, etc.), it will direct the account manager to work out a tailor-made rectification plan with the client and to vigorously track its implementation. In more complex situations it is also possible that the client will be serviced by the risk manager from the Recovery Division.

When the Recovery Division does not believe the situation to be curable, it will initiate a foreclosure process. This process of selling the security such as a life insurance policy and a securities deposit and the property is done preferably through a voluntary sale, which is possible in the majority of these cases. However, if the client does not want to sell the property on a voluntary basis, or the voluntary sale takes too long, the sale will be forced and will normally lead to a public auction.

If the property is sold and there is no other collateral, but there still is a remaining debt, the client is handed over to a debt collection agency for further collection.

14. SERVICING, ADMINISTRATION AND CUSTODY

Servicing

In the Servicing Agreement Van Lanschot agrees to act as the Servicer in respect of the Mortgage Receivables. The Servicer will agree (i) to provide management services to the CBC on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including the enforcement of Mortgages (see further *Origination and Servicing* above); (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies.

The Servicer will be obliged to service the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own portfolio.

The Servicer is permitted to sub-contract its servicing role to any affiliate of the Issuer and, subject to any applicable conditions in the Servicing Agreement, to another third party servicer and provided that the Servicer shall continue to be liable as if no such appointment had been made. Additional servicers may be appointed, subject to Rating Agency Confirmation having been obtained.

Administration

In the Administration Agreement the Administrator will agree to provide certain administration, calculation and cash management services to the CBC, including (i) all calculations to be made in respect of the Covered Bonds and the Transaction Documents and (ii) to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test.

Termination

The Servicing Agreement and the Administration Agreement may be terminated by the Security Trustee or the CBC (with the consent of the Security Trustee) in certain circumstances (in respect of the relevant party only), including (a) a default by the Servicer and/or the Administrator in the payment on the due date of any payment due and payable by it under the Servicing Agreement or, as the case may be, Administration Agreement, (b) a default is made by the Servicer and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or, as the case may be, Administration Agreement, (c) the Servicer and/or the Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft) or suspension of payments, as applicable, or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) the Servicer is no longer licensed to act as intermediary (*bemiddelaar*) or offeror (*aanbieder*) under the Wft.

Upon termination of the Servicing Agreement or, as the case may be, the Administration Agreement in respect of the Administrator or the Servicer, the Security Trustee and the CBC undertake to appoint a substitute servicer and/or administrator, as the case may be, and such substitute servicer and/or administrator, as the case may be, shall enter into an agreement with the CBC and the Security Trustee substantially on the terms of the Servicing Agreement or, as the case may be, Administration Agreement, provided that such substitute servicer and/or administrator shall have the benefit of a servicing fee and an administration fee at a level to be then determined. Any such substitute servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence under the Wft. The CBC shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Security Trustee Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Servicing Agreement and the Administration Agreement may be terminated by the CBC or the Servicer or, as the case may be, the Administrator upon the expiry of not less than 12 months' notice of termination given by the Servicer or, as the case may be, the Administrator to each of the CBC and the Security Trustee or by the CBC to the Servicer or Administrator and the Security Trustee provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute servicer or administrator, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Servicing Agreement or, as the case may be, the Administration Agreement and the Servicer or Administrator shall not be released from its obligations under the Servicing Agreement or, as the case may be, the Administration Agreement until such substitute servicer or administrator has entered into such new agreement.

Custody

If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody

services in relation to such Substitution Assets. The Substitution Assets will be serviced in accordance with a custody agreement to be entered into between the CBC and an eligible custodian (the "**Custody Agreement**") the terms and conditions of which will be agreed with the Security Trustee.

15. ASSET MONITORING

ASSET COVER TEST

Under the asset monitoring agreement entered into on the Programme Date between the Issuer, the CBC and the Security Trustee (the "**Asset Monitoring Agreement**") and the Guarantee Support Agreement, the CBC and the Issuer, respectively, must undertake their reasonable efforts or best efforts respectively, that as at the end of each calendar month until the service of an Issuer Acceleration Notice or CBC Acceleration Notice, (i) the Adjusted Aggregate Asset Amount is an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B of the Asset Cover Test, up to the date specified in item B), all as calculated on the immediately succeeding Calculation Date and (ii) (I) (a) the Net Outstanding Principal Amount of all Mortgage Receivables, excluding any Defaulted Receivables, plus (b) the Collateral Market Value of all Transferred Collateral in the form of Substitution Assets plus (c) all amounts standing to the balance of the CBC Transaction Accounts, excluding Swap Collateral and excluding amounts standing to the balance of the Construction Account, will always be at least equal to 115% of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month all as calculated on the immediately succeeding Calculation Date and (II) it will meet the requirements pursuant to the Wft in respect of the collateralisation of the Covered Bonds, including, but not limited to, the requirement, that the Net Outstanding Principal Amount of Mortgage Receivables and the Substitution Assets are at least equal to 105% of the Principal Amount Outstanding of the Covered Bonds (as amended from time to time) (the "**Asset Cover Test**").

If (I) (i) at the end of a calendar month (or with respect to item B of the Asset Cover Test, up to the date specified in item B) the Adjusted Aggregate Asset Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds as calculated on the immediately succeeding Calculation Date or (ii) at the end of a calendar month (a) the Net Outstanding Principal Amount of the Mortgage Receivables, excluding any Defaulted Receivables, plus (b) the Collateral Market Value of all Transferred Collateral in the form of Substitution Assets plus (c) all amounts standing to the balance of the CBC Transaction Accounts excluding Swap Collateral and excluding amounts standing to the balance of the Construction Account, are not at least equal to 115% of the aggregate Principal Amount Outstanding of the Covered Bonds or (II) it will not meet the requirements pursuant to the Wft in respect of the collateralisation of the Covered Bonds, including, but not limited to, the requirement, that the Net Outstanding Principal Amount of Mortgage Receivables and the Substitution Assets are at least equal to 105% of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (as amended from time to time) at the end of such calendar month all as calculated on the immediately succeeding Calculation Date, then the Administrator will notify the CBC thereof under the Asset Monitoring Agreement, and the CBC will notify the Issuer thereof under the Guarantee Support Agreement, and the Issuer will undertake its best efforts to transfer or procure the transfer of sufficient further Eligible Receivables to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met at the end of the next succeeding calendar month.

Such a breach of the Asset Cover Test will not constitute an Issuer Event of Default. However, it will prevent the Issuer from issuing any further Series after such Calculation Date, until remedied and, if it is not remedied as calculated on the next Calculation Date (such failure to remedy the Asset Cover Test as calculated on the next succeeding Calculation Date being a "**Breach of Asset Cover Test**") the Security Trustee will be entitled to serve a notice of breach (a "**Breach of Asset Cover Test Notice**") on the Issuer and the CBC. Upon receipt of such a Breach of Asset Cover Test Notice the Issuer will (continue to) use its best efforts to transfer or procure the transfer of sufficient Eligible Receivables, either directly by the Issuer or, upon instruction of the Issuer, by the other Transferors to the CBC. A Breach of Asset Cover Test may be remedied and after being remedied the Issuer may issue new Series subject to other conditions being met. After the service of a Breach of Asset Cover Test Notice and provided that the Breach of Asset Cover Test has not been cured, the CBC is not allowed to make any payments to the Issuer and the Subordinated Loan Provider.

As the date of this Base Prospectus, the Asset Percentage is 90%. The Issuer may request the CBC to increase or decrease the Asset Percentage. The CBC will accept any request for a decrease of the Asset Percentage and the Asset Percentage will be adjusted accordingly. The CBC will only accept any request for an increase of the Asset Percentage and the Asset Percentage will only be adjusted accordingly if each of the Rating Agencies has been notified thereof and by the third Business Day after such notification, none of the Rating Agencies has communicated that any such increase of the Asset Percentage will have a negative effect on the then current ratings assigned by it on the Covered Bonds.

