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BASE PROSPECTUS, dated 30 October 2009

FORTIS BANK (NEDERLAND) N.V.

(incorporated under Dutch law with limited liability with statutory seat in Amsterdam)

€100,000,000,000 Covered Bond Programme

**guaranteed as to payments of interest and principal by
FBN COVERED BOND COMPANY B.V.**

(incorporated under Dutch law with limited liability with statutory seat in Amsterdam)

This document constitutes a base prospectus (the "**Base Prospectus**") within the meaning of Directive 2003/71/EC (the "**Prospectus 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 Covered Bonds (as defined below) under the Programme (as defined below) during the period of 12 (twelve) months after the date hereof.

Under this €100,000,000,000 covered bond programme (the "**Programme**"), Fortis Bank (Nederland) N.V. (the "**Issuer**") may from time to time issue bonds (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €100,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to any increase as described herein.

FBN Covered Bond Company B.V. (the "**CBC**") will as an independent obligation irrevocably undertake to pay interest and principal payable under the Covered Bonds pursuant to a guarantee to be issued under the Trust Deed (as defined below) and will pledge the Transferred Collateral (as defined below) and certain other assets as security therefor. Recourse against the CBC under its guarantee will be limited to the Transferred Collateral and such other assets.

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under the section headed "*Programme Summary*" below and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer(s)" shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Covered Bonds. Covered Bonds may be distributed by way of public offer or private placements and, in each case, on a syndicated or non-syndicated base. The method of distribution of each relevant series of Covered Bonds ("**Series**") (or tranche thereof (a "**Tranche**")) will be stated in the final terms (the "**Final Terms**"). Notice of the aggregate nominal amount of the Covered Bonds, interest (if any) payable in respect of such Covered Bonds, the issue price of such Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche of such 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 of such Tranche. Registered Covered Bonds will be issued to each relevant holder by a registered covered bonds deed. See the section headed "Form of Covered Bonds".

Application has been made for Covered Bonds issued under the Programme to be admitted to listing on Euronext Amsterdam (by NYSE Euronext) ("**Euronext Amsterdam**") during the period of 12 (twelve) months from the date of this Base Prospectus. The Issuer may also issue unlisted Covered Bonds. References in this Base Prospectus to Covered Bonds being "listed" (and all related references) shall mean that such Covered Bonds have been admitted to trading and have been listed on Euronext Amsterdam. Euronext Amsterdam or such other or further stock exchange(s) or market as may be agreed is a regulated market for the purposes of Directive 93/22/EC (the "**Investment Services Directive**").

The Issuer and the CBC may agree with any Dealer and the Trustee (as defined below) 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, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

It is a condition to issuance that the Covered Bonds will on issue be assigned an "Aaa" rating by Moody's Investors Service Limited ("**Moody's**") and a "AAA" rating by DBRS Inc. ("**DBRS**") and together with Moody's, the "**Rating Agencies**" and each a "**Rating Agency**"). 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 by the assigning Rating Agency. For a discussion of some of the risks associated with an investment in the Covered Bonds, see the section headed "*Risk Factors*" herein.

The Covered Bonds of each Tranche are in bearer form and will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Covered Bond which will be deposited on or about the issue date thereof (each an "**Issue Date**") either (i) with a common safekeeper or common depositary (or its nominee) for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or (ii) with the *Nederlands Centraal Instituut Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**") and/or (iii) any other agreed clearance system.

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.

For a detailed description of the Issuer, reference is made to the section headed "*Fortis Bank (Nederland) N.V.*" and the Relevant Sections of the Approved Master Issuer Document s (each as defined herein) (see the section headed "*Incorporation by Reference*").

Particular attention is drawn to the section herein headed "*Risk Factors*".

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

Arranger

Fortis Bank (Nederland) N.V.

Dealer

Fortis Bank (Nederland) N.V.

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1 PROGRAMME SUMMARY

This summary does not purport to be complete and is taken from, and is qualified in all respects by, the remainder of this Base Prospectus and the Relevant Sections of the Approved Master Issuer Documents and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms and in relation to the terms and conditions of any particular Transaction Document, the applicable Transaction Document. This summary should be read as an introduction to this Base Prospectus and any decision to invest in the Covered Bonds should be based on a consideration of the Base Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer, being the entity which has prepared the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read with other parts of the Base Prospectus. The headings used in the left columns of the summary below correspond to the numbers and headings of the subsequent chapters as contained elsewhere in this Base Prospectus, where additional and more detailed information on the same heading can be found. Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this summary. An index of certain defined terms is contained at the end of this Base Prospectus.

1. COVERED BONDS

Issuer: Fortis Bank (Nederland) N.V. ("**Fortis Bank (Nederland)**"), a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law, having its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered and head office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the trade register (*handelsregister*) of the chamber of commerce (*kamer van koophandel*) in the Netherlands under number 30080248 ("**Issuer**").

Fortis Bank (Nederland)'s shareholders are the State of the Netherlands and Fortis FBN(H) Preferred Investments B.V. The State of The Netherlands holds all the outstanding ordinary shares as well as two non-cumulative preference shares convertible into ordinary shares B. Fortis FBN(H) Preferred Investments B.V. holds hundred fifty thousand non-cumulative preference shares A. The State of The Netherlands holds a majority of shares in FBN(H) Preferred Investments B.V.

The Issuer is a company resulting from an upstream

merger (*fusie*) dated 31 August 2009 entered into between the company formerly known as Fortis Bank Nederland (Holding) N.V. ("**FBN(H)**") and its wholly owned subsidiary, Fortis Bank (Nederland) N.V., a public company with limited liability (*naamloze vennootschap*) and previously registered with the trade register (*handelsregister*) of the chamber of commerce (*kamer van koophandel*) in the Netherlands ("**FBN**"). Pursuant to the merger FBN(H) (being the surviving entity) acquired all assets and liabilities of FBN (being the disappearing entity). As a consequence of the legal merger FBN, ceased to exist by operation of law (*onder algemene titel* i.e. by way of universal succession). Following the legal merger FBN(H) has changed its statutory name in Fortis Bank (Nederland) N.V.

The Issuer objectives are to engage in banking business, to render insurance intermediary services and to participate in, to conduct the management of and to finance other businesses of whatever nature, to render (staff) services and other support to group companies, to invest and manage assets and to guarantee debts of affiliated companies.

The Issuer is operating its activities in 25 countries across the globe.

The Issuer's retail banking business serves more than 2.1 million customers and over 50,000 small and medium-sized companies from 160 branches throughout the country.

For a more detailed description of the business operations of the Issuer, see the section headed "*Fortis Bank (Nederland) N.V.*" below.

Risk Factors:

There are certain factors which are material for the purpose of assessing the risks associated with an investment in Covered Bonds issued under the Programme. If a prospective investor does not have sufficient knowledge and experience in financial, business and investment matters to permit it to make such an assessment, the investor should consult with its independent financial adviser prior to investing in a particular issue of Covered Bonds. Covered Bonds may not be a suitable investment for all investors.

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. Prospective 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 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) standard banking risks including changes in interest and foreign exchange rates and (v) operational, credit, market, liquidity, legal risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme, such as the risk relating to the secondary market and any risk relating to exchange rates, exchange controls and interest rates.

For more details of general and specific risk factors affecting the Covered Bonds issued under the Programme, see the section headed "*Risk Factors*" below.

Programme Description:

Programme for the issue of Covered Bonds by the Issuer to Covered Bondholders on each issue date (each, an "**Issue Date**").

Programme Size:

Up to €100,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the CBC may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:

Covered Bonds may be distributed outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act) by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to applicable selling restrictions and inside the United States to qualified institutional buyers in accordance with Rule 144A of the Securities Act.

Selling Restrictions:

There are selling restrictions in relation to the United States, the United Kingdom, France, Italy and the

Netherlands and such other restrictions as may apply in connection with the offering and sale of a particular Tranche or Series. See section headed "*Subscription and Sale*" below.

Specified Currency:

Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Certain Restrictions:

Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the restrictions applicable at the date of this Base Prospectus.

Maturities:

Such maturities as may be agreed between the Issuer and the relevant Dealer(s), 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 or the relevant Specified Currency.

Redemption:

The applicable Final Terms will indicate either (a) that the relevant Covered Bonds will not be redeemed prior to their stated maturity (other than in specified events or instalments, if applicable, or for taxation reasons or following an Issuer Event of Default or a CBC Event of Default) or (b) that 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 may be agreed between the Issuer and the relevant Dealer(s) as set forth in the applicable Final Terms.

Amortisation:

The Covered Bonds which have a soft bullet maturity allow payment by the CBC of Guaranteed Final Redemption Amounts to be extended to the relevant Extended Due for Payment Date. The Covered Bonds which have a hard bullet maturity will not allow such extension of payment by the CBC of Guaranteed Final Redemption Amounts after the Final Maturity Date. 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, unless any amounts are available to the CBC for such purpose prior to such date and will be paid on the relevant Interest Payment Date or Extension Date; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount.

See further Condition 3 (*The Guarantee*) of the Terms and Conditions of the Covered Bonds.

Option to issue without extendable obligations:

The Issuer may at any time decide to issue Covered Bonds to which no Extended Due for Payment Date shall apply, provided that the Trustee consents thereto in writing. The Trustee is not required to consult with the Covered Bondholders prior to giving its approval. The Base Prospectus and the Transaction Documents will be amended accordingly, subject to Rating Agency Confirmation having been obtained.

A pre-maturity test will be included to ensure that sufficient liquidity is provided for the Covered Bonds if the Issuer's credit rating falls below a certain level.

All Tranches within the same Series of Covered Bonds will have soft bullet or hard bullet maturity, as the case may be.

Issue Price:

Covered Bonds may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Interest Payment Date:

Interest shall be payable and principal repayable on the Covered Bonds of each Series on the Interest Payment Dates agreed by the Issuer and the Dealers and specified in the applicable Final Terms. The Issuer and the Dealers may agree that (in respect of Covered

Bonds other than zero coupon Covered Bonds) interest shall be payable quarterly, semi-annually, annually or upon redemption of the relevant Covered Bonds.

Form of Covered Bonds:

Each Covered Bond will be issued in bearer form (a **"Bearer Covered Bond"**) or in registered form (a **"Registered Covered Bond"**).

Each Tranche of Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Covered Bond. Each Temporary Global Covered Bond (i) which is intended to be issued in new global note ("**NGN**") form (an **"NGN Temporary Global Covered Bond"**) will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream Luxembourg (ii) which is not intended to be issued in NGN form (a **"Classic Temporary Global Covered Bond"**) may be deposited on or around the relevant Issue Date with a common depositary for Euroclear and/or Clearstream Luxembourg, or with a common depositary for Euroclear Netherlands and/or with (a common 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 the section headed *"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 any other agreed clearing system or (ii) Euroclear Netherlands, as appropriate. See the section headed *"Form of Covered Bonds"*.

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

Fixed Rate Covered Bonds:

Covered Bonds which will bear interest at a fixed rate, payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such

Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms) (such Covered Bonds, **"Fixed Rate Covered Bonds"**).

Floating Rate Covered Bonds:

Covered Bonds which will bear interest at a rate determined:

- (a) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (b) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms),

(such Covered Bonds, **"Floating Rate Covered Bonds"**).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Covered Bonds (as set out in the applicable Final Terms).

Index Linked Covered Bonds:

Covered Bonds in respect of which payments of interest will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as set out in the applicable Final Terms) (such Covered Bonds, **"Index Linked Interest Covered Bonds"**).

Equity Linked Covered Bonds:

Covered Bonds in respect of which payments of interest will be calculated by reference to the nature of an underlying share and/or formula as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms) (such Covered Bonds, **"Equity Linked Covered Bonds"**).

Other Provisions in relation to Floating Rate Covered Bonds, Index Linked Covered Bonds and Equity Linked Covered Bonds:

Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds may also have a maximum interest rate ("**Cap**"), a minimum interest rate ("**Floor**") or both ("**Collar**"). Interest on Floating Rate Covered Bonds, Index Linked Covered Bonds and Equity Linked Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable

on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s).

Dual Currency Covered Bonds: Covered Bonds in respect of which payments (whether in respect of principal or interest and whether at maturity or otherwise) will be made on dual currency, reverse dual currency and optional dual currency, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as set out in the applicable Final Terms) (such Covered Bonds, "**Dual Currency Covered Bonds**").

Zero Coupon Covered Bonds: Covered Bonds may be offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment (such Covered Bonds, "**Zero Coupon Covered Bonds**").

Denomination of Covered Bonds: 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) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination (and in respect of Covered Bonds issued at a discount to their nominal amount and the first instalment to be paid in respect of Partly Paid Covered Bonds, 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 € 50,000 (or if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation: All payments in respect of the Covered Bonds will be made without withholding or deduction for or on account of taxes imposed by any Tax Jurisdiction, subject to restrictions. In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted or, if the Issuer elects, it may redeem the Series affected. The CBC will not be liable to pay any such additional amounts under the

Guarantee.

Cross Default:

None of the Covered Bonds will accelerate automatically on an Issuer Event of Default or a CBC Event of Default. All Covered Bonds will accelerate (a) vis-à-vis the Issuer following (i) a failure to pay (subject to applicable grace periods) by the Issuer in respect of such Series, (ii) the occurrence of any other Issuer Event of Default, and (b) vis-à-vis the Issuer and the CBC following (i) a failure to pay (subject to applicable grace periods) by the CBC in respect of such Series, (ii) the occurrence of any other CBC Event of Default of Default, provided that:

- (a) the Trustee exercises its discretion to serve an Issuer Acceleration Notice or CBC Acceleration Notice, as the case may be; or
- (b) the Trustee is instructed to accelerate the Covered Bonds against the Issuer or the CBC respectively, following a Programme Resolution.

Status of the Covered Bonds:

The Covered Bonds issued from time to time in accordance with 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.

Listing:

Application has been made to Euronext Amsterdam for the Covered Bonds to be issued under the Programme to be admitted to trading and listed on Euronext Amsterdam. The Covered Bonds may also be listed, quoted and/or traded on or by such other or further competent listing authority(ies), stock exchange(s) and/or quoted system(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series.

Unlisted Covered Bonds may also be issued.

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).

Clearing:

Euroclear and/or Clearstream, Luxembourg.

Governing law:

The Covered Bonds will be governed by, and construed in accordance with, Dutch law.

The Transaction Documents will be governed by Dutch law, except for the Swap Agreements, which will be governed by English law.

2. ASSET-BACKED GUARANTEE

Guarantee, Security, CBC:

Pursuant to a Guarantee to be issued under the Trust Deed, the CBC will as an independent obligation irrevocably undertake to pay 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 in favour of the Trustee by:

- (a) a pledge over the Transferred Collateral; and
- (b) a pledge by the CBC over its rights and claims under the relevant Transaction Documents.

The pledge over the Transferred Collateral, to the extent relating to the RMBS Notes (the "**Transferred RMBS Notes**"), will be structured as follows:

The CBC will pledge the Transferred RMBS Notes to the Trustee as security for a parallel debt corresponding to the Guarantee (such pledge, the "**CBC Collateral Pledge Agreement**").