The Asset Percentage will be included in the investor report, drawn up by the Administrator following the end of each calendar month in the form set out in a Schedule to the Administration Agreement and delivered to, *inter alia*, the CBC and the Security Trustee two Business Days prior to the immediately succeeding CBC Payment Date (the "**Investor Report**").

In the Administration Agreement entered into on the Programme Date between the CBC, the Administrator and the Security Trustee, the Administrator agrees to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test (each an "**Asset Cover Report**") and to provide certain administration, calculation and cash management services for the CBC on a day-to-day basis, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Covered Bonds, subject to and in accordance with the Administration Agreement. Each Asset Cover Report will be included in the Investor Report. In the Trust Deed, the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that the Asset Cover Test has been passed or failed and, if failed, whether the following Asset Cover Report states that the Asset Cover Test has been failed for the second time, meaning that a Breach of Asset Cover Test shall have occurred.

For the purposes hereof:

"**Adjusted Aggregate Asset Amount**" means $A + B + C - Z$.

"**A**" means the lower of:

- (a) the sum of all Adjusted Current Balances of all Mortgage Receivables. The "**Adjusted Current Balance**" of a Mortgage Receivable is the lower of:
 - (i) the Current Balance of such Mortgage Receivable minus α ; and
 - (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Mortgage Receivable, minus β ; and
- (b) the Asset Percentage of: the Current Balance minus α of all Mortgage Receivables.

" α " means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable an amount calculated on the basis of a method proposed to the Rating Agencies, related to the built-up of savings in connection with such Savings Mortgage Receivable;
- (ii) if it was in breach of the Mortgage Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iii) if it is 3 months or more in arrears or it is a Defaulted Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iv) if the Issuer's rating from Fitch falls below 'A' (long term) or 'F1' (short term) or from S&P falls below 'A' (long term) or 'A-1' (short term), an additional amount in connection with the possible set-off risk pertaining to deposits maintained by Borrowers with the Issuer for mortgage loans issued by the Issuer being equal to (i) the amount deposited with the Issuer by the relevant Borrower minus any amounts which are guaranteed under the Deposit Guarantee Scheme (*depositgarantiestelse*) from time to time or (ii) such lower amount as long as this will not adversely affect the rating of any Series;
- (v) if an Index Guaranteed Contract is entered into, an amount equal to the value of the Index Guaranteed Contract minus any amounts which are guaranteed under the Deposit Guarantee Scheme (*depositgarantiestelse*) from time to time (taken into account the deduction in relation to the Deposit Guarantee Scheme under item (iv) above);
- (vi) if the Transferor has an Other Claim (excluding, for the avoidance of doubt, a Further Advance): an amount equal to the Deductible Other Claim.

"**Construction Account**" means the account maintained by the CBC with the CBC Account Bank to which all amounts corresponding to the aggregate Construction Deposits will be credited.

"**Construction Deposit**" means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the Transferor, the proceeds of which can only be applied towards construction of, or improvements to, the relevant Mortgaged Asset.

"**Deductible Other Claim**" means, in respect of a Mortgage Receivable, zero, in case the sum of the outstanding balance of the Other Claim and Outstanding Principal Amount of such Mortgage Receivable is lower than the Indexed Valuation of the Mortgaged Asset times (1- MVD Assumption)

and in all other cases, an amount equal to the lower of (i) the amount by which the sum of the outstanding balance of the Other Claim and the Outstanding Principal Amount of such Mortgage Receivable exceeds the Indexed Valuation of the Mortgaged Asset times (1- MVD Assumption) or (ii) the lower of (a) the outstanding balance of the Other Claim or (b) the Outstanding Principal Amount of such Mortgage Receivable.

"MVD Assumption" means the most conservative market value decline assumption as applied by S&P and notified by the Administrator to Fitch in order to achieve a rating (i) of "AAA" or 'AAA' in relation to the first issue of Covered Bonds or (ii) in-relation to any subsequent issue of Covered Bonds, equal to the current rating assigned to the-outstanding Series of Covered Bonds.

"β" means for each Mortgage Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii) α minus L.

"L" means for each Mortgage Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation provided that if the result is negative, L shall be zero and if the result exceeds α, L shall equal α.

"Asset Percentage" means 90% or such other percentage figure as is determined from time to time in accordance with the Asset Monitoring Agreement as described above.

"Current Balance" means in relation to an Eligible Receivable at any date, the aggregate (without double counting) of the Net Outstanding Principal Amount, Accrued Interest (unless it concerns calculations for either the Asset Cover Test or the Amortisation Test Aggregate Asset Amount, in which case Accrued Interest will not be included) and Arrears of Interest as at that date.

"LTV Cut-Off Percentage" means 80% for all Mortgage Receivables or such other percentage as may be notified to the Rating Agencies from time to time in respect of the relevant Mortgage Receivables, or such lower percentage as is (a) required from time to time for Covered Bonds to qualify as 'covered bonds' as defined in the CRD IV or (b) otherwise determined from time to time in accordance with the Asset Monitoring Agreement.

"B" means the amount of any cash standing to the credit of the CBC Transaction Accounts (other than the Swap Collateral Account and the Construction Account but including any amounts on the Reserve Account) including on the relevant Calculation Date on which the Asset Cover Test is calculated any Principal Receipts and Interest Receipts related to the calendar month preceding such Calculation Date paid by the relevant Borrowers and received by the CBC on its CBC Accounts up to the Business Day immediately preceding such Calculation Date.

"C" means the aggregate outstanding principal amount of all Transferred Collateral in Substitution Assets and accrued interest thereon which has not been applied in accordance with the Trust Deed. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology notified to the Rating Agencies.

"Z" means an amount equal to the Interest Reserve Required Amount.

"Interest Reserve Required Amount" means on the date with respect to which the Asset Cover Test is calculated (i.e. the end of each calendar month), the higher of zero and (i) U plus V minus W on such date; or (ii) such lower amount as long as this will not adversely affect the rating of any Series; whereas

"U" means the sum of the aggregate amount of interest payable in respect of all Series of Covered Bonds from the relevant date up to and including the relevant Maturity Date minus any amount of interest to be received under a Portfolio Swap Agreement in connection with a Series of Covered Bonds.

"V" means the product of:

- (i) the higher of (a) zero; and (b) the difference between (i) the Portfolio Weighted Average Life and (ii) the Series Weighted Average Life,
- (ii) the aggregate Principal Amount Outstanding of all Series on the last day of the previous calendar month multiplied by (1 minus the Portfolio Swap Fraction), and
- (iii) the Weighted Average Series Post Maturity Interest Rate.

"W" means the Estimated Portfolio Interest Income.

"Series Weighted Average Life" means the weighted average remaining life (expressed in years) remaining from the relevant date until the relevant Maturity Dates in respect of all outstanding Series.

"Portfolio Weighted Average Life" means the expected remaining weighted average life (expressed in years) of all Mortgage Receivables and Substitution Assets.

"Weighted Average Series Post Maturity Interest Rate" means the weighted average (expressed as a percentage) of the interest due on all outstanding Series of Covered Bonds, after the Maturity Date.

"Estimated Portfolio Interest Income" means on the date with respect to which the Asset Cover Test is determined (i.e. the end of each calendar month), the aggregate amount, as determined by the CBC (or the Administrator on its behalf) (and such estimation, absent manifest error, being final and binding), of future interest receipts on the Mortgage Receivables and future interest income derived from Substitution Assets on such date, and such estimation to be calculated as the sum of:

- (i) all Fixed Interest Loan Payment Amounts;
- (ii) all Variable Interest Loan Payment Amounts; and
- (iii) all Substitution Assets Payment Amounts.