Additionally, each Transferor will pledge the Eligible RMBS Notes which are purported to be transferred by it to the CBC pursuant to the Guarantee Support Agreement to the Trustee, in case that the (*voor het geval dat*) relevant Eligible RMBS Notes are not validly transferred to the CBC pursuant to the Guarantee Support Agreement (such pledge, a "**Transferor Collateral Pledge Agreement**").

The Transferor Collateral Pledge Agreement will be entered into to mitigate any possible risk that the

transfer of the Transferred Collateral by a Transferor to the CBC pursuant to the Guarantee Support Agreement may be affected by Section 3:84 (3) of the Dutch Civil Code as a result of which the CBC Collateral Pledge Agreement will not create a legal valid and enforceable right of pledge over the Transferred Collateral in favour of the Trustee.

To the extent the Transferred Collateral consists of cash, the security will be created pursuant to a right of pledge over any and all claims of the CBC in respect of certain bank accounts.

For a more detailed description of the relevant security documents entered into, see the section headed "*Security*" below.

Recourse under the Guarantee will be limited to the Secured Assets from time to time. Payments made by the CBC under the Guarantee will be made subject to, and in accordance with, the Post-Issuer-Acceleration-Notice Priority of Payments or the Post-CBC-Acceleration-Notice Priority of Payments, as applicable.

Principal Transaction Documents: CBC Collateral Pledge Agreement, Transferor Collateral Pledge Agreement, Accounts Pledge Agreement and CBC Rights Pledge Agreement.

3. GUARANTEE SUPPORT

Transfers, Retransfers, Eligible Collateral, Transferors:

As consideration for the CBC assuming the Guarantee, the Transferors will transfer Eligible Collateral to the CBC in accordance with the Guarantee Support Agreement. The Transferors will be obliged, and the CBC will use reasonable endeavours, to ensure, amongst other things, that the Asset Cover Test is satisfied on each Calculation Date.

Principal Transaction Document: Guarantee Support Agreement.

4. ASSET MONITORING

Asset Cover Test, Portfolio Tests, Asset Default, Remedy:

Up to two tests will be carried out so as to monitor the assets of the CBC from time to time. The Asset Cover Test is intended to ensure that the ratio of the

Transferred Collateral to the Covered Bonds is maintained at a certain level. The Portfolio Tests (if implemented) are intended to replace the Total Return Swap at the option of (i) the Issuer at any time or (ii) the CBC following a downgrade of the Total Return Swap Provider. A Breach of the Asset Cover Test or any Portfolio Test will entitle the Trustee to serve a Notice of Asset Default on the CBC, except if the Breach of the Asset Cover Test or any Portfolio Test occurs following the service of a Notice to Pay, in which case such breach will entitle the Trustee to serve a CBC Acceleration Notice on the CBC and the Issuer.

A Breach of the Asset Cover Test or any Portfolio Test can be remedied, provided that:

- (a) no Notice to Pay or CBC Acceleration Notice has been served; and
- (b) the Asset Cover Test or the Portfolio Test (if implemented), as the case may be, has been met at the two consecutive Calculation Dates immediately succeeding the Calculation Date at which the Notice of Asset Default has been served.

Upon the fulfilment of the conditions under (a) and (b) a notice to that effect (such notice the "**Notice of Remedy**") will be served by the Trustee on the CBC (with a copy to the Issuer).

Principal Transaction Documents: Asset Monitor Agreement and Administration Agreement.

5. CUSTODY

Custody:

The CBC will appoint a custodian to provide custody services in relation to the Transferred Collateral to the extent relating to the RMBS Notes.

6. SWAPS

Total Return, Interest Rate, Structured Swaps:

There are certain mismatches between the interest to be received on the Transferred Collateral and the interest payable under the Covered Bonds. In order to address these mismatches, the CBC will be required to enter into appropriate hedging arrangements.

Total Return Swap:

The CBC will hedge the interest received on the Transferred Collateral under the Total Return Swap. If Portfolio Tests are implemented or an alternative hedging methodology, subject to Rating Agency Confirmation, is put in place, then the Total Return Swap Agreement will be terminated and, in the case of such an alternative hedging methodology, the CBC will be required to enter into such derivative transactions as are required to comply with such alternative hedging methodology.

Structured Swaps:

The CBC will hedge any exposure arising from any Series (a) denominated in a currency other than euro, (b) of Index or Equity Linked Covered Bonds, or (c) denominated in euro but bearing non-euro interest, under a Structured Swap, which Structured Swap will be entered into prior to or at the time of the issuance of the relevant Series.

In addition, if at any time Fortis Bank (Nederland) is not an Eligible Swap Provider it will in accordance with the Swap Undertaking Letter, be required to procure that the undertakings pursuant to the Swap Undertaking Letter will within 30 (thirty) days be transferred to a third party that qualifies as an Eligible Swap Provider to enter into Structured Swaps.

Interest Rate Swap:

If, in accordance with the terms thereof, the Total Return Swap Agreement will be terminated, an Interest Rate Swap Agreement will be entered into to hedge the exposure arising out of a mismatch between the rate of interest received over the Transferred Collateral and the rate of interest payable in respect of the Covered Bonds.

In addition, if at any time Fortis Bank (Nederland) is not an Eligible Swap Provider it will in accordance with the Swap Undertaking Letter, be required to procure that the undertakings pursuant to the Swap Undertaking Letter will within 30 (thirty) days be transferred to a third party that qualifies as an Eligible Swap Provider to enter into Interest Rate Swaps.

The transactions under any Swap Agreement will be

entered into subject to the condition precedent (*opschortende voorwaarden*) of the service of a Notice to Pay.

Principal Transaction Documents: Total Return Swap Agreement and Swap Undertaking Letter.

7. CASH FLOWS

Ledgers, Pre-Notice-to-Pay Cash Flow Scheme, Priority of Payments, CBC Accounts:

As a result of the transfer of Eligible Collateral to the CBC, the CBC will be entitled to all proceeds of the Transferred Collateral.

For as long as no Downgrade Trigger Event, Notice of Asset Default, Notice to Pay or CBC Acceleration Notice has been served on the CBC, the CBC will not receive any proceeds arising out of the Transferred RMBS Notes but instead instruct the Custodian to distribute such proceeds on its behalf to the Transferors or such other entity as designated by the Transferors.

To the extent any Transferred Collateral consists of cash, the CBC will instruct the Administrator to pay any proceeds arising out of such Transferred Collateral (e.g. interest) on its behalf to the Transferors or such other entity as designated by the Transferors.

In addition, the Issuer will, as consideration for the CBC assuming the Guarantee, pay all costs and expenses of the CBC.

Upon the earlier of (i) the occurrence of a Downgrade Trigger Event, (ii) the service of a Notice of Asset Default and (iii) the service of a Notice to Pay but prior to the service of a CBC Acceleration Notice, the CBC will, subject to the rights of the Trustee as pledgee, become entitled to receive and collect any proceeds arising out of the Transferred RMBS Notes to the extent relating to the period following the occurrence of the Downgrade Trigger Event or the service of the Notice of Asset Default, for which purpose the Custodian will be instructed to pay any amounts received in respect of the Transferred RMBS Notes to the CBC by crediting the same into the AIC Account.

If, following the service of a Notice of Asset Default or the occurrence of a Downgrade Trigger Event a related Notice of Remedy is being served or related Upgrade

Trigger Event occurs, and provided Notice of Asset Default is outstanding and no Notice to Pay or CBC Acceleration has been served, the Transferors will, as approved by the Trustee as pledgee, again become entitled to receive any proceeds from the Transferred Collateral to the extent relating to the period following the service of the related Notice of Remedy or the occurrence of the related Upgrade Trigger Event.

If a Notice to Pay or a CBC Acceleration Notice is being served, the CBC will, subject to the rights of the Trustee as pledgee, be entitled to receive any proceeds from the Transferred Collateral to the extent relating to the period following the occurrence of the Notice to Pay or a CBC Acceleration Notice.

Any amounts relating to the Transferred Collateral and any other amounts will be applied in accordance with the Pre-Notice-to-Pay Cash Flow Scheme or relevant Priority of Payments, as the case may be (see section headed "*Cash Flows*" below).

Principal Transaction Documents: Trust Deed, Guarantee Support Agreement, Administration Agreement and AIC Account Agreement.

8. GENERAL INFORMATION

General information:

Copies of the principal Transaction Documents and various other documents are available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer, the specified office of the Principal Paying Agent or the specified office of the Listing Agent.

Rating:

It is a condition precedent for each issue of a Series of Covered Bonds that the Covered Bonds, on issue, be assigned an "Aaa" rating by Moody's and an "AAA" rating by DBRS.

2 RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Covered Bonds issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is 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 risks associated with Covered Bonds issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts on or in connection with the Covered Bonds. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and the Relevant Sections of the Approved Master Issuer Documents and reach their own views prior to making any investment decision. In particular the risks set out in paragraph 2.4 below (Risk factors regarding to the Guarantee Support) should be read in conjunction with the risks set out in the Relevant Sections of the Approved Master Issuer Documents which are incorporated by reference into this Base Prospectus (see section headed "Incorporated by Reference" below).

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.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in the below risk factors description. An index of certain defined terms is contained at the end of this Base Prospectus.

2.1 RISK FACTORS REGARDING THE ISSUER

As part of the financial services industry, Fortis Bank (Nederland) faces substantial competitive pressures which could adversely affect the results of operations

Fortis Bank (Nederland) is operating its activities in 25 countries across the globe. There is substantial competition in the Benelux region and the other regions in which Fortis Bank (Nederland) carries on business for the types of banking and other products and services which Fortis Bank (Nederland) provides. Such competition is most pronounced in the Dutch market where Fortis Bank (Nederland) faces competition from companies such as ING Group and Rabobank. As a result, Fortis Bank (Nederland)'s strategy is to maintain customer loyalty and retention, which can be influenced by a number of factors, including service levels, the prices

and attributes of products and services, financial strength and actions taken by competitors. If Fortis Bank (Nederland) is unable to compete with attractive product and service offerings that are profitable, Fortis Bank (Nederland) may lose market share or incur losses on some or all of Fortis Bank (Nederland)'s activities. Competition in the financial services industry is affected by a high level of consolidation, both at a national and an international level, in the markets in Fortis Bank (Nederland) operates, as well as by the emergence of alternative distribution channels for many of the products Fortis Bank (Nederland) offers. Consumer demand, technological changes, regulatory actions and other factors also affect competition in Fortis Bank (Nederland)'s industry. In other international markets, Fortis Bank (Nederland) faces competition from the leading domestic and international institutions active in the relevant national and international markets. Competitive pressures could result in increased pricing pressures on a number of Fortis Bank (Nederland)'s products and services, particularly as competitors seek to win market share, and may harm Fortis Bank (Nederland)'s ability to maintain or increase profitability.

Market conditions and volatility can adversely affect Fortis Bank (Nederland)'s results

Each of Fortis Bank (Nederland)'s business segments is affected by changing general market conditions, which can cause Fortis Bank (Nederland)'s results to fluctuate from year to year, as well as on a long-term basis. These conditions include economic cycles, financial market cycles, including volatile movements in market prices for securities, and as a result of changing market conditions, and the influence of financial and industry cycles, Fortis Bank (Nederland)'s results of operations are subject to volatility that may be outside Fortis Bank (Nederland)'s control. Since July 2007, market conditions have been significantly more volatile than in previous periods and there can be no assurance as to the effect of this volatility, particularly if it is prolonged, on the profits of most of Fortis Bank (Nederland)'s merchant banking, securities trading and brokerage activities before taxation.

As has been well publicized recently, credit markets and subprime residential mortgage markets, particularly in the U.S. but also worldwide, have experienced severe dislocations and liquidity disruptions. Subprime mortgage loans have experienced increased rates of delinquency, foreclosure and impairments since 2007. These and other related events have had a significant impact on the capital markets associated not only with subprime mortgage backed securities, asset backed securities and collateralized debt obligations, but also with credit and financial markets as a whole. These events have also adversely affected other market participants resulting in a risk of ratings downgrades. If the other market participants' credit ratings weaken, the weaker credit of such entities may affect the values of hedges and other transactions with them as counterparties and result in write downs of the values of the assets represented by such instruments. As a result, financial institutions world-wide, including Fortis Bank (Nederland), have been operating, and continue to operate, in a difficult environment characterized by a decrease of the value of financial assets, liquidity constraints and increased short-term funding costs. If such circumstances were further to deteriorate or continue for protracted periods of time, this could have a negative impact on the results of Fortis Bank (Nederland)'s banking business and Fortis Bank (Nederland)'s profitability as a whole.

Securities market volatility or downturns can adversely affect Fortis Bank (Nederland)'s banking activities

Market volatility and overall declines in market indices can negatively affect Fortis Bank (Nederland)'s merchant banking, securities trading and brokerage activities. Volatility and declines in market indices can reduce unrealized gains in Fortis Bank (Nederland)'s various portfolios or the demand for some of Fortis Bank (Nederland)'s banking products. Since 2003, financial markets, and equity markets in particular, have recovered and improved significantly, particularly in 2005, which improvement had a material positive effect on several of Fortis Bank (Nederland)'s businesses. Since July 2007, however, both the credit and the equity markets have been very volatile. There is no assurance that such volatility will not result in a prolonged market decline, or such market declines for other reasons will not occur in the future. Such market declines, if they did occur, could have a material adverse effect on Fortis Bank (Nederland)'s financial condition and results of operations. Market downturns and high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters or other similar events outside Fortis Bank (Nederland)'s control.

Volatility in interest rates may adversely affect Fortis Bank (Nederland)'s banking businesses

Fluctuations in interest rates affect the returns Fortis Bank (Nederland) earns on floating interest investments. Interest rate changes also affect the market values of, and the amounts of capital gains or losses Fortis Bank (Nederland) takes on, the floating interest securities Fortis Bank (Nederland) holds. These fluctuations and changes affect Fortis Bank (Nederland)'s net interest income and recognized gains and losses on securities held in Fortis Bank (Nederland)'s investment portfolios. The results of Fortis Bank (Nederland)'s banking operations are affected by Fortis Bank (Nederland)'s management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. The composition of Fortis Bank (Nederland)'s banking assets and liabilities, and any gap position resulting from the composition, causes Fortis Bank (Nederland)'s banking operations' net interest income to vary with changes in interest rates. In addition, variations in interest rate sensitivity may exist within the repricing periods or between the different currencies in which Fortis Bank (Nederland) holds interest rate positions. A mismatch of interest may, in the event of changes in interest rates, have a material effect on the financial condition or results of operations of Fortis Bank (Nederland)'s banking businesses.

Fortis Bank (Nederland)'s business is exposed to liquidity risks

Liquidity risk is inherent in much of Fortis Bank (Nederland)'s business. Each asset purchased and liability sold has liquidity characteristics that are unique. Some liabilities are surrenderable while some assets, such as privately placed loans, mortgage loans, real estate and limited partnership interests, have low liquidity. Additionally, protracted market declines can reduce the liquidity of markets that are typically liquid. If, in the course of Fortis Bank (Nederland)'s banking activities, Fortis Bank (Nederland) requires significant amounts of cash on short notice in excess of anticipated cash requirements, Fortis Bank (Nederland) may have difficulty selling these assets at attractive prices, in a timely manner, or both. Any downgrade in Fortis Bank (Nederland)'s ratings may increase Fortis Bank (Nederland)'s borrowing costs, limit Fortis Bank (Nederland)'s access to capital markets and adversely affect Fortis Bank (Nederland)'s ability to sell or market Fortis Bank (Nederland)'s products, engage in business transactions – particularly longer term and derivatives transactions – and retain Fortis Bank (Nederland)'s current

customers. This, in turn, could reduce Fortis Bank (Nederland)'s liquidity and have an adverse effect on Fortis Bank (Nederland)'s operating results and financial condition.

Fortis Bank (Nederland)'s risk management methods may leave Fortis Bank (Nederland)'s exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities

Fortis Bank (Nederland) devotes significant resources to developing risk management policies, procedures and assessment methods for Fortis Bank (Nederland)'s banking businesses. Fortis Bank (Nederland) uses a value-at-risk (VaR) model, duration analysis and sensitivity analysis as well as other risk assessment methods. Nonetheless, Fortis Bank (Nederland)'s risk management techniques and strategies may not be fully effective in mitigating Fortis Bank (Nederland)' risk exposure in all economic market environments or against all types of risk, including risks that Fortis Bank (Nederland) fails to identify or anticipate. Some of Fortis Bank (Nederland)'s qualitative tools and metrics for managing risk are based upon use of observed historical market behaviour. Fortis Bank (Nederland) applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposures. Fortis Bank (Nederland)'s losses thus could be significantly greater than Fortis Bank (Nederland)'s measures would indicate. In addition, Fortis Bank (Nederland)'s quantified modelling does not take all risks into account. Fortis Bank (Nederland)'s more qualitative approach to managing risks takes into account a broader set of risks, but is less precise than quantified modelling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in Fortis Bank (Nederland)'s banking businesses

While Fortis Bank (Nederland) manages its operational risks, these risks remain an inherent part of all of its businesses

The operational risks that Fortis Bank (Nederland)'s business face include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events can potentially result in financial loss as well as harm to Fortis Bank (Nederland)'s reputation. Additionally, the loss of key personnel could adversely affect Fortis Bank (Nederland)'s operations and results. Fortis Bank (Nederland)'s business inherently generates operational risks. These businesses are dependent on processing a large number of complex transactions across numerous and diverse products, and is subject to a number of different legal and regulatory regimes. Additionally, because of the long-term nature of much of these businesses, accurate records have to be maintained for significant periods. Fortis Bank (Nederland) attempts to keep operational risks at appropriate levels by maintaining a sound and well controlled environment in light of the characteristics of Fortis Bank (Nederland)'s business, the markets and the regulatory environments in which Fortis Bank (Nederland) operates. While these control measures mitigate operational risks they do not eliminate them.

Fortis Bank (Nederland) has significant counterparty risk exposure and exposure to systemic risks

Fortis Bank (Nederland)'s business are subject to general credit risks, including credit risks of borrowers and other counter parties. Third parties that owe Fortis Bank (Nederland) money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans made, the issuers whose securities Fortis Bank (Nederland) holds,

customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to Fortis Bank (Nederland) due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons. In addition, in the past, the general credit environment has been adversely affected by significant instances of fraud. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. 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 which Fortis Bank (Nederland) interacts on a daily basis, and could have an adverse effect on Fortis Bank (Nederland)'s business.

Catastrophic events, terrorist attacks and other acts of war could have a negative impact on Fortis Bank (Nederland)'s business and results

Catastrophic events, terrorist attacks, other acts of war or hostility, and responses to those acts may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which Fortis Bank (Nederland) operates and, more specifically, on Fortis Bank (Nederland)'s business and results in ways that cannot be predicted.

Fortis Bank (Nederland)'s results of operations can be adversely affected by significant adverse regulatory developments, including changes in tax laws

Fortis Bank (Nederland) conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in the European Union and the other regions in which Fortis Bank (Nederland) does business. The timing and form of future changes in regulation are unpredictable and beyond Fortis Bank (Nederland)'s control, and changes made could materially adversely affect Fortis Bank (Nederland)'s business, the products and services Fortis Bank (Nederland) offers or the value of its assets or extent of its liabilities. Any changes in the tax laws of jurisdictions in which Fortis Bank (Nederland) operates which affect its products, could have a material adverse effect on its insurance or other businesses and results of operations and financial condition.

Fortis Bank (Nederland)'s business is sensitive to changes in governmental policies and international economic conditions that could limit its operating flexibility and reduce its profitability

Fortis Bank (Nederland)'s business and results of operations may be materially affected by market fluctuations and by economic factors, including governmental, political and economic developments relating to inflation, interest rates, taxation, currency fluctuations, trade regulations, social or political instability, diplomatic relations, international conflicts and other factors that could limit its operating flexibility and reduce Fortis Bank (Nederland)'s profitability. In addition, results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including: political, economic and market conditions; the availability and cost of capital; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation; and investor sentiment and confidence in the financial markets. In addition, there has been a heightened level of legislative, legal and regulatory developments related to the financial services industry in the European Union, the

United States and elsewhere that potentially could increase costs, thereby affecting Fortis Bank (Nederland)'s future results of operations. Such factors may also have an impact on Fortis Bank (Nederland)'s ability to achieve its strategic objectives on a global basis. In addition, there is continuing political and regulatory scrutiny of the operations of the retail banking and consumer credit industries in the Netherlands and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and are beyond Fortis Bank (Nederland)'s control but could have an adverse impact on Fortis Bank (Nederland)'s businesses and earnings. In the European Union, these regulatory actions included an inquiry into retail banking in all of the Member States by the European Commission's Directorate General for Competition. The inquiry examined retail banking in Europe generally. On 31 January 2007, the European Commission announced that barriers to competition in certain areas of retail banking, payment cards and payment systems in the European Union had been identified. The European Commission indicated that it will use its powers to address these barriers and will encourage national competition authorities to enforce European and national competition laws where appropriate. Any action taken by the European Commission and national competition authorities could have an adverse impact on Fortis Bank (Nederland)'s payment cards and payment systems businesses and on its retail banking activities in the European Union countries in which it operates.

Fortis Bank (Nederland)'s businesses have a dominant concentration in the Netherlands

Fortis Bank (Nederland)'s businesses have a dominant concentration in the Netherlands and therefore are particularly exposed to the economic conditions in the Netherlands. Any deterioration or merely a long-term persistence of the difficult economic environment in The Netherlands could have a negative effect on Fortis Bank (Nederland)'s operating results and financial condition.

Fortis Bank (Nederland) distanglement from the Fortis group may adversely affect Fortis Bank (Nederland)'s operations

Before the separation from the Fortis group, Fortis Bank (Nederland) almost completely depended on Fortis Bank SA/NV for risk management, funding and liquidity. Also, business lines were abruptly split up, along with client portfolios and profit and loss accounts. Fortis Bank (Nederland) is in the process of reorganising itself as an independent stand-alone bank. To this effect, Fortis Bank (Nederland) and Fortis Bank SA/NV have established a separation governance model to ensure a swift and secure split-up of the banking activities. The separation is expected to be finalised by the end of September 2010. Failure or delay in the implementation of the split-up may adversely affect the independent operation of Fortis Bank (Nederland)'s and may therefore adversely affect Fortis Bank (Nederland)'s results and financial condition.

Fortis Bank (Nederland) operates under the supervision of several regulators in various jurisdictions which may impose restrictions and conditions

The Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**") and other regulators in various jurisdictions may impose (further) restrictions and conditions to Fortis Bank (Nederland). Some of these restrictions may adversely affect Fortis Bank (Nederland)'s operating results and financial condition.

Litigation or other proceedings or actions may adversely affect Fortis Bank (Nederland)s' business, financial condition and results of operations

Fortis Bank (Nederland)'s business is subject to the risk of litigation by customers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions may seek recovery of large or indeterminate amounts or other remedies that may affect Fortis Bank (Nederland)'s ability to conduct business, and the magnitude of the potential loss relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of Fortis Bank (Nederland)'s services, regardless of whether the allegations are valid or whether Fortis is ultimately found liable. As a result, litigation may adversely affect Fortis Bank (Nederland)'s business.

Reputational Risk

Reputational risk exists in many forms in all the Fortis Bank (Nederland)'s activities. Examples are the quality and transparency of products sold to clients. The conduct of employees can also result in a reputational risk. Strict compliance procedures are in place to minimize this risk, as well as decision-making procedures for new activities and products. In addition Fortis Bank (Nederland)'s reputation could also be harmed as a result of negative publicity regarding the Fortis Group and Fortis brand name. This may adversely affect Fortis Bank (Nederland)'s operating results and financial condition.

Different capacities

Fortis Bank (Nederland) acts in different capacities under the relevant Transaction Documents, including as Issuer, Transferor, Registrar, Listing Agent, Account Bank, Paying Agent, Dealer, Arranger, Custodian, Total Return Swap Provider, Structured Swap Provider and Interest Rate Swap Provider. 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 Fortis Bank (Nederland)) is acting with other parties (such as the Trustee and the CBC).

Potential Conflict of Interest, information and past performance

The Issuer and its affiliates may engage in trading activities (including hedging activities) related to interests underlying any Covered Bond and other instruments or derivative products based on or related to interests underlying any Covered Bond for their proprietary accounts or for other accounts under their management. The Issuer and its affiliates may also issue other derivative instruments in respect of interests underlying any Covered Bonds. The Issuer and its affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Covered Bonds or may act as financial adviser to companies whose securities impact the return on Covered Bonds. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Covered Bonds. The Issuer may have acquired, or during the term of Covered Bonds may acquire, non-public information with respect to securities (or their issuers) or other assets or indices underlying Covered Bonds which will not be provided to holders of such Covered Bonds. The Issuer makes no representation or warranty about, and gives no guarantee of, the performance of securities or other assets or indices underlying the Covered

Bonds. Past performance of such securities or other assets or indices cannot be considered to be a guarantee of, or guide to, future performance.

2.2 RISK FACTORS REGARDING THE 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, as set out below), any other entity or person, in whatever capacity acting (other than as Issuer), including, without limitation, any Transferor, the CBC, any Swap Provider, the Administrator, each Managing Director, any Paying Agent, the Registrar, any Calculation Agent, the Arranger, any Dealer, the Account Bank and the Trustee. Furthermore, none of the Transferors (other than the Issuer), any Swap Provider, the Administrator, each Managing Director, the Paying Agents, Registrar, the Calculation Agents, the Arranger, the Dealers (excluding the Issuer), the Account Bank and the Trustee, 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 that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has 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 potential 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 they 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 security granted by the CBC under the Security Documents. 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.

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 potential investors. Set out below is a description of the most common of such features:

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 true prior to any 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.

Index Linked Covered Bonds and Dual Currency Covered Bonds

The Issuer may issue Covered Bonds with interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Prospective investors should be aware that:

- (i) the market price of such Covered Bonds may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;

- (iv) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (v) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vi) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Covered Bonds

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable Rate Covered Bonds with a multiplier or other leverage factor

Covered Bonds with variable interest rates can be volatile investments. Their market values may be even more volatile, if they are structured to include multipliers or other leverage factors, or Caps, Floors or Collars (or any combination of those features or other similar related features).

Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

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 do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to 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 Trustee to serve an Issuer Acceleration Notice or a CBC Acceleration Notice, and any direction to the 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 14 of the Terms and Conditions of the Covered Bonds (*Meetings of Covered Bondholders, Modification and Waiver*) and can not 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 Trustee may agree to modifications to the Transaction Documents without the Covered Bondholders' or other Secured Parties' prior consent

Pursuant to the terms of the Trust Deed, the Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Parties (other than the Trustee (where applicable)), concur with any person in making or sanctioning any modifications to the Covered Bonds of any Series, the related Coupons or any Transaction Documents to which the Trustee is a party or over which it has Security:

- provided that (i) in the opinion of the 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 Trustee may rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to the interests of such Secured Creditor) and (ii) it has not been informed in writing by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given his/her written consent as aforesaid) and provided that any such modification is notified to the Rating Agencies; or
- which in the opinion of the Trustee are made to correct a manifest error or an error established as such to the satisfaction of the Trustee or of a formal, minor or technical nature or are made to comply with mandatory provisions of law.

EU Savings Directive

If, pursuant to the Directive on the taxation of savings income (the "**Savings Directive**"), a payment were to be made or collected through a Member State in the European Union 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 the Registrar, 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. If a withholding tax is imposed on payment made by a Paying Agent or Registrar pursuant to the Savings Directive, the Issuer will be required to maintain a Paying Agent in a Member State in the European Union 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.

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 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.

In relation to any issue of Covered Bonds which have a denomination of euro 50,000 (in such case defined as the minimum "**Specified Denomination**") plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds may be traded in amounts in excess of euro 50,000 or its equivalent that are not integral multiples of euro 50,000 (or its equivalent). In such a case a Covered Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination (a "**Stub Amount**") may not receive a definitive 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 a Specified Denomination. 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 Netherlands, 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 in 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 Bond in accordance with Condition 19.3 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 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 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 19 (*Terms and Conditions of the 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 Covered Bond, is a valid delivery (*levering*). Investors should be aware that delivery of a Registered Covered Bond requires the execution of an assignment (*akte van cessie*) between the assignor and the assignee, if it concerns a notified assignment, and notification thereof by the assignor or the assignee to the Issuer and the CBC.

Covered Bonds in NGN form

The NGN form has been introduced to allow for the possibility of notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of 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.

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 the Programme. The full terms and conditions applicable to each Tranche of Covered Bonds can be reviewed by reading the master Terms and Conditions as set out in full in this Base Prospectus, which constitute the basis of all Covered Bonds to be offered under the Programme, together with the applicable Final Terms which apply, disapply, supplement and/or amend the master Terms and Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (or Tranche thereof).

Changes of law

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on the law of the Netherlands in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to the law of the Netherlands or administrative practice in the Netherlands after the date of this Base Prospectus.

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.

The secondary market generally

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

meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the applicable Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) 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 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. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant Rating Agencies at any time.

The ratings assigned to the Covered Bonds by the Rating Agencies, other than Moody's, reflect the Rating Agencies' assessment of the likelihood of full and timely payment to Covered Bondholders of (i) all payments of interest on each Interest Payment Date and (ii) principal in relation to the Covered Bonds on the Extended due for Payment Date. The ratings assigned to the Covered Bonds by Moody's address the expected loss posed to potential investors. The expected ratings of the Covered Bonds are set out in the applicable Final Terms for each Series. 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.

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 the applicable laws and regulations relating to investments, or to 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 legal 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.