"Fixed Interest Loan Payment Amount" means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a fixed interest rate, the product of (x) the expected weighted average life (expressed in years) of all Mortgage Receivables with a fixed interest rate; and (y) the weighted average interest rate (expressed as a percentage) of all Mortgage Receivables (where upon the interest reset date of such Mortgage Receivable the interest rate is assumed to be reset at the Assumed Mortgage Interest Rate); and (z) the aggregate Outstanding Principal Amount of such Mortgage Receivable.

"Variable Interest Loan Payment Amount" means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a variable interest rate, the product of (x) the expected weighted average life (expressed in years) of all Mortgage Loans with a variable interest rate, (y) the Assumed Mortgage Interest Rate; and (z) the aggregate Outstanding Principal Amount of such outstanding Mortgage Receivable.

"Substitution Assets Payment Amount" means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each Substitution Asset the sum of the aggregate interest expected to be received up to and including the maturity date of the respective Substitution Asset.

"Original Market Value" in relation to any Mortgaged Asset means the foreclosure value (*executiewaarde*) given to that Mortgaged Asset by the most recent valuation addressed to the Transferor that transferred the relevant Mortgage Receivable to the CBC, divided by 0.837 or such other factor as required from time to time by the applicable rules and regulations or any internal requirement of the Transferor in relation thereto or, as applicable, the market value (*marktwaarde*) given to that Mortgaged Asset by the most recent valuation addressed to the Transferor that transferred the relevant Mortgage Receivable to the CBC.

"Indexed Valuation" in relation to any Mortgaged Asset at any date means:

- (a) where the Original Market Value of that Mortgaged Asset is equal to or greater than the Price Indexed Valuation as at that date, the Price Indexed Valuation; or
- (b) where the Original Market Value of that Mortgaged Asset is less than the Price Indexed Valuation as at that date, the Original Market Value plus 90% (or, if a different percentage is required or sufficient from time to time for the Covered Bonds to qualify as "covered bonds" as defined in the CRD IV and the Issuer wishes to apply such different percentage, then such different percentage) of the difference between the Price Indexed Valuation and the Original Market Value.

"Price Indexed Valuation" in relation to any property at any date means the Original Market Value of that property increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value.

"Index" means the index of increases or decreases, as the case may be, of house prices issued by the

Dutch land registry (*kadaster*) in relation to residential properties in the Netherlands.

"Selected Mortgage Receivables" means Mortgage Receivables to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitoring Agreement.

"Assumed Mortgage Interest Rate" means the expected mortgage interest rate to be offered by the Servicer (acting on behalf of the CBC) in relation to Mortgage Loans which have an interest rate reset, which interest rate will be notified by the Servicer to the CBC and the Rating Agencies from time to time.

AMORTISATION TEST

Under the Asset Monitoring Agreement and the Guarantee Support Agreement, the CBC must ensure that as at the end of each calendar month following service of a Notice to Pay (but prior to service of a CBC Acceleration Notice), (i) the Amortisation Test Aggregate Asset Amount is an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as at the end of such calendar month (or with respect to item B of the Amortisation Test, up to the date specified in item B), all as calculated on the immediately succeeding Calculation Date and (ii) (I) (a) the Net Outstanding Principal Amount of all Mortgage Receivables, excluding any Defaulted Receivables, plus (b) the Collateral Market Value of all Transferred Collateral in the form of Substitution Assets plus (c) all amounts standing to the balance of the CBC Transaction Accounts, excluding Swap Collateral and excluding amounts standing to the balance of the Construction Account, will always be at least equal to 115% of the aggregate Principal Amount Outstanding of the Covered Bonds and (II) it will meet the requirements pursuant to the Wft in respect of the collateralisation of the Covered Bonds, including, but not limited to, the requirement, that the Net Outstanding Principal Amount of Mortgage Receivables and the Substitution Assets are at least equal to 105% of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (as amended from time to time), at the end of such calendar month, all as calculated on the immediately succeeding Calculation Date (the "**Amortisation Test**").

If on any Calculation Date following the service of a Notice to Pay the Amortisation Test is not met per the end of the previous month, then that shall constitute a "**Breach of the Amortisation Test**" and the CBC (or the Administrator on its behalf) shall immediately notify the Security Trustee thereof, and the Security Trustee shall be entitled to serve a breach of amortisation test notice ("**Breach of Amortisation Test Notice**") on the Issuer and the CBC.

For this purpose:

"**Amortisation Test Aggregate Asset Amount**" means $A + B + C - Z$.

"**A**" means the sum of all Amortisation Test Current Balances of all Mortgage Receivables. The "**Amortisation Test Current Balance**" of a Mortgage Receivable is the lower of:

- (i) the Current Balance of such Mortgage Receivable minus α ; and
- (ii) the LTV Cut-Off Percentage (relating to such Mortgage Receivable) times the Indexed Valuation, minus β .

"**LTV Cut-Off Percentage**" means 80% for all Mortgage Receivables or such other percentage as may be notified to the Rating Agencies from time to time in respect of the relevant Mortgage Receivables, or such lower percentage as is (a) required from time to time for Covered Bonds to qualify as 'covered bonds' as defined in the CRD IV or (b) otherwise determined from time to time in accordance with the Asset Monitoring Agreement.

" **α** " means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable an amount calculated on the basis of a method proposed to the Rating Agencies, related to the built-up of savings in connection with such Savings Mortgage Receivable;
- (ii) if it was in breach of the Mortgage Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iii) if it is 3 months or more in arrears or it is a Defaulted Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iv) if the Issuer's rating from Fitch falls below 'A' (long term) or 'F1' (short term) or from S&P falls below 'A' (long term) or 'A-1' (short term), an additional amount in connection with the possible set-off risk pertaining to deposits maintained by Borrowers with the Issuer for mortgage loans issued by the Issuer being equal to (i) the amount deposited with the Issuer by the relevant Borrower minus any amounts which are guaranteed under the Deposit Guarantee Scheme (*depositgarantiestelsel*) from time to time or (ii) such lower amount as long as this will not adversely affect the rating of any Series;
- (v) if an Index Guaranteed Contract is entered into, an amount equal to the value of the Index Guaranteed Contract minus any amounts which are guaranteed under the Deposit Guarantee Scheme (*depositgarantiestelsel*) from time to time (taken into account the deduction in relation to the Deposit Guarantee Scheme under item (iv) above);

- (vi) if the Transferor has an Other Claim (excluding, for the avoidance of doubt, a Further Advance): an amount equal to the Deductible Other Claim.

"Construction Account" means the account maintained by the CBC with the CBC Account Bank to which all amounts corresponding to the aggregate Construction Deposits will be credited.

"Construction Deposit" means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the Transferor, the proceeds of which can only be applied towards construction of, or improvements to, the relevant Mortgaged Asset.

"Deductible Other Claim" means, in respect of a Mortgage Receivable, zero, in case the sum of the outstanding balance of the Other Claim and Outstanding Principal Amount of such Mortgage Receivable is lower than the Indexed Valuation of the Mortgaged Asset times (1- MVD Assumption) and in all other cases, an amount equal to the lower of (i) the amount by which the sum of the outstanding balance of the Other Claim and the Outstanding Principal Amount of such Mortgage Receivable exceeds the Indexed Valuation of the Mortgaged Asset times (1- MVD Assumption) or (ii) the lower of (a) the outstanding balance of the Other Claim or (b) the Outstanding Principal Amount of such Mortgage Receivable.