2.3 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, or guaranteed by any other entity or person, in whatever capacity acting, including, without limitation, the Issuer, any Transferor, any Swap Provider, the Administrator, each Managing Director, any Paying Agent, the Registrar, any Calculation Agent, the Arranger, any Dealer, the Account Bank and the Trustee. Furthermore, none of the Issuer, the Transferors, any Swap Provider, the Administrator, each Managing Director, the Paying Agents, the Calculation Agents, the Arranger, the Dealers, the Account Bank and the 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 Transferors, the Swap Providers, the Administrator, each Managing Director, the Paying Agents, the Calculation Agents, the Arranger, the Dealers, the Account Bank and the Trustee will be under any obligation whatsoever to provide additional funds to the CBC (save in the limited circumstances pursuant to the relevant Transaction Documents).

CBC 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 Trustee:

- on the Issuer of a written notice that each Covered Bond of each Series is due and repayable as against the Issuer (an "**Issuer Acceleration Notice**") and (b) on the CBC of a written demand to collect the proceeds of the Transferred Collateral and to make payments under the Guarantee when the same shall become Due for Payment, each in accordance with the Guarantee (a "**Notice to Pay**"); or

- if earlier, on the Issuer and the CBC of a written notice that each Covered Bond of each Series is due and repayable as against the Issuer and, through the Guarantee, as against the CBC (a "**CBC Acceleration Notice**").

A Notice to Pay can only be served if an Issuer Event of Default occurs and results in the service by the Trustee of an Issuer Acceleration Notice on the Issuer. An Issuer Acceleration Notice can only be served if an Issuer Event of Default occurs. A CBC Acceleration Notice can only be served if a CBC Event of Default occurs, it being noted that a Breach of the Asset Cover Test or a Portfolio Test (if implemented) which occurs following a Notice to Pay has been served also constitutes a CBC Event of Default.

Following service of an Issuer Acceleration Notice on the Issuer, a Notice to Pay will be served by the 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 Trustee may, but is not obliged to, serve an Issuer Acceleration Notice unless and until requested or directed by Covered Bondholders by a Programme Resolution of all Series then outstanding, provided that the Issuer shall have been indemnified and/or secured to its satisfaction.

If a Notice to Pay is served by the Trustee on the CBC and provided no CBC Acceleration Notice has been served, the CBC will be obliged, as consideration for the CBC issuing the Guarantee, to pay Guaranteed Amounts as and when the same are Due for Payment on each Scheduled Payment Date under the Guarantee to the Secured Parties including the Covered Bondholders. Such payments will be subject to and will be made in accordance with the Post-Issuer-Acceleration-Notice 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 Trustee may accelerate the Covered Bonds (if not already 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 on the CBC and the Issuer, the Trustee may enforce the Security over the Secured Assets. The proceeds of enforcement of the Security shall be applied by the 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. If a CBC Acceleration Notice is served on the CBC and the Issuer 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 the Guaranteed

Final Redemption Amount on the Extension Date, then the obligation of the CBC to pay such Guaranteed Amounts shall, except in the case the Issuer has, in accordance with the applicable Final Terms decided to issue hard bullet Covered Bonds in respect of which no Extended Due for Payment Date applies, 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 Extension Date and any subsequent Interest Payment Date falling prior to the relevant Extended Due for Payment Date. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date will fall 2 (two) years after the Final 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 4 (*Interest*), *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 (*The Guarantee*), failure by the CBC to pay the relevant Guaranteed Final Redemption Amount on the Extension Date or any subsequent Interest Payment Date falling prior to the 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.

No Gross-up for Taxes

Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction for, or an account of, any present or future taxes, duties, assessments or charges of whatever nature is 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 CBC's ability to meet its obligations under the Guarantee will depend on the realisable value of Transferred Collateral, the amount of principal and revenue proceeds generated by the Transferred Collateral and the timing thereof and amounts received from the Swap Providers and the Account Bank. The CBC will not have any other source of funds available to meet its obligations under the Guarantee.

If a CBC Event of Default occurs and the Security created by or pursuant to the Security Documents is enforced, the Secured Assets may not be sufficient to meet the claims of all the Secured Parties, including the Covered Bondholders. If, following enforcement of the Security constituted by or pursuant to the Security Documents, the Secured Parties have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Covered Bondholders should note that the Asset Cover Test has been structured to ensure that the Adjusted Aggregate Asset Amount is greater than the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of there ever being a shortfall. However there is no assurance that there will not be a shortfall.

Reliance of the CBC on third parties

The CBC has entered into agreements with a number of third parties, which have agreed to perform services for the CBC. Counterparties to the CBC, including but not limited to, (a) Fortis Bank (Nederland) in its capacity as Issuer, Custodian, Dealer, Arranger, Account Bank, any Swap Provider, Paying Agent, Listing Agent, Registrar and Transferor, (b) BGL in its capacity as Principal Paying Agent and any other counterparty may not perform its respective obligations under the relevant Transaction Documents, which may result in the CBC not being able to meet its obligations under the Guarantee. In particular, but without limitation, the Administrator has been appointed to monitor compliance with the Asset Cover Test and to provide administration services to the CBC. The CBC is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Guarantee.

The Trustee is not obliged in any circumstances to act as a Administrator or to monitor the performance by any Administrator of its obligations.

Pledges to Trustee

Under or pursuant to the Security Documents, various Dutch law pledges will be granted by the CBC to the Trustee. A Dutch pledge can serve as security for monetary claims (*geldvorderingen*) only and can only be enforced upon default (*verzuim*) of the obligations secured thereby. Foreclosure on pledged property is to be carried out in accordance with the applicable provisions and limitations of the Dutch Civil Code (*Burgerlijk Wetboek*) and the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The CBC is a special purpose entity. It has been set up as a bankruptcy remote entity, mainly in two ways. First, non-petition wording has been included in the relevant Transaction Documents. Notwithstanding such wording, it is possible that a Dutch court would deal with a petition for bankruptcy (*faillissement*) initiated by third party creditors (e.g. tax authorities) or any counterparty under a relevant Transaction Document even if such petition was presented in breach of a non-petition covenant contained in the relevant Transaction Document. Secondly, recourse by any party to a Transaction Document has been limited to the Transferred Collateral and any other assets the CBC may have. It is therefore unlikely that the CBC becomes subject to an Insolvency Proceeding. Should the CBC be subjected to an Insolvency Proceeding nevertheless, the Trustee as pledgee can exercise the rights afforded by Dutch law to a pledgee as if there were no Dutch Insolvency Proceedings. However, Insolvency Proceedings involving the CBC would affect the position of the Trustee as pledgee in some respects under Dutch law.

First, if and to the extent that assets purported to be pledged by the CBC or a Transferor, as the case may be, to the Trustee, are future assets (i.e. assets that have not yet been acquired by the CBC or that have not yet come into existence) at the moment Insolvency Proceedings take effect (i.e. at 0:00 hours on the date insolvency is declared), such assets are no longer capable of being pledged by the CBC or a Transferor, as the case may be, (unless the liquidator would

agree). This would for example apply with respect to amounts that are paid to the AIC Account following the commencement of Insolvency Proceedings in respect of the CBC. As such crediting of the relevant AIC Account would not yet have occurred when the Insolvency Proceedings takes effect, the resulting receivable of the CBC vis-à-vis the Account Bank would qualify as a future asset as abovementioned. However, if following the Insolvency Proceedings takes effect, amounts are due to be paid under the assets (which includes receivables) that have been pledged to the Trustee prior to such Insolvency Proceedings taking effect, the Trustee as pledgee could through notification to the relevant debtors prevent that such pledged assets are further discharged through payments to the AIC Account. The reason for this is that as pledgee it is entitled to collect such receivables itself, i.e. on its own bank account, following notification of pledge to the relevant debtor. In respect of payments under pledged Transferred Collateral made to the CBC prior to notification of the pledge and prior to Insolvency Proceedings of the CBC or a Transferor, as the case may be, taking effect and not on-paid to the Trustee, the Trustee will be an ordinary, non-preferred creditor, having an insolvency claim (*voor verificatie vatbare vordering*). Payments made following Insolvency Proceedings in respect of the CBC or a Transferor, as the case may be, have taken effect but prior to notification of the pledge the Trustee will form part of the bankrupt estate of the CBC or a Transferor, as the case may be, although the Trustee has the right to receive such amounts by preference. The Trustee having such preferred insolvency claim has, however, to share in the general insolvency costs and has to await finalisation of a (provisional) distribution list (*voorlopige uitdelingslijst*).

Secondly, the following mandatory rules of Dutch insolvency law may restrict the enforcement rights of the Trustee' in its capacity as pledgee under the Security Documents:

- a statutory stay of execution (*cooling-off period*) of two months - with a possible extension by at the most two more months - may be imposed during Insolvency Proceedings by court order. Such stay of execution does not prevent the Trustee from giving notice to the debtors of any pledged assets and collecting the proceeds thereof. However, where applicable, it will prevent the Trustee from (i) taking recourse against any amounts so collected during such stay of execution and (ii) selling pledged assets to third parties;
- the Trustee may be obliged to foreclose its right of pledge within a reasonable period following bankruptcy as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the CBC or a Transferor, as the case may be, failing which the liquidator will be entitled to sell the pledged assets and distribute the proceeds in the manner provided for in the Dutch Bankruptcy Code (*faillissementswet*). In such case, the Trustee will receive payment prior to ordinary, non-preferred creditors having an insolvency claim but after creditors of the bankrupt estate. It should be noted, however, that said authority of the liquidator only aims to prevent a secured creditor from delaying the enforcement of the security without good reason. In respect of a right of pledge created in receivables the aforementioned does not necessarily mean that Trustee will be obliged to sell its assets, as under Dutch law the foreclosure of a right of pledge over receivables may be effected by means of collection of such receivables (after notice of the right of pledge to the relevant debtor) and applying the net proceeds of such sale in satisfaction of the payment obligation secured by such pledge as well; and

- excess proceeds of enforcement must be returned to the CBC or a Transferor, as the case may be, in its insolvency; they may not be set-off against an unsecured claim (if any) of the Trustee on the CBC or a Transferor, as the case may be. Such set-off is in principle allowed prior to the Insolvency Proceedings.

Similar or different restrictions may apply in case of Insolvency Proceedings other than Dutch Insolvency Proceedings.

Parallel Debt

The Covered Bondholders will benefit from the security granted in favour of the Trustee pursuant to the Security Documents. Under the terms of the Trust Deed, the CBC will undertake to pay to the Trustee, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by it under the Guarantee to the Security Parties (including, but not limited to, the Covered Bondholders) in accordance with the terms and conditions of the relevant Transaction Documents (such payment undertaking and the obligations and liabilities resulting from it being referred to as the "**Parallel Debt**"). The Parallel Debt represents an independent claim of the Trustee to receive payment thereof from the CBC, provided that (i) the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the CBC's obligations to the Secured Parties, including the Covered Bondholder, pursuant to the Transaction Documents and (ii) every payment in respect of such Transaction Documents for the account of or made to the Secured Parties directly in respect of such undertaking shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Trustee. In the Trust Deed the Trustee will agree to act as trustee as abovementioned and will agree:

- to act for the benefit of the Secured Parties in administering and enforcing the Security; and
- to distribute the proceeds of the Security in accordance with the provisions set out in the Trust Deed.

The Parallel Debt is secured by the Pledge Agreements.

It is generally assumed that under Dutch law a right of pledge cannot be validly created in favour of a person who is not the creditor of the claim that the right of pledge purports to secure. The Parallel Debt is included in the Trust Deed to address this issue. It is noted that there is no statutory law or case law available on the validity or enforceability of a parallel debt such as the Parallel Debt or the security provided for such debts. However, the CBC has been advised that there are no reasons why a parallel debt such as the Parallel Debt will not create a claim of the pledgee (the Trustee) thereunder which can be validly secured by a right of pledge such as the rights of pledge created pursuant to the Pledge Agreements.

Any payments in respect of the Parallel Debt and any proceeds of the Security (in each case to the extent received by the Trustee) are in the case of an insolvency of the Trustee not separated from the Trustee's other assets, so the Secured Parties accept a credit risk on the Trustee. However, the Trustee is a special purpose entity and is therefore unlikely to become insolvent.

Transfer of Guarantee

Under Dutch law an independent guarantee like the Guarantee in general is 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 has been advised that such an 'automatic' 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 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 Issuer has 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 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.

2.4 RISK FACTORS REGARDING THE GUARANTEE SUPPORT

Transfer to CBC of Eligible Collateral consisting of RMBS Notes

As consideration for the CBC assuming the Guarantee, the Transferors are obliged pursuant to the Guarantee Support Agreement to transfer Eligible Collateral to the CBC. Eligible Collateral may consist of:

- Eligible RMBS Notes; and
- euro-denominated cash.

Each potential investor in Covered Bonds should refer to the section headed "*Risk Factors*" contained in the Relevant Sections of the Approved Master Issuer Documents for a description of those factors which may affect the ability of an RMBS Issuer under the relevant securitisation programme to fulfil its obligations under the RMBS Notes issued, including but not limited to:

- the risk relating to the mortgage loans, including, but not limited to, the risk relating to (i) payments received by a seller prior to notification of the assignment to the relevant Asset Purchaser (as defined in the relevant Approved Master Issuer Documents), (ii) the mortgage rights (*hypotheekrechten*) securing the mortgage loans which may not only secure the loan granted to a specific borrower for the purpose of acquiring a mortgaged asset but also other liabilities and monies that such borrower, nor or in the future may owe to the relevant seller (*bankhypotheken*) or in excess of the amount of the initial mortgage loan (*krediethypotheken*), (iii) set-off rights and defences by borrowers, (iv) the various type of mortgage loans, including the life mortgage loans, hybrid mortgage loans, investment mortgage loans and other type of products offered to borrowers, (v) construction deposits, (vi) so-called further advances, including the fact that the relevant offeror of the mortgage loan has merged into other companies belonging to the group, (vii) co-held security rights, (viii) prepayments by borrowers, (ix) changes to the lending criteria by the originators of the mortgage loans;

- the risks relating to the relevant Asset Purchaser (as defined in the relevant Approved Master Issuer Documents), including, but not limited to, the risk relating to (i) the limited recourses available to the relevant Asset Purchaser to meet its obligations in full to pay interest and principal on the intercompany loans granted by the issuer under the Programme to the relevant Asset Purchaser, (ii) the possibility that direct or indirect subsidiaries of Fortis N.V. and/or Fortis N.V./S.A may accede to (some) of the relevant transaction documents in respect of a securitisation programme as a consequence whereof the issuer issuing the RMBS Notes and the holders of the RMBS Notes may be exposed to risks on such acceded parties; (iii) the withdrawal of the statement pursuant to Section 2:403 of the Dutch Civil Code by (predecessor of) Fortis Bank Nederland) (in such capacity the "403-Guarantor") pursuant to which the 403-Guarantor will no longer be jointly and severally liable for the debts resulting from the legal acts of its subsidiaries (i.e. the Originator (as defined in the relevant Approved Master Issuer Documents) of the relevant mortgage loans securing the RMBS Notes);
- the risk relating to each RMBS Issuer, including, but not limited to, the risk relating to (i) the limited recourses available to the relevant RMBS Issuer to meet its obligations in full to pay interest and principal on each RMBS Note, (ii) effectiveness of the rights of pledge to the trustee, acting as agent or trustee and acquire, keep and enforce security rights for the benefit of creditors of the relevant RMBS Issuer; and
- the risk relating to the RMBS Notes, including, but not limited to, the risk relating to (i) the fact that the RMBS Notes will be solely the obligations of the relevant RMBS Issuer, (ii) prepayment on the mortgage loan and consequently the intercompany loans granted by the relevant RMBS Issuer to the relevant Asset Purchaser (as defined in the Approved Master Issuer Documents), (iii) the non-exercise by the relevant RMBS Issuer of its right to redeem the RMBS Notes at the relevant Step-up Dates (as defined in the Approved Master Issuer Documents), (iv) the ability of the RMBS Issuer to redeem each RMBS Note of a series and class.