"MVD Assumption" means the most conservative market value decline assumption as applied by S&P and notified by the Administrator to Fitch in order to achieve a rating (i) of "AAA" or 'AAA' in relation to the first issue of Covered Bonds or (ii) in relation to any subsequent issue of Covered Bonds, equal to the current rating assigned to the outstanding Series of Covered Bonds.

"β" means for each Mortgage Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii) α minus L.

"L" means for each Mortgage Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation provided that if the result is negative, L shall be zero and if the result exceeds α, L shall equal α.

"B" means the amount of any cash standing to the credit of the CBC Transaction Accounts (other than the Swap Collateral Account and the Construction Account but including any amounts on the Reserve Account) including on the relevant Calculation Date on which the Amortisation Test is calculated any Principal Receipts and Interest Receipts related to the calendar month preceding such Calculation Date paid by the relevant Borrowers and received by the CBC on its CBC Accounts up to the Business Day immediately preceding such Calculation Date.

"C" means the aggregate outstanding principal amount of all Transferred Collateral in Substitution Assets and accrued interest thereon which has not been applied in accordance with the Trust Deed. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology notified to the Rating Agencies.

"Z" means an amount equal to the Interest Reserve Required Amount.

"Interest Reserve Required Amount" means on the date on which the Amortisation Test is calculated, the higher of zero and (i) U plus V minus W; or (ii) such lower amount as long as this will not adversely affect the rating of any Series; whereas

"U" means the sum of the aggregate amount of interest payable in respect of all Series of Covered Bonds from the date of the relevant calculation up to and including the relevant Maturity Date.

"V" means the product of:

- (i) the higher of (a) zero; and (b) the difference between (i) the Portfolio Weighted Average Life and (ii) the Series Weighted Average Life,
- (ii) the aggregate Principal Amount Outstanding of all Series on the last day of the previous calendar month, and
- (iii) the Weighted Average Series of Post Maturity Interest Rate.

"W" means the Estimated Portfolio Interest Income.

SALE OR REFINANCING OF SELECTED ASSETS

The Asset Monitoring Agreement provides that, if an Issuer Event of Default occurs, the CBC shall undertake its best efforts to sell or refinance Selected Transferred Assets as soon as possible upon the earliest to occur on or after such Issuer Event of Default of (such date the first "**Refinance Date**") (i) any amount remaining unpaid in respect of a Series on the Maturity Date, (ii) any Maturity Date of a Series of Covered Bonds falling within a period of 6 calendar months of such date and (iii) a Breach of Amortisation Test Notice.

The proceeds from any such sale or refinancing will, in the case of each Mortgage Receivable, form part of the Principal Available Amount. The CBC will undertake its best efforts to sell or refinance Selected Mortgage Receivables in the portfolio in accordance with the Asset Monitoring Agreement (as described below) on (or directly after) every sixth CBC Payment Date after the first Refinance Date (each such date a "**Refinance Date**"), subject to the rights of first refusal enjoyed by the Transferor to purchase the Selected Mortgage Receivables pursuant to the Guarantee Support Agreement. Failure by the CBC to sell or refinance Selected Mortgage Receivables in the portfolio in accordance with the Asset Monitoring Agreement (as described below) will not constitute a CBC Event of Default.

If the CBC undertakes to sell or refinance Selected Mortgage Receivables as abovementioned, the Asset Monitoring Agreement provides that the CBC shall ensure that Selected Mortgage Receivables will be selected on a random basis as described in the Asset Monitoring Agreement, provided that no more Selected Mortgage Receivables will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any), and the aggregate Current Balance of such Selected Mortgage Receivables shall never exceed the Adjusted Required Redemption Amount multiplied by A/B,

where:

"Adjusted Required Redemption Amount" means an amount equal to the Required Redemption Amount of all Pass-Through Covered Bonds less amounts standing to the credit of the CBC Account and the principal amount of any Substitution Assets (excluding all amounts to be applied on the following CBC Payment Date to repay higher ranking amounts in the CBC Priority of Payments).

"Required Redemption Amount" means in respect of a Series, the aggregate Principal Amount Outstanding of such Series.

"A" means an amount equal to the aggregate of the Current Balance of all Mortgage Receivables and the market value of all other Transferred Assets.

"B" means the euro equivalent of the Required Redemption Amount in respect of all Series then outstanding less the euro equivalent of the Required Redemption Amount in respect of all Series outstanding which has been provided for in cash.

Such sale or refinance and subsequent redemption of the respective bonds may not result in a deterioration of the quotient of (i) the Amortisation Test Aggregate Asset Amount; and (ii) the Principal Amount Outstanding of all Series outstanding.

If the CBC undertakes to sell or refinance Selected Mortgage Receivables, the CBC will offer the Selected Mortgage Receivables for sale to purchasers for the best terms reasonably available but in any event for an amount not less than the Adjusted Required Redemption Amount as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any).

If the Selected Mortgage Receivables have not been sold or refinanced (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount (or a proportional part thereof if only a part of the Selected Mortgage Receivables have been sold) as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any), the CBC will undertake its best efforts to sell or refinance Selected Mortgage Receivables on every sixth CBC Payment Date following such attempt to sale or refinance as set forth above.

If the CBC intends to sell Selected Mortgage Receivables to a third party, it may appoint a portfolio manager to arrange the sale of such portfolio on behalf of the CBC (each a "**Portfolio Manager**"). The CBC shall pay to the Portfolio Manager a success fee, which may consist of a percentage of the portfolio as agreed between the CBC and the Portfolio Manager and which shall only be payable upon sale of such portfolio.

In respect of any sale or refinancing of Selected Mortgage Receivables following the service of an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, or upon the service of a Breach of Amortisation Test Notice, the CBC will instruct the Portfolio Manager to use all best efforts to procure that Selected Mortgage Receivables are sold as quickly as reasonably practicable (in accordance with the recommendations of the Portfolio Manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Guarantee Support Agreement and the Asset Monitoring Agreement.

General Sales Requirements

The CBC shall ensure that the purchaser to which it sells the Selected Mortgage Receivables shall on or before the date of such purchase represent that it has not been granted a (preliminary) suspension of payments (*(voorlopige) surseance van betaling verleend*), been declared bankrupt (*failliet verklaard*) or become subject to analogous insolvency proceedings under applicable law or otherwise be limited in its right to dispose of its assets.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Receivables or the terms of any refinancing will be subject to the prior written approval of the Security Trustee.

If purchasers accept the offer or offers from the CBC, the CBC will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant purchasers which will require, among other things, a cash payment from the relevant purchasers.

Any such sale or any refinancing will not include any representations or warranties from the CBC in respect of the Selected Mortgage Receivables unless expressly agreed by the Security Trustee.

After a CBC Acceleration Notice has been served on the CBC, the Security Trustee may institute such proceedings or take such action as it thinks fit against the Issuer and the CBC to enforce its rights under the Trust Deed and the Security in accordance with the terms of the Trust Deed.

Sale of Substitution Assets

The Asset Monitoring Agreement provides that the CBC (or the Administrator on its behalf) shall sell all Substitution Assets as quickly as reasonably practicable, subject to the pre-emption rights enjoyed by the Transferor pursuant to the Guarantee Support Agreement, following service of an Issuer Acceleration Notice, a Notice to Pay or a Breach of Amortisation Test Notice.

Such sale or refinance of Substitution Assets and subsequent redemption of the respective bonds shall not result in a deterioration of the quotient of (i) the Amortisation Test Aggregate Asset Amount; and (ii) the Principal Amount Outstanding of all Series outstanding.

ASSET MONITOR

Under the terms of an asset monitor appointment agreement entered into on the Programme Date between PricewaterhouseCoopers Accountants N.V. (the "**Asset Monitor**"), the CBC, the Administrator, the Issuer and the Security Trustee (the "**Asset Monitor Appointment Agreement**"), the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Administrator to the Asset Monitor, to conduct tests on the arithmetic accuracy of certain calculations performed by the Administrator in respect of the Asset Cover Test and the Amortisation Test with a view to confirmation of the accuracy of such calculations.

The Asset Monitor will conduct such tests (i) in respect of the Asset Cover Test, on the Calculation Date immediately preceding each anniversary of the Programme Date; and (ii) in respect of the Amortisation Test, on each Calculation Date.

Following a determination by the Asset Monitor of any material errors in the arithmetic accuracy of the calculations performed by the Administrator such that (a) the Asset Cover Test has been failed on the applicable Calculation Date (in respect of the previous month's end) (where the Administrator had recorded it as being satisfied) or (b) the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount is misstated by an amount exceeding 1% of the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount, as applicable, the Asset Monitor will be required to conduct such tests for each of the four consecutive Calculation Dates thereafter.

The Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it by the Administrator for the purpose of conducting such tests is true and correct and is complete and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The results of the tests conducted by the Asset Monitor will be delivered to the Administrator, the CBC, the Issuer and the Security Trustee and upon request of the Rating Agencies, to the Rating Agencies (the "**Asset Monitor Report**") in accordance with the Asset Monitor Appointment Agreement. If the calculations performed by the Administrator have not been performed correctly, the Asset Monitor Report shall set out the correct calculation of the Asset Cover Test or Amortisation Test, as applicable.

Under the terms of the Asset Monitor Appointment Agreement the CBC will pay to the Asset Monitor a fee per test for the tests to be performed by the Asset Monitor.

The CBC may, at any time, but subject to the prior written consent of the Security Trustee, terminate the appointment of the Asset Monitor by providing at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the CBC (such replacement to be approved by the Security Trustee if the replacement is an accountancy firm of international standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

The Asset Monitor may, at any time, resign from its appointment under the Asset Monitor Appointment Agreement upon providing the CBC and the Security Trustee (copied to the Rating Agencies) with 60 days' prior written notice. If a replacement asset monitor has not been found by the CBC within 60 days of notice of resignation by the Asset Monitor, the Asset Monitor shall immediately undertake to seek a replacement (if the replacement is an accountancy firm of international standing and such replacement to be approved by the Security Trustee) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

If a replacement asset monitor has not been found by the CBC within 30 days of the giving of notice of termination by the CBC, the Asset Monitor may identify a replacement (if the replacement is an accountancy firm of international standing and such replacement to be approved by the Security Trustee) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

In the Trust Deed the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether it states that the Asset Cover Test or Amortisation Test, as the case may be, has been passed or failed.

16. SWAPS

General

The CBC is only permitted to enter into swap agreements with (a) Van Lanschot (with appropriate collateralisation requirements if at such time Van Lanschot is no longer an Eligible Swap Counterparty) or (b) third party Eligible Swap Counterparties, as the case may be. The Security Trustee shall be a party to such Swap Agreements only for the purposes of taking certain benefits and assuming certain obligations with respect to making determinations on behalf of the CBC. An Issuer Event of Default will not constitute an event of default or a termination event under any Swap Agreement.

Rating downgrade language acceptable to the Rating Agencies will be included in the Swap Agreements in relation to the Swap Counterparties.

Upon the termination of a Swap Agreement, the CBC or any Swap Counterparty may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this early termination payment will be calculated and made in euro or such other currency as may be agreed. In the event that such a termination payment is payable by the CBC following the service of an Issuer Acceleration Notice, such amount will in most cases (see the applicable priority of payments below) rank ahead of any principal amounts in respect of Swap Agreements due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Counterparty has caused the relevant Swap Agreement to terminate.

For the purpose hereof:

"Eligible Swap Counterparty" means a financial institution which is permitted under Dutch law to enter into derivative contracts with Dutch residents and whose unsecured, unsubordinated and unguaranteed debt obligations are rated not lower than the minimum ratings as amended from time to time, as at the date of this Base Prospectus being A (long-term) and A-1 (short term) by S&P and 'A' (long term) and 'F1' (short term) by Fitch, or such other rating as the Rating Agencies may be comfortable with to maintain the then current rating of the Covered Bonds.

Portfolio Swap Agreements

There may be differences between the amounts of interest (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts and (ii) payable in respect of the outstanding Covered Bonds. The CBC may at the instruction of the Issuer elect to enter into portfolio swap agreements (such agreements the **"Portfolio Swap Agreements"**) in order to hedge certain mismatches in respect of one or more Series or all Series of Covered Bonds, whereby the revenue scheduled to be received on all Transferred Assets multiplied by the Portfolio Swap Fraction is exchanged for a fixed or floating rate of interest on the relevant Series of Covered Bonds.

"Portfolio Swap Fraction" means the fraction to be calculated in relation to the relevant Portfolio Swap Agreement by dividing (i) the Principal Amount Outstanding of the relevant Series of Covered Bonds by (ii) the Principal Amount Outstanding of all outstanding Covered Bonds.

Interest Rate Swap Agreements

There may be differences between the amounts of interest (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts (excluding the Swap Collateral Account) and (ii) payable in respect of the outstanding Covered Bonds. The CBC may at the instruction of the Issuer elect to enter into interest rate swap agreements (such agreements the **"Interest Swap Agreements"**) in order to hedge certain mismatches in respect of one or more Series.

17. CASHFLOWS

The CBC shall, subject to the rights of the Security Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets. Pursuant to the Trust Deed, the following will apply:

- (i) the CBC (or the Administrator on its behalf) will apply the Interest Available Amount and the Principal Available Amount in accordance with the CBC Priority of Payments; and
- (ii) if a CBC Acceleration Notice has been served, all moneys received or recovered by the Security Trustee or any other Secured Party and all moneys held by or on behalf of the CBC will be applied in accordance with the Post CBC Acceleration Notice Priority of Payments except for any collateral to be provided by a Swap Counterparty following its downgrade ("**Swap Collateral Amounts**") which shall first be subject to the provisions set out in the relevant Swap Agreement.

Any amounts drawn under the Subordinated Loan will either be deposited by the CBC on the Reserve Account to fund the Reserve Account up to the Reserve Account Required Amount or be used to fund the Initial Purchase Price for the New Mortgage Receivables.

Payments with respect to Covered Bonds and Swap Agreements during a CBC Payment Period (other than on the CBC Payment Date on which the CBC Payment Period commences)

Until a CBC Acceleration Notice has been served, pursuant to the Trust Deed, the Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will be applied in accordance with the CBC Priority of Payments on each CBC Payment Date, which dates will occur monthly. Payments in respect of interest and principal on a Series of Covered Bonds and, in respect of Swap Agreements, may however become due and payable on other days than on the relevant CBC Payment Date during a CBC Payment Period. Such amounts will be payable by the CBC on the date on which such payments become due and payable as follows:

- (i) in respect of a Series of Covered Bonds to the extent that the CBC has entered into a Swap Agreement with respect to such Series of Covered Bonds, from the amounts received under the relevant Swap Agreement connected to such Series after the CBC Payment Date on which the relevant CBC Payment Period commenced;
- (ii) from the amounts reserved for such Series of Covered Bonds or such Swap Agreement pursuant to item (e) or (f) of the CBC Priority of Payments (as applicable) on the CBC Payment Date on which the relevant CBC Payment Period commenced; and
- (iii) in respect of a Series of Covered Bonds to the extent not so paid in full following application of the funds available in accordance with (i) and (ii) above, from the amounts as were credited to the CBC Transaction Accounts in accordance with item (i) of the CBC Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced.