Other risk regard the fact that any RMBS Notes may be affected by credit, liquidity and interest rate risks relating to the mortgage loans securing the RMBS Notes. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in mortgage loan borrowers individual, personal or financial circumstances may affect the ability of such borrowers to make the required payments under the mortgage loans which subsequently may affect the ability of the RMBS Issuer to make the necessary payments under the RMBS Notes. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of the mortgage loan borrowers, and could ultimately have an adverse impact on the ability of such borrowers to make the required payments under the mortgage loan which subsequently may affect the ability of the RMBS Issuer to make the necessary payments under the RMBS Notes. In addition, the ability of a mortgage loan borrower to sell a property secured by a mortgage at a price sufficient to repay the amounts outstanding under the relevant mortgage loan will depend upon a number

of factors, including the availability of buyers for that property secured by a mortgage, the value of that property and property values in general at the time.

Each of the risks associated with a RMBS Note may affect the rights in respect of the Eligible Collateral transferred by the relevant Transferor to the CBC under the Guarantee Support Agreement. Pursuant to the Guarantee Support Agreement the relevant Transferor is obliged to, *inter alia*, transfer new Eligible Collateral to the CBC should such Transferred Collateral become Defaulted Collateral. As set forth herein, however, Defaulted Collateral will be excluded from the calculation of the Asset Cover Test. If, however, Insolvency Proceedings have been initiated in respect of a Transferor, such Transferor will not be authorised to transfer new Eligible Collateral to the CBC as a consequence of which the Adjusted Aggregate Asset Amount may become less than the aggregate Principal Amount Outstanding of all Covered Bonds.

Limited description of the Transferred Collateral

Unless provided otherwise in the relevant Transaction Documents and except as disclosed to a holder of RMBS Notes under the relevant securitisation transaction, Covered Bondholders may not necessarily receive detailed statistics or information in relation to the Transferred Collateral, because it is expected that the constitution of the Transferred Collateral may constantly change due to, for instance:

- the Transferors transferring additional and/or new Eligible Collateral to the CBC;
- New Transferors acceding to the Programme and the Guarantee Support Agreement and transferring Eligible Collateral to the CBC; and
- Transferors re-acquiring Transferred Collateral pursuant to their obligations, or right of pre-emption under the Guarantee Support Agreement.

However, each Eligible RMBS Note will be required to meet the applicable Eligibility Criteria and the representations and warranties set out in the Guarantee Support Agreement.

Non-Eligible and Defaulted Collateral

Upon service of a Notice to Pay on the CBC and provided no CBC Acceleration Notice has been served, the CBC is expected to make payments under the Guarantee. The ability of the CBC to meet its obligations under the Guarantee will depend solely on the proceeds of the Transferred Collateral. In this respect it should be noted that a RMBS Issuer may default on its obligations due under the RMBS Notes. Defaults may occur for a variety of reasons.

Any Transferred Collateral which becomes Defaulted Collateral and any RMBS Note which does not meet the Eligibility Criteria as at the Transfer Date of that Transferred RMBS Note, will be excluded from the Asset Cover Test.

New Transferors

In the Programme Agreement the parties have agreed that Fortis Bank (Nederland) and/or any direct or indirect subsidiary of Fortis Bank (Nederland) or any affiliated company thereof (including any legal successor) may accede to (some of) the relevant Transaction Documents and become a Transferor under the Programme subject to the fulfilment of the conditions

precedent contained in the Programme Agreement, including having obtained Rating Agency Confirmation. New Transferors may therefore transfer Eligible Collateral to the CBC. The CBC and the Covered Bondholders may therefore be exposed to risks on such other Transferors than on the initial Transferor.

Limited recourse to the Transferors

The CBC will not, and the Trustee will not, undertake any investigations, searches or other actions on any RMBS Note and will rely instead on the representations and warranties given in the Guarantee Support Agreement by the relevant Transferor in respect of the Transferred Collateral, including the RMBS Notes.

There is no further recourse to the relevant Transferor in respect of a breach of a representation or warranty. There is no other recourse to the assets of the Transferors 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).

2.5 RISK REGARDING ASSET MONITORING

Maintenance of Transferred Collateral

If the collateral value of the Transferred Collateral has not been maintained in accordance with the terms of the Asset Cover Test, then that may affect the realisable value of the Transferred Collateral 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.

Prior to the service of a Notice to Pay, 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 Notice to Pay, the Asset Monitor will be required to test the calculations performed by the Administrator in respect of the Asset Cover Test on each Calculation Date.

The Trustee shall not be responsible for monitoring compliance with, nor the monitoring of the Asset Cover Test or any other test, or supervising the performance by any other party of its obligations under any Transaction Document.

Sale or Refinance of Selected Collateral

If an Issuer Event of Default has occurred and results in, amongst other things, a Notice to Pay being served on the CBC, the CBC may be obliged to sell or refinance Selected RMBS Notes (selected on a random basis) to third party purchasers, subject to a right of pre-emption enjoyed by the Transferors pursuant to the terms of the Guarantee Support Agreement 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 to acquire Selected RMBS Notes at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained, which may affect payments under the Guarantee.

No Warranties

In respect of any sale or refinance transaction of Selected RMBS Notes to third parties the CBC will not be permitted to give warranties or indemnities in respect of those Selected RMBS Notes (unless expressly permitted to do so by the Trustee). There is no assurance that the Transferors would give any warranties or representations in respect of the Selected RMBS Notes. Any representations or warranties previously given by the Transferors in respect of the Transferred Collateral may not have value for a third party purchaser if the Transferors are then insolvent. Accordingly, there is a risk that the realisable value of the Selected RMBS Notes 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 obligations under the Guarantee.

2.6 RISK REGARDING SWAPS

Hedging

Variances are possible in the rates of interest payable on the Transferred Collateral and the rate of interest payable on the outstanding Covered Bonds. The CBC will provide a hedge against these variances by entering into the Total Return Swap Agreement or, where applicable Interest Rate Swap Agreements or Structured Swap Agreements. If Portfolio Tests are implemented, then the Total Return Swap Agreement will be terminated. If an alternative hedging strategy is put in place, then the Total Return Swap Agreement will be terminated and the CBC will be required to enter into derivatives transactions to comply with such alternative hedging strategy. The transactions under any Swap Agreement will be entered into subject to the condition precedent (*opschortende voorwaarden*) of the service of a Notice to Pay.

Default under Swap Agreements

Each Swap Agreement will be terminable by one party if - *inter alia* - (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the relevant Swap Agreement or (iii) a CBC Acceleration Notice is served. Events of default in relation to the CBC will be limited to (i) non-payment under a Swap Agreement and (ii) the occurrence of an Insolvency Event in respect of the CBC. If not previously terminated, the Swap Agreement will terminate on the earlier of the Extended due for Payment Date and the date on which all Covered Bonds of each Series have been redeemed or written off in full in accordance with the Conditions. Based on the foregoing, if the CBC (or the Issuer on its behalf) fails to make timely payments of amounts due under any Swap Agreement, then it will have defaulted under that Swap Agreement. A Swap Provider is only obliged to make payments to the CBC as long as the CBC complies with its payment obligations under the relevant Swap Agreement. If the Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the CBC on the payment date under the Swap Agreements, the CBC will be exposed to changes in the relevant currency exchange rates to euro and to any changes in the relevant rates of interest. As a result, unless a replacement swap is entered into, the CBC may have insufficient funds to make payments under the Guarantee.

Termination payments under Swap Agreements

If any Swap terminates, then the CBC may be obliged to make a termination payment to the relevant Swap Provider. 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 provider 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 pay a termination payment under any Swap Agreement, such termination payment will rank ahead of amounts due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Provider 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 Provider, may adversely affect the ability of the CBC to meet its obligations under the Guarantee.

Differences in timing of obligations of the CBC and Swap Providers

With respect to the Total Return Swaps and the Structured Swaps, the CBC (or the Issuer on its behalf) may be obliged to make quarterly payments to the relevant Swap Provider, whereas the relevant Swap Provider may not be obliged to make corresponding swap payments for up to 12 (twelve) months. If the relevant Swap Provider 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 Provider's payment obligations had coincided with the payment obligations of the CBC under the relevant Swap. Hence, the difference in timing between the obligations of the CBC and the relevant Swap Provider may affect the ability of the CBC to make payments under the Guarantee.

2.7 RISK FACTORS REGARDING CASH FLOWS

For as long as no Downgrade Trigger Event has occurred and no Notice of Asset Default, Notice to Pay or CBC Acceleration Notice has been served on the CBC and/or the Issuer, the Transferors will be entitled to receive the proceeds from the Transferred Collateral for its own benefit, for which purpose the CBC will instruct (i) the Custodian to direct any proceeds arising out of the Transferred RMBS Notes and (ii) the Administrator to distribute any amounts standing to the credit of the CBC Accounts, to the Transferors or such person as designated by the Transferors. In addition, the Issuer will, as consideration for the CBC assuming the Guarantee, pay all costs and expenses of the CBC. If a Downgrade Trigger Event occurs or a Notice of Asset Default, a Notice to Pay or a CBC Acceleration Notice is being served these rights of the Transferors will terminate and the amounts received by or on behalf of the CBC in respect of the Transferred Collateral will be credited into the CBC Accounts. If following the occurrence of a Downgrade Trigger Event or the service of a Notice of Asset Default a related Upgrade Trigger Event occurs or a related Notice of Remedy is served, and provided no Notice of Asset Default or Downgrade Trigger Event is outstanding and no Notice to Pay or CBC Acceleration Notice has been served on the CBC and/or the Issuer, the Transferors will again become entitled to receive the proceeds from the Transferred Collateral for its own benefit, for which purpose the CBC will instruct (i) the Custodian to again direct any proceeds arising out of the Transferred RMBS Notes and (ii) the Administrator to again distribute any amounts standing to the credit of the CBC Accounts, to the Transferors or such person as designated by the Transferors. Until the occurrence of a Notice to Pay or CBC Acceleration Notice any amounts relating to the Transferred Collateral and any other amounts standing to the credit of the CBC Accounts will be distributed in accordance with the Pre-Notice-to-Pay Cash Flow Scheme. Following the service

of a Notice to Pay the amounts received by or on behalf of the CBC will be applied in accordance with the Priority of Payments.

2.8 GENERAL INFORMATION

Proposed changes to the Basel Capital Accord

The Basel Committee on Banking Supervision has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline and sensitivity to risk. The third consultative paper on the New Basel Capital Accord was issued on 29th April, 2003, with the consultation period ending on 31st July, 2003. The committee announced on 11th May, 2004 that it had achieved consensus on the remaining issues and published the text of the new framework on 26th June, 2004 under the title Basel II: International Convergence of Capital Measurement and Capital Standards: a revised framework (the "**Framework**"). The Framework, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. The Framework has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the Capital Requirements Directive. The Framework, as published, will affect risk-weighting of the Covered Bonds for investors subject to the new framework following its implementation (whether via the Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, Covered Bondholders should consult their own advisers as to the consequences to and effect on them of the application of the Framework, as implemented by their own regulator, to their holding of any Series of Covered Bonds. The Issuer and the CBC are not responsible for informing Covered Bondholders of the effects on the changes to risk-weighting which will result for investors from the adoption by their own regulator of the Framework (whether or not implemented by them in its current form or otherwise).

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.

Different Capacities

Fortis Bank (Nederland) acts in different capacities under the Transaction Documents, including, as appropriate, as Issuer, Custodian, Dealer, Arranger, Account Bank, any Swap Provider, Paying Agent, Listing Agent, Registrar and Transferor. 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 Fortis Bank (Nederland)) is acting with other parties (such as the Trustee and the CBC).

3 IMPORTANT INFORMATION

The Issuer and the CBC (each a "**Responsible Person**") accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer and the CBC (each 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.

Neither the Arranger, nor the Dealers (except for Fortis Bank (Nederland)) in its capacity as Issuer) nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer and the CBC in connection with the Programme. Neither the Arranger, the Dealers (except for Fortis Bank (Nederland)), in its capacity as Issuer) nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer and the CBC in connection with the Programme.

No person is or has been authorised by the Issuer, the CBC, the Arranger, any of the Dealers or the Trustee 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 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 Arranger, any of the Dealers or the Trustee.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the CBC, the Transferors (as defined below), the Arranger, any of the Dealers or the Trustee 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/or 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, the CBC, the Transferors, the Arranger, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Covered Bonds.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuer and/or the CBC and/or the Transferors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the CBC or the Transferors during the life of the Programme or to advise

any investor in the Covered Bonds of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Covered Bonds. The Issuer and/or the CBC have no obligation to update this Base Prospectus, except when required by and in accordance with Directive 2003/71/EC (the "**Prospectus Directive**").