For the purposes hereof:

"Principal Available Amount" means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Principal Receipts received during the previous calendar month;
- (ii) any amounts of principal received from any Substitution Asset (not forming part of the Interest Available Amount);
- (iii) the principal amount of any Transferred Collateral in the form of cash (other than pursuant to a Swap Agreement) received during the previous calendar month;
- (iv) any amount required to be transferred to the CBC Account in accordance with item (i) of the CBC Priority of Payments (for this purpose of determining such amount this item (iv) will not be included in the Principal Available Amount for determining the amount available for application to such item (i));
- (v) all amounts in respect of principal (if any) received or to be received by the CBC under the Transaction Documents (other than any Swap Collateral Amounts posted under the Swap Agreements) on the relevant CBC Payment Date (or in the CBC Payment Period immediately preceding the relevant CBC Payment Date but excluding the preceding CBC Payment Date);
- (vi) any amounts received in the preceding calendar month as Excess Proceeds to the extent such proceeds do not relate to interest;
- (vii) any amounts reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement prior to the relevant CBC Payment Date to the extent relating to principal; and

- (viii) as amounts released from the Construction Account on the preceding CBC Payment Date from the credit balance of the Construction Account in cases where the relevant Construction Deposit is paid to the relevant Borrower by means of set-off with the Mortgage Receivables.

"Interest Available Amount" means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Interest Receipts received during the previous calendar month;
- (ii) other net income of the CBC including all amounts of interest received on the CBC Transaction Accounts (excluding the Swap Collateral Account) and the Substitution Assets in the preceding calendar month;
- (iii) all amounts in respect of interest received or to be received by the CBC under the Swap Agreements on the relevant CBC Payment Date (or in the CBC Payment Period immediately preceding the relevant CBC Payment Date but excluding the preceding CBC Payment Date) except for any payments in respect of interest received under the Swap Agreements that have been applied towards payment of a Series of Covered Bonds (and, for the avoidance of doubt, excluding Swap Collateral Amounts);
- (iv) any amounts on the Reserve Account released in accordance with the Trust Deed;
- (v) any amounts received as Excess Proceeds in the CBC Payment Period immediately preceding the relevant CBC Payment Date to the extent such proceeds do not relate to principal;
- (vi) any amounts to the extent not relating to principal, reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement prior to the relevant CBC Payment Date;
- (vii) any Excess Swap Replacement Amounts as shall be standing to the credit of the Swap Replacement Ledger on the relevant CBC Payment Date; and
- (viii) any other amounts standing to the credit of the CBC Account, to the extent not relating to principal, not excluded by virtue of (i) to (vii) above;

less

- (ix) on the first CBC Payment Date of each year, an amount equal to 10 per cent. of the annual fixed operational expenses of the CBC, with a minimum of euro 2,500.

"Principal Receipts" means:

- (i) any amount received as principal under the Mortgage Receivables (as repayment, prepayment, sale, refinancing, including payments of arrears, Accrued Interest and Arrears of Interest as at the relevant Transfer Date of a Receivable, but excluding prepayment penalties); and
- (ii) any amounts received or recovered as Net Proceeds to the extent relating to principal

"Reserve Account Required Amount" means the sum of:

- (a) the higher of:
 - (i) the aggregate of the expected interest payments for each Series for the immediately succeeding three months, as calculated as:
 - (A) if no Swap Agreement has been entered into or if such Swap Agreement has been terminated in relation to a Series (or part thereof), the aggregate amount of the Scheduled Interest due falling in the next following three CBC Payment Periods, or
 - (B) if a Swap Agreement has been entered into in relation to a Series or a part of such Series (which has not been terminated) with a party other than the Issuer, the amount payable by the CBC (or the Issuer on its behalf) pursuant to such Swap Agreement in the three following CBC Payment Periods for such Series prior to netting of any payments thereunder (excluding any Collateral Return Payments as may fall due thereunder), plus, in the case of a partial hedge, any amount described in (A) not covered by such hedge; and
 - (ii) the aggregate of the accrued interest for all Series since the last Interest Payment Date of each respective Series (or in case of the first interest period for a Series, the Issue Date);

as calculated on the later to occur of each Calculation Date and the last issue date; and

- (b) 0.03 per cent. of the Principal Amount Outstanding of the Covered Bonds on such Calculation Date (or, as applicable, such last issue date); and
- (c) EUR 62,500.

"Interest Receipts" means:

- (i) interest and fees and other amounts received by the CBC in respect of the Mortgage Receivables (including any penalties for late payments), other than Principal Receipts;
- (ii) prepayment penalties received or recovered by the CBC in respect of the Mortgage Receivables; and
- (iii) any amounts received as Net Proceeds to the extent such proceeds do not relate to principal.

"Net Proceeds" means in respect of a Mortgage Receivable the sum of (a) the proceeds of a foreclosure on the Mortgage, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to life insurance and fire insurance, (d) the proceeds of any guarantees or sureties in relation to the relevant Mortgage Receivables, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.

Cash Collection Arrangements

Payments by the majority of the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the first day of each month, interest being payable in arrears. All payments made by Borrowers will be paid into a bank account maintained by the Transferor (the **"Transferor Collection Account"**) with F. van Lanschot Bankiers N.V. This account is not pledged to any party. This account will also be used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys belonging to the Transferor.

The Transferor has undertaken to distribute all amounts of principal, interest and prepayment penalties received by it in respect of the Mortgage Receivables and paid to the Transferor Collection Account ultimately the 14th calendar day following receipt.

CBC PRIORITY OF PAYMENTS

On each CBC Payment Date prior to the service of a CBC Acceleration Notice, the Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will pursuant to the Trust Deed be applied or reserved (in respect of the immediately following CBC Payment Period (which, for the avoidance of doubt, in this priority of payments commences on such CBC Payment Date)), as the case may be, in the following order of priority (the "**CBC Priority of Payments**" and together with the Post CBC Acceleration Notice Priority of Payments (the "**Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee in the immediately following CBC Payment Period under the provisions of the Trust Deed, together with interest;
- (b) *second*, in or towards satisfaction of taxes owing by the CBC to any tax authority accrued and unpaid (to the extent such amounts cannot be paid out of item (ix) of the Interest Available Amount);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of any remuneration and any costs, charges liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of:
 - any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately following CBC Payment Period under the provisions of the Servicing Agreement;
 - any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately following CBC Payment Period under the provisions of the Administration Agreement;
 - amounts (if any) due and payable to the CBC Account Bank (including costs) pursuant to the terms of the CBC Account Agreement;
 - any amounts (including costs and expenses) due and payable to the Directors; and
 - any amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (k) below) pursuant to the terms of the Asset Monitor Appointment Agreement;
- (e) *fifth*, to each Portfolio Swap Counterparty in a towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of all amounts (including any termination payment due and payable by the CBC under the relevant portfolio Swap Agreement to extent *not* paid from any Swap Replacement Amounts, but excluding any Excluded Portfolio Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Portfolio Swap Agreement;
- (f) *sixth*, in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of:
 - (i) to each Swap Counterparty (other than to a Portfolio Swap Counterparty, which is paid under item (e) above), all amounts (including any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Interest Swap Agreement; and
 - (ii) all Scheduled Interest that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be paid in the relevant CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series or (ii) are scheduled to be paid in the immediately succeeding CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series but the Administrator determines in its sole discretion may not be available as scheduled due to the potential

non-performance by a Swap Counterparty of its obligations pursuant to the relevant Swap Agreement;

- (g) *seventh*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (h) *eighth*, in or towards satisfaction or to be reserved for payment, *pro rata* and *pari passu* according to the respective amounts owing thereto, of all Scheduled Principal that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds;
- (i) *ninth*, after the earlier to occur of (i) service of a Breach of Asset Cover Test Notice (to the extent the Breach of Asset Cover Test is not remedied on such date) and (ii) service of an Issuer Acceleration Notice and a Notice to Pay on the CBC, to deposit the remaining moneys in the CBC Account for application on the next following CBC Payment Date in accordance with the this priority of payments, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series);
- (j) *tenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of any Excluded Swap Termination Amount due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (k) *eleventh*, in or towards satisfaction of any indemnity amount due to the Transferors pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement;
- (l) *twelfth*, in or towards satisfaction of any interest due on the Subordinated Loan;
- (m) *thirteenth*, in or towards satisfaction of any principal due on the Subordinated Loan; and
- (n) *fourteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Issuer.