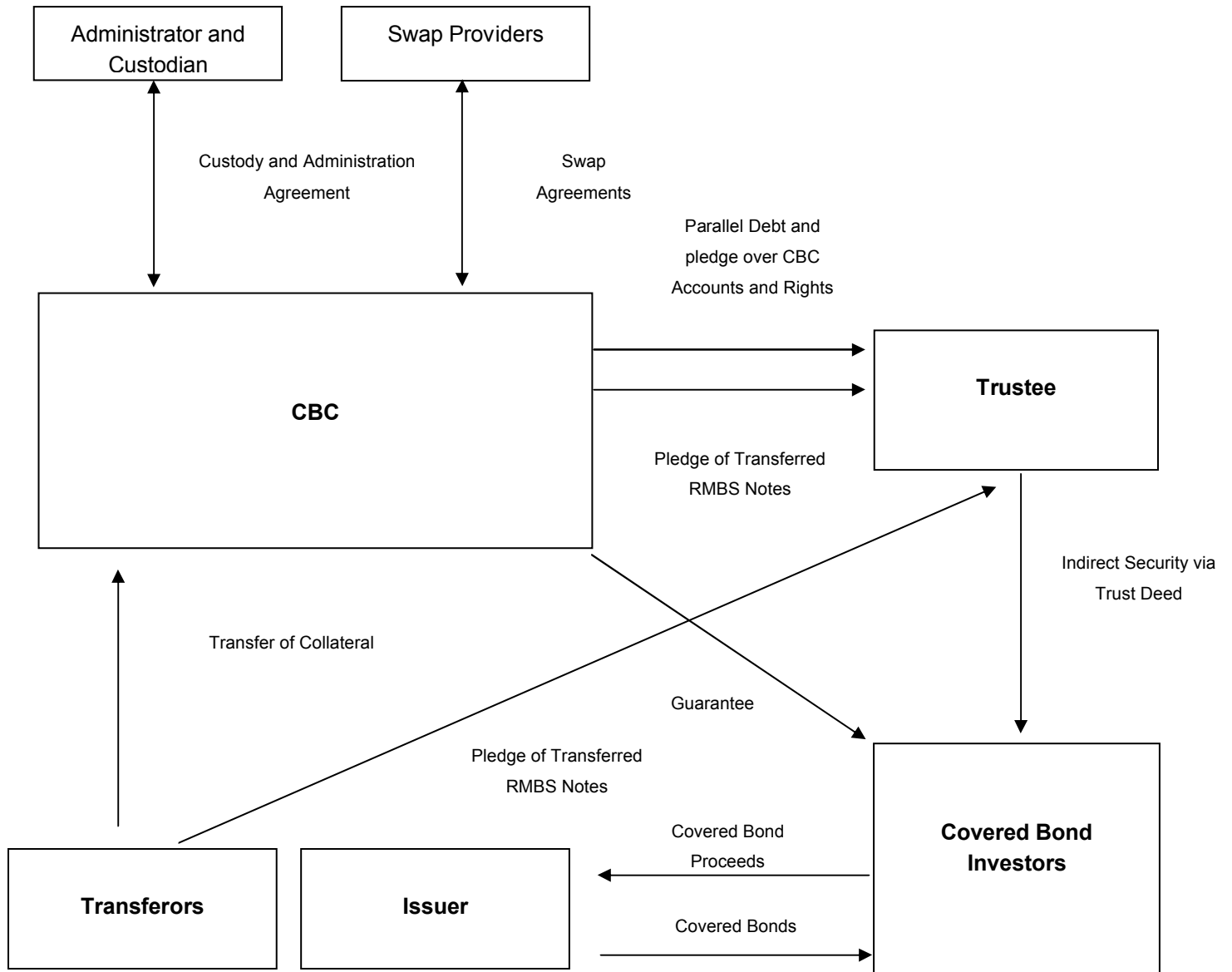
This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the CBC, the Transferors, the Arranger, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the CBC, the Transferors, the Arranger, the Dealers or the Trustee which would permit a public offering of any Covered Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Covered Bonds. In particular, there are selling restrictions in relation to the United States, the United Kingdom, France, Italy and the Netherlands and such other restrictions as may apply, see the section headed "*Subscription and Sale*".

The Covered Bonds and the Guarantee (as defined below) from the CBC have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Covered Bonds are in bearer form and are therefore subject to U.S. tax law requirements. Subject to certain exceptions, the Covered Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

All references in this document to euro and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to Sterling and £ refer to pounds sterling, references to U.S. Dollars and \$ refer to United States dollars and references to JPY and ¥ refer to Japanese Yen.

In connection with the issue of any Tranche of Covered Bonds, the Dealer (if any) named as the stabilising manager ("**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) in the applicable Final Terms may over-allot Covered Bonds (provided that the aggregate principal amount of Covered Bonds allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Covered Bonds of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. In doing so the Stabilising Manager shall act as principal and not as agent of the Issuer, the CBC, the

Arranger or any of the other Dealers. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant 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 (thirty) days after the issue date of the relevant Tranche of Covered Bonds and 60 (sixty) days after the date of the allotment of the relevant Tranche of Covered Bonds. Such stabilising shall be in compliance with all applicable laws and regulations.



5 OVERVIEW OF PRINCIPAL INITIAL TRANSACTION PARTIES

The following list does not purport to be complete and is qualified in all respects by the remainder of this Base Prospectus.

Account Bank:	Fortis Bank (Nederland)
Administrator:	Mextrust B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated and existing under Dutch law and having its official seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the trade register (<i>handelsregister</i>) of the chamber of commerce (<i>kamer van koophandel</i>) under number 33058755 (the " Administrator ").
Arranger:	Fortis Bank (Nederland)
Asset Monitor:	KPMG Accountants N.V.
CBC:	FBN Covered Bond Company B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated under Dutch law, having its corporate seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the trade register (<i>handelsregister</i>) of the chamber of commerce (<i>kamer van koophandel</i>) in the Netherlands under number 34357011 (the " CBC ").
Custodian:	Fortis Bank (Nederland)
Dealers:	Fortis Bank (Nederland), and any other dealer appointed to the Programme or for a particular Tranche of Covered Bonds (each a " Dealer " and together the " Dealers ").
Fortis Bank (Nederland):	Fortis Bank (Nederland)
Guarantor:	CBC
Holding CBC:	Stichting Holding FBN Covered Bond Company, a foundation (<i>stichting</i>) established under Dutch law, having its corporate seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands and its registered office at Prins

Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the trade register (*handelsregister*) of the chamber of commerce (*kamer van koophandel*) in the Netherlands under number 34355665 (the "**Holding CBC**").

Issuer:	Fortis Bank (Nederland)
Listing Agent:	Fortis Bank (Nederland)
Managing Directors:	Intertrust (Netherlands) B.V., the sole director of the CBC and Holding CBC and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Trustee (each a " Managing Director ").
Paying Agent:	Fortis Bank (Nederland), and any paying agent appointed under the agency agreement (in such capacity the " Paying Agent " and together with the Principal Paying Agent, the " Paying Agents ").
Principal Paying Agent:	BGL BNP Paribas Société Anonyme (" BGL "), a public company organized under the laws of Luxembourg and established in Luxembourg having is registered office at 50 Avenue, J.F. Kennedy, L-2951 Luxembourg, R.C.S. Luxembourg Fortis Luxembourg.
Registrar	Fortis Bank (Nederland)
Total Return Swap Provider:	Fortis Bank (Nederland)
Transferors:	Fortis Bank (Nederland) (in such capacity the " Initial Transferor " and together with any transferor which accedes to the Programme the " Transferors " and each a " Transferor ").
Trustee:	Stichting Security Trustee FBN Covered Bond Company, a foundation (<i>stichting</i>) established under Dutch law, having its corporate seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands and its registered office at Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands and registered with the trade register (<i>handelsregister</i>) of the chamber of commerce (<i>kamer van koophandel</i>) in the Netherlands under number 34355674 (the " Trustee ").

6 INCORPORATION BY REFERENCE; DEFINITIONS AND INTERPRETATION

6.1 INCORPORATED BY REFERENCE

The following documents published or issued on or prior to the date hereof shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the articles of association of the CBC;
- (b) Fortis Bank (Nederland)'s publicly available consolidated audited annual financial statements for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 ("**Audited Financial Statements**");
- (c) Fortis Bank (Nederland)'s unaudited consolidated interim semi-annual financial statements for the 6 (six) months ended 30 June 2009 ("**Unaudited Financial Statements**"); and
- (d) the respective sections headed "*Risk Factors*" and the sections "*Overview of the Dutch Residential Mortgage Market*" of each of the following registration documents (such section hereinafter referred to as the "**Relevant Section**"):
 - (i) base prospectus in the meaning of Directive 2003/71/EC (the "**Prospectus Directive**") dated 27 May 2009 for Dolphin Master Issuer B.V. as approved by the AFM on or about the date thereof and as amended and supplemented from time to time, including each supplemental prospectus which forms an amendment and a supplement to the base prospectus within the meaning of article 16 of Prospectus Directive to the extent such supplemental prospectus has been approved by the competent authority for the purpose of the Prospectus Directive, as a supplemental prospectus issued in compliance with the Prospectus Directive, Commission Regulation EC No. 809/2004 (the "**Prospectus Regulation**" and each such approved supplemental prospectus a "**Supplemental Prospectus**");
 - (ii) base prospectus in the meaning of the Prospectus Directive 2003/71/EC (the "**Prospectus Directive**") dated 15 April 2009 for Beluga Master Issuer B.V. as approved by the AFM on or about the date thereof and as amended and supplemented from time to time, including each Supplemental Prospectus;
 - (iii) base prospectus in the meaning of Directive 2003/71/EC (the "**Prospectus Directive**") dated 26 June 2009 for Goldfish Master Issuer B.V. as approved by the AFM on or about the date thereof and as amended and supplemented from time to time, including each Supplemental Prospectus,

(each such approved base prospectus or supplement prospectus an "**Approved Master Issuer Document**" and collectively the "**Approved Master Issuer Documents**").

The Issuer and the CBC will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed either to the Issuer or the CBC, at their respective offices set out at the end of this Base Prospectus. In addition, such documents will be available upon request from the principal office of the Listing Agent, the Principal Paying Agent or any Paying Agent and, in the case of Registered Covered Bonds, the Registrar.

The Issuer and the CBC will, in connection with the listing of the Covered Bonds on Euronext Amsterdam or such other or further stock exchange(s) or markets as may be agreed, so long as any Covered Bonds remain outstanding and listed on such exchange, in the event of any material change in the condition of the Issuer or the CBC which is not reflected in this Base Prospectus, prepare a supplement to this Base Prospectus.

If the terms of the Programme are modified or amended in a manner which would make this Base Prospectus, as so as so modified or amended, inaccurate or misleading, a new base prospectus will be prepared.

6.2 DEFINITIONS AND INTERPRETATION

Capitalised terms, which are used but not defined in any section of this Base Prospectus, will have the meaning attributed thereto in any other section of this Base Prospectus. An alphabetical index of certain definitions is contained at the end of this Base Prospectus, listing the page or pages where such definitions can be found.

Any reference to any Transaction Document or any other agreement or document in this Base Prospectus shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

A reference to any transaction party in this Base Prospectus or in the Conditions shall be construed so as to include its successors and permitted transferees and any subsequent successors and transferees in accordance with their respective interests.

7 FORTIS BANK (NEDERLAND) N.V.

Incorporation

Fortis Bank (Nederland) N.V. (formerly known as Fortis Bank Nederland (Holding) N.V.), a public limited liability company (*naamloze vennootschap*), was incorporated under Dutch law on 29 November 1986. The corporate seat of Fortis Bank (Nederland) is in Amsterdam, the Netherlands. The registered office of Fortis Bank (Nederland) is Prins Bernhardplein 200, 1097 JB Amsterdam, telephone number +31 (0)20 5279111. Fortis Bank (Nederland) is registered with the trade register (*handelsregister*) of the chamber of commerce (*kamer van koophandel*) in the Netherlands under number 30080248.

Company's purpose

Fortis Bank (Nederland)'s objectives are to engage in banking business, to render insurance intermediary services and to participate in, to conduct the management of and to finance other businesses of whatever nature, to render (staff) services and other support to group companies, to invest and manage assets and to guarantee debts of affiliated companies.

Use of proceeds Covered Bonds

The net proceeds from each issue of Covered Bonds will be used by Fortis Bank (Nederland) for its general corporate purposes including its general funding programme.

Summarised description of current activities

Fortis Bank (Nederland) is made up of several businesses.

Retail Banking:

- Direktbank
- Alfam
- International Card Services

Merchant Banking

- Corporate Banking
- Energy, Commodities & Transportation and Principal Finance
- Investment Banking
- Global Markets & Global Securities Financing Group
- Brokerage, Clearing & Custody
- Prime Fund Solutions • Fortis Commercial Finance
- Transaction Banking • Trade Services

Commercial & Private Banking

- Commercial Banking
- Private Banking (MeesPierson)

(a) *Retail Banking*

Retail Banking serves individuals, small businesses and self-employed people. Its mission is to create a profitable and solid business by delivering first-class service to customers and prospective customers. This mission has been translated into a strategy and service concept designed to exceed customers' expectations. At Retail Banking, Fortis Bank (Nederland) develops its products and services and service channels in this light.

- Retail Banking consists of Retail Banking Nederland, Direktbank, Alfam and International Card Services.
- Fortis Bank (Nederland) serves 2.1 million retail customers and 52,000 small and mid-sized companies and professionals.
- FBN Fortis Bank (Nederland)'s national network breaks down into six regions with a total of 156 branches
- Fortis Bank (Nederland) offers a wide variety of banking and insurance products and services.
- Fortis Bank (Nederland) offers its products and services not only through the branch network, but also online and via Contact Centres.

(i) *Direktbank*

Direktbank sells mortgages and works exclusively with independent mortgage advisers. Besides virtually every type of mortgage, it offers service products such as bank guarantees and removal loans (*overbruggingskredieten*).

To respond more alertly to the market's needs and to maximise return from the organisation, Direktbank sells mortgages via subsidiaries Fortis Hypotheken Bank N.V., Alkmaar Hypotheken, LOGON Hypotheken B.V., Oosteroever Hypotheken, Quion 9 B.V. and Qent Hypotheken B.V. Direktbank works for the biggest mortgage chains and mortgage purchasing combines.

(ii) *Alfam*

Alfam is the competence centre for consumer finance. As a financial processing unit, its job is to ensure accurate administration of consumer loans. Alfam sells consumer loans via intermediaries under three different labels: Alpha Credit Nederland, Credivance and Defam.

(iii) *International Card Services*

International Card Services ("**ICS**") is Fortis Bank (Nederland)'s credit card specialist. ICS issues, promotes, manages and processes credit card transactions. It offers customers other financial services too, such as insurance products and revolving credit facilities. ICS facilitates a large number of co-branded credit card programmes, which offer everything regular credit cards do plus extra benefits. Examples are the ANWB Visa Card, Bijenkorf MasterCard, Fortis Bank Visa Card and MasterCard, Piet Zoomers MasterCard and BMW Visa Card.

(b) *Merchant Banking*

Merchant Banking is the international wholesale bank of Fortis Bank (Nederland). It provides tailored financial services to domestic and international companies and to institutional clients.

Merchant Banking is made up of several business lines:

- Corporate Banking
- Energy, Commodities, Transportation and Principal Finance
- Investment Banking
- Global Markets & Global Securities Financing Group
- Brokerage, Clearing & Custody
- Prime Fund Solutions
- Fortis Commercial Finance
- Transaction Banking
- Trade Services

(i) *Corporate Banking*

Corporate Banking manages relationships with corporates generating turnover in excess of EUR 250 million.

- Corporate Banking focuses on Dutch, usually listed, companies. Its service is based on intensive relationship management in which it acts as the client's strategic partner in all stages of the client's operations.
- Its products and services include corporate lending, investment banking, cash management, global markets products and trade services.

(ii) *Energy, Commodities & Transportation and Principal Finance*

Energy, Commodities & Transportation

Energy, Commodities & Transportation ("**ECT**") serves clients active in the energy, commodity and transportation industries from its offices in Amsterdam, Rotterdam and Oslo. It currently has two representative offices in Dubai and São Paulo, and plans to open new offices in Singapore and New York in 2009.

ECT consists of the following business lines:

ECT-Energy

- ECT-Energy serves clients in offshore oil & gas services, oil & gas, power & utilities, renewables (wind and solar energy) and carbon banking.
- Fortis Groenbank in Utrecht is a separate legal entity of ECT-Energy providing green financing to companies that invest in sustainable projects in the Netherlands.

ECT-Commodities

- ECT-Commodities finances the physical flow of commodities, from the pre-production stage through to storage and delivery.
- Its clients are international traders, producers, suppliers, transporters and purchasers active in the agri, metals and energy industries.

ECT-Transportation

ECT-Transportation offers structured and innovative financing solutions to companies active in deep-sea shipping, offshore and oil field services, container transport and the aviation sector.

Principal Finance

Principal Finance invests in assets – e.g. ships, aircraft, containers, trains, solar panels, windmills, infrastructure and in projects and companies that use these assets, and structures the related financing.

(iii) *Investment Banking*

Investment Banking provides specialised services, products and know-how to clients of Corporate Banking, Commercial Banking and ECT. This business line consists of four segments: sectors, skills, advice and shareholdings.

Sectors

Public Sector provides financial services and advice to public institutions such as housing associations, municipalities, provinces and water boards. A dedicated team serves health-care institutions such as hospitals and nursing homes. Real Estate Finance offers tailor-made services and advice to professional investors and developers in the real estate sector.

Skills

Export & Project Finance advises on and finances export to emerging countries and projects in these countries, while focusing on public private partnerships and infrastructure finance in industrialized countries. Its clients are exporters and importers, investors and entrepreneurs.

Acquisition Leveraged Finance finances mergers, acquisitions, management buy-outs and leveraged buy-outs in the Dutch commercial market.

Syndications is responsible for structuring and distributing syndicated loans. It provides the bank with up-to-the-minute market information and maintains contacts with external parties, such as institutional investors and industry peers.

Structured Finance offers institutional and wholesale clients financing constructions designed to achieve sound, efficient asset and liability management.

Advice

Corporate Finance & Capital Markets advises and supervises clients in mergers and acquisitions, IPOs, share issues and bond issues, and advises on valuation and restructuring.

Shareholdings

Fortis Private Equity invests in the risk capital of companies with long-term objectives, adding value by actively participating in the company's strategic policy-making.

(iv) Global Markets & Global Securities Financing Group

Global Markets provides innovative, tailor-made and integrated financial solutions to financing, investing and hedging needs. It serves internal customers – Intertrust, Brokerage, Clearing & Custody and Prime Fund Solutions – as well as external customers such as asset managers, hedge funds and clients of Commercial & Corporate Banking, Private and Retail Banking.

Its main activities include:

- Securities Financing boasts a top position worldwide, with offices in Europe and Asia and plans to reopen the US office in the third quarter of 2009.
- FX & Rates Trading is a market maker for FX and interest rate products.
- FX & Rates Sales advises internal and external Fortis Bank (Nederland) customers on FX, money market and FX derivative products.
- Energy, Carbon, Commodities facilitates the trade in carbon, energy and commodity products with all Fortis Bank (Nederland) customers.
- Equities Brokerage & Research is a full services broker of Benelux all cap equities.
- Financial Institutions Group sells Merchant Banking products to banks and other financial institutions in OECD countries and emerging markets. Global Markets pursues growth by focusing on specific niche markets and on innovation. A new front to finance IT platform scheduled for integration should contribute to enhancing transparency and internal control.

(v) *Brokerage, Clearing & Custody*

Brokerage, Clearing & Custody ("**BCC**") offers an integrated package of brokerage, clearing and custody services. It offers market access and derivatives and securities clearing services on more than 60 exchanges. BCC targets professional traders, supporting them in every part of the value chain by providing market access, execution and clearing and settlement services worldwide.

BCC also offers:

- Collateralised financing and securities borrowing and lending services to professional traders (brokers, market makers, etc.);
- Full brokerage and custody services to other retail and private banks • Global and local custody services to institutions; and
- A platform that provides central counterparty services, via the subsidiary European Multilateral Clearing Facility, to alternative exchanges (e.g. Chi-X, BATS, Nasdaq OMX Europe).

(vi) *Prime Fund Solutions*

Prime Fund Solutions offers fund services and financing to the alternative asset management industry. It provides an integrated package of fund administration, transfer agency, cash management, custody, bridge and leverage financing and prime brokerage services to hedge funds and funds of hedge funds.

(vii) *Fortis Commercial Finance*

Fortis Bank (Nederland)'s factoring activities are performed by Fortis Commercial Finance ("**FCF**"). These activities include accounts receivable finance, inventory finance, multi-local commercial finance, floor planning (automobile industry), reverse factoring, import and export factoring, credit cover and risk cover. FCF operates an extensive international network that serves clients in twenty countries: the Netherlands, Belgium, France, Germany, the United Kingdom, Spain, Turkey, Denmark, Poland, Italy, Switzerland, Luxembourg, Sweden and Hong Kong. It has partnerships in Austria, Romania, the Czech Republic, Slovakia, Hungary and Portugal.

(viii) *Global Trade Services*

Global Trade Services supports businesses in their international trade activities, helping them to control payment and delivery-related risks with the following products: advice, negotiation and confirmation of letters of credit, debt collection processing, guarantee issuing, and special products such as transferable and back-to-back constructions, supplier credit and debt discounting.

(ix) *Transaction Banking*

Transaction Banking advises companies on managing cash flow and operating capital, with an emphasis on structuring complex charts of accounts, credits, financial information flows and cash management.

(c) *Commercial & Private Banking*

Commercial Banking focuses on mid-sized and large companies with turnover between EUR 2.5 million and EUR 250 million. Private Banking offers bespoke private wealth management services.

Commercial & Private Banking consists of the following business lines:

- Private Banking (MeesPierson)
- Commercial Banking

(i) *Private Banking*

- Fortis Bank (Nederland)'s private banking operations in the Netherlands, Curaçao and Guernsey are conducted under the MeesPierson label.
- MeesPierson offers private banking expertise and tailor-made wealth management services, including financing, asset structuring, insurance and property.
- MeesPierson serves clients in two segments: Top Wealth Management and Private Wealth Management.

(ii) *Commercial Banking*

- Commercial Banking focuses on mid-sized and large companies with turnover between EUR 2.5 million and EUR 250 million.
- Commercial Banking focuses primarily on companies with international operations or on domestic companies with sufficient cross-selling opportunities.
- Commercial Banking offers a wide spectrum of cash management, business finance, factoring, treasury and global trade services.
- Commercial Banking has a network of 23 Business Centres in five regions throughout the Netherlands.
- The Business Centre network is supported by four regional mid-offices (Business Support Units).

Capital or equivalent

Fortis Bank (Nederland)'s authorised capital amounts to one billion one hundred and seventy-six million eight hundred fifty-six thousand five hundred EURO (EUR 1,176,856,500.00) and is divided into: - two million two hundred and three thousand seven hundred and eleven ordinary shares (2,203,711.00) of five hundred EURO each; and - one hundred and fifty thousand non-cumulative preference shares A (150,000.00) of five hundred EURO (EUR 500.00) each; and - two non-cumulative preference shares convertible in ordinary shares B of five hundred EURO (EUR 500.00) each.

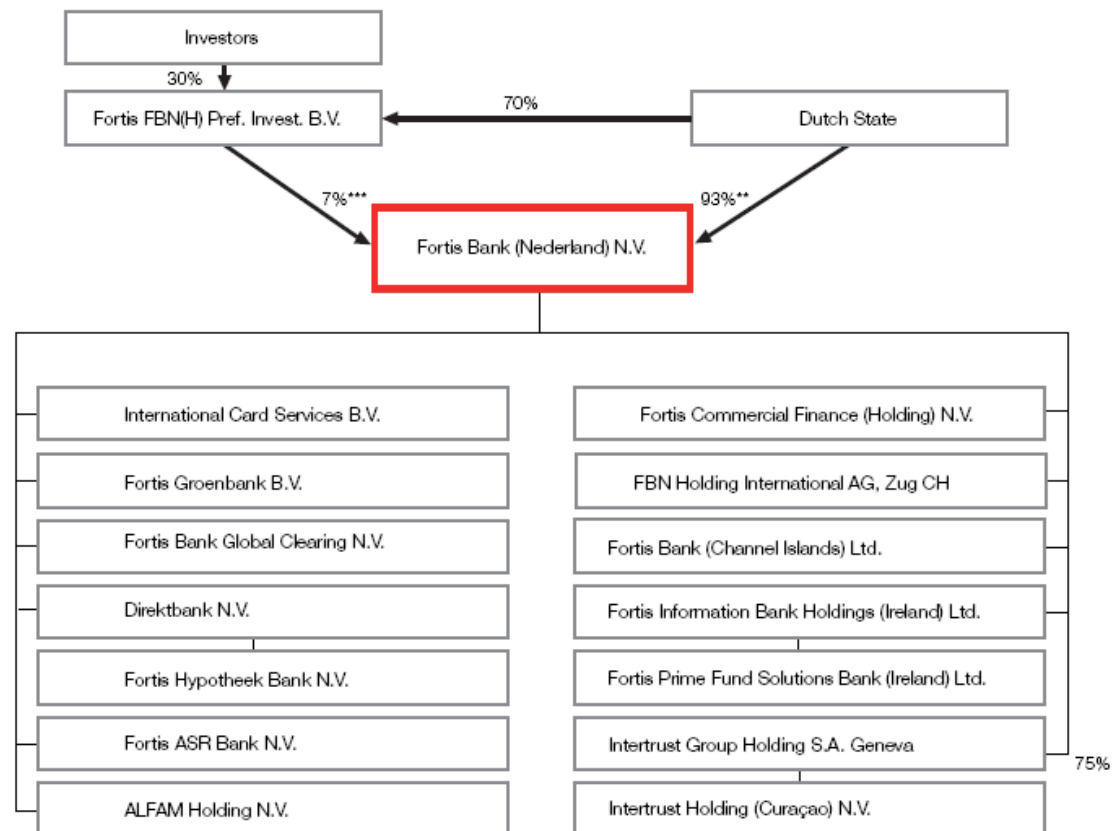
Legal structure of Fortis Bank (Nederland) and main subsidiaries

Fortis Bank (Nederland)'s shareholders are The State of The Netherlands and Fortis FBN(H) Preferred Investments B.V. The State of The Netherlands holds all the outstanding ordinary shares as well as two non-cumulative preference shares convertible into ordinary shares B.

Fortis FBN(H) Preferred Investments B.V. holds one hundred and fifty thousand non-cumulative preference shares A. The State of The Netherlands holds a majority of shares in FBN(H) Preferred Investments B.V.

Set out below is a diagram of the legal structure of Fortis Bank (Nederland) and its main (in)direct subsidiaries:

Legal structure of Fortis Bank (Nederland) N.V. and main subsidiaries *



(*) See Annual Financial Statements 2006, p. 179, for a list of participations, reported and published according to Article 2:414 of the Dutch Civil Code

(**) Total interest of the Dutch State, including indirect interest, is 97.9%

(***) Comprises non-cumulative Preference Shares A

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¹ Intertrust Group Holding S.A., Geneva and Intertrust Holding (Curacao) N.V. have been sold as part of the sale of Fortis Intertrust Group Holding S.A. (see paragraph headed "Sale of Fortis Intertrust" below).

Board of Directors	Principal activities performed by them outside Fortis Bank (Nederland) which are significant with respect to Fortis Bank (Nederland)*
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Mr. J.C.M. van Rutte	None
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Mr. J.R. Dijst	None
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Mr. F.M.R. van der Horst	None
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Non-Statutory Directors	
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Mr. H.P.F.E. Bos	None
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Mr. F.J. van Lanschot	None
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Supervisory Board	
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Mr. J..H.M. Lindenberg	Several memberships in Supervisory Boards of other companies
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Ms. I. Brakman	Chair of the Board of Commissioners of the Dutch Media Authority and member of the Supervisory Board of the University of Amsterdam.
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Mrs. A.P. van der Veer-Vergeer	Member of the Supervisory Board of the Netherlands Public Broadcasting and an adviser to the National Register of Directors and Supervisors
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Mrs. H.M. Vletter-van Dort	Professor of Financial Law at Erasmus University in Rotterdam and the University of Groningen
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Mr. E.A.J. van de Merwe	Independent adviser
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Mr. M. Enthoven	Member of the Supervisory Board of ABN AMRO and director of RFS Holdings
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* Except for their principal functions in Fortis Bank (Nederland) or its subsidiaries, their other functions within Fortis Bank (Nederland) or its subsidiaries have not been included.

There are no conflicts of interest between the duties of the persons listed above to Fortis Bank (Nederland) and their private interests or other duties.

The business address of Mr. J.R. Dijst is Rokin 55, 1012 KK Amsterdam, the Netherlands. The business address of Mr. H.P.F.E. Bos and Mr. J.C.M. van Rutte is Blaak 555, 3011 GB Rotterdam, the Netherlands. The business address of Mr. F.J. van Lanschot is Coolsingel 93, 3012 AE Rotterdam, the Netherlands. The business address of Mr. F.M.R. van der Horst is Prins Bernhardplein 200, 1097JB Amsterdam, the Netherlands.

The business address of the members of Fortis Bank (Nederland)'s Supervisory Board is Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

Statutory Auditors

The financial statements of FBN(H) for the years ending 31 December 2007 and 31 December 2008 have been audited without qualification by KPMG Accountants N.V., a public limited liability company, with address at P.O. Box 74500, 1070 DB Amstelveen, the Netherlands who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

The semi-annual financial statements for the 6 months ended 30 June 2009 are unaudited but have been reviewed by KPMG Accountants N.V. who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

The register accountants working for KPMG Accountants N.V. are all members of the Royal Netherlands Institute of Register Accountants (NIVRA).

Recent Developments, Trends and outlook 2009

Separation FBN(H) from Fortis Bank SA/NV, Fortis group, ASR Nederland and Fortis Corporate Insurance

On 3 October, 2008, the Dutch government acquired from Fortis Bank NV/SA all ordinary shares in (and therefore effectively controls) FBN(H). Due to the cross border organisation, the split between the two entities has lead to a number of separation projects, particularly within Global Markets, client & deal administration, website & online banking, securities handling and finance & risk systems. The aim is that by the end of the third quarter of 2010, both entities will be fully separated. At the date of this Base Prospectus, the separation process is on track.

As a result of the separation, the Dutch government granted Fortis Bank (Nederland) with EUR 9,200,000,000 long term debt funding.

On 21 November, 2008, the Dutch government has communicated that the insurance business will not be part of the bank in the future. At the moment of communication, ASR and Fortis Bank (Nederland) N.V. were equally dependent on each other primarily when it comes to IT, HR and Facility related services. This is due to the fact that Fortis, as a group, had set up a cross-border structure servicing its business from a central organisation.

A separation plan has been constructed and the signing is pending due to finalization of financial negotiations. The aim is that by the end of the third quarter of 2010 all cross services are expected to be terminated. At the date of this Base Prospectus, the separation process is on track.

On 20 May 2009, the separation agreement with Fortis Corporate Insurance was signed. Compared with the separation issues with Fortis Bank SA/NV, the scope of the separation from

Fortis Corporate Insurance is limited to nine projects. The separation is currently in progress. The recent sale of Fortis Corporate Insurance to Amlin has been assessed as having a minimal impact on the separation. This separation is also planned to be completed by the third quarter of 2010.