For the purposes hereof:

"CBC Payment Period" means each period from (and including) a CBC Payment Date to (but excluding) the next CBC Payment Date.

"Excluded Swap Termination Amount" means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Counterparty as a result of a of an Event of Default or Termination Event (each as defined in such Swap Agreements) where the relevant Swap Counterparty is the Defaulting Party or the sole Affected Party.

POST CBC ACCELERATION NOTICE PRIORITY OF PAYMENTS

Under the terms of the Trust Deed, each of the Secured Parties agrees that all moneys received or recovered by the Security Trustee or any other Secured Party (whether in the administration, liquidation of the CBC or otherwise) following the occurrence of a CBC Event of Default and service of a CBC Acceleration Notice, except for Swap Collateral Amounts (which shall first be subject to the provisions set out in the relevant Swap Agreement) will be applied following the enforcement of the security rights in the following order of priority (the "**Post CBC Acceleration Notice Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee under the provisions of the Trust Deed together with interest;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any remuneration and any costs, charges liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of:
 - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement;
 - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement;
 - (iii) amounts (if any) due and payable to the CBC Account Bank (including costs) pursuant to the terms of the CBC Account Agreement; and
 - (iv) amounts (including costs and expenses) due to the Directors;
- (d) *fourth*, to each Portfolio Swap Counterparty in or towards satisfaction *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of any amounts due under the relevant Portfolio Swap Agreement (including any termination payment due and payable by the CBC under the relevant Portfolio Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Portfolio Swap Termination Amount);
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts owing thereto, of any amounts due and payable:
 - (i) to the Swap Counterparties under the relevant Swap Agreements (other than under a Portfolio Swap Agreement, which is paid under item (d) above) (including, but not limited to, any termination payment due and payable by the CBC under the relevant Interest Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts); and
 - (ii) to the Covered Bondholders *pro rata* and *pari passu* in respect of interest due and payable on each Series in accordance with the Guarantee;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts due and payable to the Covered Bondholders *pro rata* and *pari passu* in respect of principal due and payable on each Series in accordance with the Guarantee;
- (g) *seventh*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any Excluded Swap Termination Amounts due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (h) *eighth*, in or towards satisfaction of any interest due on the Subordinated Loan;
- (i) *ninth*, in or towards satisfaction of any principal due on the Subordinated Loan; and
- (j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Issuer.

The Security Trustee shall give notice to the Covered Bondholders in accordance with Condition 14 of the date fixed for any payment under the Priorities of Payments. Any payment to be made in respect of the Covered Bonds or Coupons of any Series by the Issuer, the CBC or the Security Trustee may be made in the manner provided in the Conditions, the Agency Agreement and the Trust Deed and any payment so made shall discharge (*kwijten*) the Security Trustee to the extent made.

CBC TRANSACTION ACCOUNTS AND SWAP REPLACEMENT LEDGER

CBC Account

Pursuant to the terms of the CBC Account Agreement entered into on the Programme Date between the CBC, Société Générale S.A., Amsterdam Branch, as CBC Account Bank and the Security Trustee, the CBC will maintain, with the CBC Account Bank, the CBC Account:

- into which are paid all amounts received by the CBC in respect of Transferred Assets; and
- moneys standing to the credit of which will on each CBC Payment Date be applied by the Administrator in accordance with the relevant Priority of Payments as described above in more detail.

Construction Account

The CBC will maintain with the CBC Account Bank a Construction Account. The CBC and the Transferors have agreed in the Guarantee Support Agreement that the CBC will be entitled to withhold from the relevant Initial Purchase Price an amount equal to the aggregate Construction Deposits. Such amount will be deposited on the Construction Account. On each CBC Payment Date, the CBC will release from the Construction Account such part of the relevant Initial Purchase Price which equals the difference between the aggregate Construction Deposits relating to the relevant Mortgage Receivables and the balance standing to the credit of the Construction Account and pay such amount to the Transferor, except if and to the extent that the Borrower has invoked defences or set-off and, as a result, in respect of which the CBC has no further obligation to pay such part of the remaining Initial Purchase Price. Such amount will be credited to the Collection Account and will form part of the Principal Available Amount.

Construction Deposits have to be paid out after the building activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Deposit will be set-off against the relevant Mortgage Receivable up to the amount of the Construction Deposit, in which case the CBC shall have no further obligation towards the Transferor to pay the remaining part of the relevant Initial Purchase Price, and consequently any remaining part of the relevant Initial Purchase Price standing to the credit of the Construction Account will form part of the Principal Available Amount. If an Assignment Notification Event set out under (iv) (see Chapter 10 (*Guarantee, Cashflows*)) has occurred, the CBC will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price.

CBC Account Bank Rating

If the short term, unsecured, unsubordinated and unguaranteed debt obligations of the CBC Account Bank cease to be rated certain ratings, as the date of this Base Prospectus being at least A (long-term) by S&P and 'F1' (short-term) and 'A' (long-term) by Fitch (the "**Requisite Credit Rating**") then within the Relevant Remedy Period of such occurrence either:

- the CBC Account will be closed and new accounts opened under the terms of a new CBC Account Agreement substantially on the same terms as the CBC Account Agreement opened with a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Requisite Credit Rating; or
- the CBC Account Bank will obtain a guarantee of its obligations under the CBC Account Agreement on terms acceptable to the Security Trustee, acting reasonably, from a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Requisite Credit Rating.

"**Relevant Remedy Period**" means the maximum remedy period from time to time, as required to sustain the then current rating of the Covered Bonds, as of the date of the Programme Date being (a) in case of a loss of the Requisite Credit Rating by S&P, the later of (i) sixty (60) calendar days of any such event and (ii) if, on or before the 60th calendar day following the relevant event, the responsible party has submitted a written proposal for a remedy to S&P and S&P has confirmed in writing to the responsible party, the CBC and/or the Security Trustee that the implementation of that proposal will not cause it to downgrade the Covered Bonds, ninety (90) days following such event and/or (b) in case of a loss of the Requisite Credit Rating by Fitch, fourteen (14) calendar days.

Interest Rate

Pursuant to the CBC Account Agreement, the CBC Account Bank has agreed to pay interest on the CBC Transaction Accounts Funds at the rate determined in accordance with the CBC Account Agreement. In the event that the interest rate accruing on the balances standing to the credit of any of the CBC Transaction Accounts is less than zero, such amount will be payable by the CBC to the CBC Account Bank.

Additional Accounts

The CBC and the CBC Account Bank may from time to time agree to create additional accounts for

the purpose of making deposits with a different interest rate in the name of the CBC with the CBC Account Bank (provided that the Security Trustee has consented in writing). Any such additional accounts will be kept separate from the CBC Account to which it is connected. The CBC may only transfer amounts from such additional accounts to the relevant CBC Account to which it is connected and any amount to be transferred to such additional accounts may only be transferred from the relevant CBC Account.

In the event the CBC is obliged to open any other accounts than the CBC Account, the CBC Account Bank will, on the instructions of the CBC, open such new accounts under the terms of this CBC Account Agreement in the name of the CBC.

Reserve Account

Pursuant to the Trust Deed, the CBC will be required to open a reserve account (the "**Reserve Account**") which will be credited by the CBC, from the proceeds of a Subordinated Loan, with an amount equal to the Reserve Account Required Amount and such further amounts as are necessary from time to time to ensure that an amount up to the Reserve Account Required Amount is credited to the Reserve Account and the CBC may request new Subordinated Loan Advances to fund the Reserve Account up to the Reserve Account Required Amount.

In case the Interest Available Amount and the Principal Available Amount are, on a CBC Payment Date, insufficient to meet items (a) to (f) inclusive of the CBC Priority of Payments, all amounts credited to the Reserve Account will be available on such CBC Payment Date to meet items (a) to (f) inclusive of the CBC Priority of Payments and will be released accordingly and form part of the Interest Available Amount.

In case a Notice to Pay is served on any day in the period from the day of the service of a Notice to Pay up to the immediately succeeding CBC Payment Date (the "**Interim Period**") all amounts credited to the Reserve Account will be available to meet any amount of interest due on any Series of Covered Bonds in such Interim Period and will be released accordingly to pay directly, outside any Priority of Payments, any amount of Scheduled Interest due on the Covered Bonds. If the amount credited to the Reserve Account exceeds the Reserve Account Required Amount, such excess will be released and will form part of the Interest Available Amount.

Swap Replacement Ledger

The CBC shall maintain a ledger to the Swap Collateral Account to which shall be credited (a) those amounts received from any replacement Swap Counterparty in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Swap Agreement and (b) those amounts received from any Swap Counterparty in respect of any Swap Agreement which has terminated for any reason (such amounts "**Swap Replacement Amounts**") (such ledger the "**Swap Replacement Ledger**"). Pursuant to the Administration Agreement, the CBC has agreed that it shall only debit to the Swap Replacement Ledger the following amounts:

- (i) those amounts payable to the replacement Swap Counterparty by the CBC in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Swap Agreement, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so replaced; and
- (ii) those amounts payable by the CBC to a Swap Counterparty in respect of the termination of any Swap Agreement, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so terminated,

provided that in the event that any Swap Agreement has been replaced and the Swap Replacement Amounts received by the CBC with respect to such transaction as is being so replaced exceed the amounts debited to the Swap Replacement Ledger under paragraphs (i) or (ii) above in respect of the replacement of such transaction (or the relevant Series will be redeemed or has been redeemed with the proceeds of a sale of Transferred Assets and the Swap Agreement has been terminated in connection with such redemption), then such excess proceeds shall be debited from the Swap Replacement Ledger and shall form part of the Interest Available Amount on the immediately succeeding CBC Payment Date and shall be distributed on such CBC Payment Date accordingly (such amounts "**Excess Swap Replacement Amounts**").

18. DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been approved by the AFM or filed with it, shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) an English translation of the Articles of Association (*statuten*) of the Issuer and Van Lanschot N.V.;
- (b) an English translation of the publicly available audited consolidated financial statements as of and for the financial year ended 31 December 2013 and 31 December 2012 of Van Lanschot N.V. (including the respective independent auditor's reports hereon) as included in Van Lanschot N.V.'s annual 2013 on page 71 to 208 and 213 and 2012 on page 71 to 197 and 202 respectively; and
- (c) an English translation of the publicly available unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. as of and for the periods ended 30 June 2014 and 30 June 2013 as set forth in the semi-annual reports over those periods.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus.

19. RATINGS

The description below is based on the explanation of the meaning of the ratings as this has previously been published by the respective rating providers themselves.

Rating definitions Fitch

Long-Term Ratings:

- 'A': High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
- 'BBB': Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'.

Short-Term Ratings:

- F1: Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

Rating definitions Standard & Poor's

Long-Term Ratings:

- A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- BBB: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
- BB: An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

Plus (+) or minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Short-Term Ratings:

- A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
- A-2: A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

20. GENERAL INFORMATION

1. The establishment of the Programme and the issue of Covered Bonds under the Programme from time to time have been duly authorised and resolved by the Board of Managing Directors of the Issuer on 17 February 2015. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under Dutch law have been given for the issue of Covered Bonds and for the Issuer to undertake and perform its obligations under the Transaction Documents.

The issuing of the Guarantee has been duly authorised by a resolution of the Board of Managing Directors of the CBC dated 23 February 2015.

2. Application may be made for Covered Bonds issued under the Programme to be listed on the official list of Euronext Amsterdam during the period of 12 months from the date of this Base Prospectus. Notice of any terms and conditions not contained herein which are applicable to the Covered Bonds will be set out in the Final Terms which, with respect to such Covered Bonds to be listed on Euronext Amsterdam, will be delivered to Euronext Amsterdam on or before the date of issue. Covered Bonds issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms or be unlisted.
3. Ernst & Young Accountants LLP has given and has not withdrawn its written consent to the issue of this Base Prospectus with their report included herein in the form and context in which it appears. Partners employed by Ernst & Young Accountants LLP are member of the NBA (*Nederlandse Beroepsorganisatie van Accountants*), the Dutch accountants board.
4. Copies of the following documents may for the life of the Base Prospectus be inspected at the specified offices of the Security Trustee and the Principal Paying Agent during normal business hours:
 - (i) the Deed of Incorporation, including the Articles of Association of the Issuer, the Security Trustee and the CBC;
 - (ii) the Pledge Agreements;
 - (iii) the Administration Agreement;
 - (iv) the Servicing Agreement;
 - (v) the CBC Account Agreement;
 - (vi) the Trust Deed;
 - (vii) the Parallel Debt Agreement;
 - (viii) the Agency Agreement;
 - (ix) the Guarantee Support Agreement;
 - (x) the Asset Monitoring Agreement;
 - (xi) the Asset Monitor Appointment Agreement;
 - (xii) the Master Definitions Agreement;
 - (xiii) the Subordinated Loan Agreement; and
 - (xiv) the Management Agreements.
5. The audited annual financial statements of the Issuer and Van Lanschot N.V. prepared annually will be made available, free of charge, at the specified offices of the Issuer.
6. A copy of the Issuer's and Van Lanschot N.V.'s articles of association is available, free of charge, at the office of the Issuer.
7. The audited annual financial statements of the CBC prepared annually will be made available, free of charge, at the specified offices of the CBC.
8. A copy of the CBC's articles of association is available, free of charge, at the office of the CBC.
9. Application will be made for the Covered Bonds to be accepted for clearance through Euroclear and Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, as

the case may be. The appropriate common code, ISIN and security code allocated by Euroclear and Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, as the case may be, will be specified in the applicable Final Terms.

10. A monthly report on the Covered Bonds under this Programme will be published on and can be obtained at: <https://corporate.vanlanschot.nl>.
11. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or, as far as the Issuer is aware, threatened) which may have of have had in the 12 months preceding the date of this Base Prospectus a significant effect on the financial position or profitability if the Issuer and or Van Lanschot N.V. or on group of companies to which the Issuer and Van Lanschot N.V. belong taken as a whole.
12. There has been no significant change in the financial or trading position of the Issuer or of Van Lanschot N.V. (taken as a whole), which has occurred since the end of the financial year ending 31 December 2013 for which period audited financial information has been published by Van Lanschot N.V. or since the end of the financial period ending 30 June 2014 for which period consolidated unaudited interim (semi-annual) financial information has been published. Neither has there been a material adverse change in the financial position or prospects of the Issuer or of Van Lanschot N.V. (taken as a whole) since 31 December 2013.

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