A joint cross border governance structure between Fortis Bank SA/NV and Fortis Bank (Nederland) has been set up to deal with the execution of the separation, and therefore to address upcoming issues. Furthermore a tailored governance structure has been set up within Fortis Bank (Nederland) to perform the overall steering of the separation execution, performed by Fortis Bank (Nederland), both nationally and internationally. A similar structure has been set up for the separation of ASR.

Sale of Fortis Intertrust

On Friday 4 September 2009, Fortis Bank (Nederland), BGL and Waterland Private Equity Investments B.V. reached an agreement on the divestment of Fortis Intertrust Group Holding S.A. to Waterland Private Equity Investments B.V. After obtaining the regulatory and other necessary approvals, the sale is expected to be finalised in late 2009.

Integration Fortis Bank (Nederland) with ABN AMRO Bank N.V.

On 21 November 2008, the Dutch State announced its intention to integrate Fortis Bank (Nederland) with the part of ABN AMRO Bank N.V. that has been allocated to the Dutch State. The integration efforts will be pursued under the leadership of Mr. Gerrit Zalm, designated CEO of the combined bank. The integration of Fortis Bank (Nederland) with the relevant part of ABN AMRO Bank N.V. is subject to satisfaction of the EC remedy, as well as the approval of the relevant supervisory authorities (including the Dutch Central Bank). To comply with the EC remedy, the Dutch Ministry of Finance reached a Heads of Agreement with Deutsche Bank on the sale of HBU (NEWbank) and IFN Finance, both parts of ABN AMRO Bank N.V. allocated to the Dutch State. A definitive agreement must be reached within the timeframe dictated by the European Commission and will be subject to the approval of various bodies, such as the European Commission, Dutch Parliament and the Supervisory Board and Managing Board of ABN AMRO Bank N.V. Fortis Bank (Nederland) and the relevant part of ABN AMRO Bank N.V. are currently making preparations to ensure the integration can be conducted after the legal requirements are fulfilled.

Simplification of Legal Structure

Fortis Bank (Nederland) has recently simplified its legal structure. In the old legal structure, the Issuer's statutory name was Fortis Bank Nederland (Holding) N.V. Fortis Bank (Nederland) N.V. was a 100% subsidiary of the Issuer. By way of a legal merger in accordance with the Dutch Civil Code, Fortis Bank (Nederland) N.V. has merged with the Issuer (then named Fortis Bank Nederland (Holding) N.V.). As a result, Fortis Bank Nederland (Holding) N.V. acquired all assets and liabilities of the Fortis Bank (Nederland) N.V. by universal succession. Fortis Bank (Nederland) N.V. has ceased to exist. On the effective date of the merger, Fortis Bank Nederland (Holding) N.V. changed its statutory name into Fortis Bank (Nederland) N.V.

Transfer stake FBN(H) in RFS Holdings B.V. to the Dutch state

On 24 December 2008, FBN(H) sold and transferred its stake in RFS Holdings B.V. to the Dutch State. With an eye to the future integration of FBN(H) and the relevant part of ABN AMRO Bank

N.V., the Board of Directors and the Dutch State believed it would be favourable for the Dutch State to have a direct controlling interest in ABN AMRO Holding N.V.. The transfer simplified the governance structure of FBN(H). The transfer of RFS Holdings B.V. for an amount of EUR 6.5 billion had a positive effect on the solvency of FBN(H).

Madoff

The 2008 figures of FBN(H) were heavily impacted by the alleged fraud at Bernard L. Madoff Investment Securities LLC (BLMIS). Certain funds to which FBN(H) provided collateralised lending were indirectly exposed to BLMIS. Even though the facts surrounding the alleged fraud are not clear yet, a credit provision was taken in relation to this alleged fraud amounting to EUR 922 million after tax.

Outlook 2009

Financial institutions have lost the market's confidence. The current recession, market turmoil and negative economic outlook will not make it any easier to regain that confidence. Financial institutions will only be able to do so if they can demonstrate that they have a sound balance sheet combined with a strong financial position and senior management that is fully in control of the situation.

Fortis Bank (Nederland) faces an even bigger challenge than many other banks, to convince the market that it is a bank that can operate under its business model independently from Fortis Bank SA/NV.

Looking ahead to 2009, Fortis Bank (Nederland) expects continued turmoil in the financial markets and in the real economy. Against that background, Fortis Bank (Nederland) will address the dual challenges of separation from both Fortis Bank SA/NV and ASR Nederland, and proposed integration with the relevant part of ABN AMRO Bank N.V. This promises to be a challenging year, filled with change, working towards laying the foundation of a new bank, while taking a thorough look at the business portfolios.

Events after Balance sheet date (31/12/2008)

On 1 January 2009, FBN(H) sold a 22% share of European Multilateral Clearing Facility (EMCF) to Nasdaqom to sustain further growth. In return EMCF will become the incumbent central counterparty for the Nordics market.

Legal and arbitration proceedings

Other than set out below, Fortis Bank (Nederland) is not aware of any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Fortis Bank (Nederland) is aware) in the twelve (12) months preceding the date of this Base Prospectus, which may have or have had in such period a significant effect on the financial position or profitability of Fortis Bank (Nederland) and its subsidiaries.

On Thursday 25 June 2009, the court in Amsterdam delivered judgement in the summary hearing brought by Fortis Capital Company Ltd., a wholly-owned subsidiary of Fortis Bank (Nederland), against Fortis N.V. and Fortis SA/NV. At this summary hearing it was questioned who should pay the cash settlement of a large portion (valued at EUR 362,511,000.00) of the preference shares issued by Fortis Capital Company Ltd. in 1999. The court ruled in favour of

Fortis Capital Company Ltd. and ordered Fortis N.V. and Fortis SA/NV to pay EUR 362,511,000 by 29 June 2009 at the latest. The court rejected the counterclaim for compensation made by Fortis N.V. and Fortis SA/NV against Fortis Capital Company Ltd., as well as the claim for compensation made by Fortis N.V. and Fortis SA/NV against Fortis Bank (Nederland).

Fortis N.V. and Fortis SA/NV have announced to lodge an appeal against the court order and to claim for compensation for this payment. Fortis Capital Company Ltd. and Fortis Bank (Nederland) are still of the opinion that Fortis N.V. and Fortis SA/NV are not entitled to any form of compensation.

Bankruptcy of DSB Bank N.V. and potential payments under Dutch Deposit guarantee scheme
Following the bankruptcy of DSB Bank N.V., a Dutch licensed bank, in October 2009, Fortis Bank (Nederland) may be held to contribute to the compensation of holders of deposits with DSB Bank N.V. pursuant to the rules of the Dutch deposit guarantee scheme (*depositogarantiestelsel*). At the date of this Base Prospectus, it is still to be determined if and to what extent Fortis Bank (Nederland) must contribute, however even in the worst case scenario it is not expected to be material for Fortis Bank (Nederland)'s solvency and liquidity. Besides the contribution to the Dutch deposit guarantee scheme, Fortis Bank (Nederland) has a relationship with DSB Bank N.V. but does not expect to incur material losses out of this relationship.

Changes in Fortis Bank (Nederland)'s prospects or financial or trading position

There has been no material adverse change in the prospects since 31 December 2008 nor any significant changes in the financial or trading position of Fortis Bank (Nederland) or Fortis Bank (Nederland) and its subsidiaries since 30 June 2009.

8 COVERED BONDS

8.1 FORM OF COVERED BONDS

Each Tranche of Covered Bonds will (as specified in the applicable Final Terms (the "**applicable 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**") or, if so specified in the applicable Final Terms, 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**"). 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 original issue date of the Tranche with a common safekeeper for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Each Classic 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 *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**") or with (a common depositary for) any other agreed clearing system. Registered Covered Bonds will be issued to each holder by a deed of issuance (a "**Registered Covered Bonds Deed**").

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 Netherlands and Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands, 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 (forty) days nor (if the Temporary Global Covered Bond has been deposited with Euroclear Netherlands) more than 90 (ninety) 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)), 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 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 ("**Exchange Event**"). For these purposes, Exchange Event means that (i) the Covered Bonds become immediately due and repayable by reason of an Issuer Event of Default or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands have been closed for business for a continuous period of 14 (fourteen) days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer 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 13 (*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 Netherlands (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the 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 may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 (forty-five) days after the date of receipt of the first relevant notice by the Principal Paying Agent.

In case of Covered Bonds which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds may be traded in amounts in excess of EUR 50,000 (or its equivalent) that are not integral multiples of EUR 50,000 (or its equivalent). So long as such Covered Bonds are represented by a Temporary Global Covered Bond or Permanent Global Covered Bond and the relevant clearing system(s) so permit, these Covered Bonds will be tradable only in the minimum authorised denomination of EUR 50,000 increased with integral multiples of EUR 1,000, notwithstanding that no Definitive Covered Bonds will be issued with a denomination over EUR 99,000.

Definitive Covered Bonds will be in the standard euromarket form. Definitive Covered Bonds and Global Covered Bonds will be in bearer form. In case of Covered Bonds represented by a Permanent Global Covered Bond deposited with Euroclear Netherlands, a Covered Bondholder shall not have the right to request delivery (*uitlevering*) of his Covered Bonds under the Securities Giro Act other than on the occurrence of an Exchange Event as described above.

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 Covered Bonds, which have an original maturity of more than 1 (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 Netherlands:

"NOTICE: THIS COVERED BOND IS ISSUED FOR DEPOSIT WITH NEDERLANDS CENTRAAL INSTITUUT VOOR GIRAAL EFFECTENVERKEER B.V. ("**EUROCLEAR NETHERLANDS**") 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."

Covered Bonds, which are represented by a Global Covered Bond 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 Netherlands, the rights of Covered Bondholders will be exercised in accordance with the Securities Giro Act. 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, a temporary Fondscode by Clearnet S.A. Amsterdam Branch Stock Clearing and/or any other relevant security code which are different from the common code, ISIN Code, Fondscode and/or 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 United States Securities Act of 1933, as amended (the "**Securities Act**")) applicable to the Covered Bonds of such Tranche.

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 Trustee but shall not include Euroclear Netherlands. No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the CBC unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

8.2 FORM OF FINAL TERMS

Copies of the Final Terms will be provided by the Issuer upon request.

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

[Date]

FORTIS BANK (NEDERLAND) N.V.

(incorporated with limited liability in the Netherlands with its statutory seat in
Amsterdam)

Issue of [aggregate Principal Amount Outstanding of Tranche] [Title of Covered
Bonds]

Guaranteed as to payment of principal and interest by

FBN Covered Bond Company B.V.

under the €100,000,000,000 Covered Bond Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 30 October 2009 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. 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. [The Base Prospectus [and the supplemental Base Prospectus] is [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in Schedule [●] to this document (the "**Conditions**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 30 October 2009 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are replaced by the conditions set forth in Schedule [●] to this document. Full information on the Issuer, the CBC and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms of the Base Prospectus dated 30 October 2009 [and the supplemental Base Prospectus dated [●]], save in respect of the Conditions which are replaced by the conditions set forth in Schedule [●] to this document. [The Base Prospectus [and the supplemental Base Prospectus] is [are]

available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[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 or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information, for example, items [9], [10], [15], [16], [17], [18] or [34] or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a period of 2 (two) business days.]

- | | | |
|----|---|--|
| 1. | (i) Issuer: | Fortis Bank (Nederland) N.V. |
| | (ii) The CBC: | FBN Covered Bond Company B.V. |
| 2. | [(i)] Series Number: | [] |
| | [(ii)] Tranche Number: | [] |
| | <i>(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)</i> | |
| 3. | Specified Currency or Currencies: | [] |
| 4. | Aggregate Principal Amount Outstanding of Covered Bonds admitted to trading: | |
| | | [] |
| | [(i)] Series | [] |
| | [(ii)] Tranche | [] |
| 5. | Issue Price: | [] per cent, of the aggregate Principal Amount Outstanding [plus accrued interest from [insert date] (if applicable)] |
| 6. | Specified Denominations | [] |
| 7. | [(i)] Issue Date: | [] |
| | [(ii)] Interest Commencement Date: | [] |
| | <i>(If different from Issue Date)</i> | |

8. Final Maturity Date: *[specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year]*
- Extended Due for Payment Date: *[specify date of Floating Rate – Interest Payment Date falling in or the nearest to [specify month and year] after the Final Maturity Date and in respect of Zero Coupon or if otherwise applicable – specify interest basis as referred to in Condition 4b) [other specify]]*
9. Interest Basis: *[]* per cent, Fixed Rate]
[specify reference rate] +/- [] per cent.
 Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Equity Linked Interest]
 [Dual Currency Interest]
 [Other (specify)]
 (further particulars specified below)
10. Redemption / Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Equity Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Other (specify)]
11. Change of Interest Basis or Redemption Payment Basis: *(Specify details of any provision for convertibility of Covered Bonds into another interest or redemption/payment basis)*
12. Call Options: [Issuer Call]
 [(further particulars specified below)]
13. (i) Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
- (ii) Status of Guarantee: Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Covered Bond Provisions** [Applicable/Not applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. Per annum [payable
annually/semi-annually/quarterly in arrear]
- (ii) Interest Payment Date(s): [] in each year up to and including the Final
Maturity Date] [adjusted in accordance with
*(specify Business Day Convention and any
applicable Business Centre(s) for the
definition of "Business Day")/not adjusted]*
- (iii) Interest Period: *[Please specify (in case of step-up Covered
Bond).Not Applicable]*
- (iv) Fixed Coupon Amount(s): [] per [] in nominal amount
- (v) Broken Amount(s): *(Insert particulars of any initial or final broken
interest amounts which do not correspond
with the Fixed Coupon Amount)*
- (vi) Business Day Convention:
- Business Day Convention: [Following Business Day
Convention/Modified Following Business Day
Convention/Unadjusted/ Preceding Business
Day Convention/other *(give details)*]
- Adjusted or Unadjusted for Interest [Adjusted] or [Unadjusted]
Period:
- (vii) Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify
other]
- (viii) Determination Date(s): [] in each year
- ([Insert regular Interest Payment Dates,
ignoring issue date or maturity date in the
case of a long or short first or last Coupon
NB: This will need to be amended in the case
of regular Interest Payment Dates which are
not of equal duration']*

NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))

- (ix) Other terms relating to the method of Calculating interest for Fixed Rate Covered Bonds): [Not applicable/give details]
16. **Floating Rate Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s): []
- (ii) [Specified Interest Payment Dates/ Specified Period]: []
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Business Centre(s): []
- (v) Manner in which the Rate(s) of Interest and Interest Amount(s) is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): []
- (vii) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second 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 System is open prior to the start of each Interest

Period if EURIBOR of euro LIBOR)

- Relevant Screen Page: ☐
(In the case of EURIBOR, if not Moneyline Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- Relevant Time: ☐ *(for example, 11.00 a.m. Amsterdam time)*

- (viii) ISDA Determination: ☐
 - Floating Rate Option: ☐
 - Designated Maturity: ☐
 - Reset Date: ☐

- (ix) Margin(s): ☐ +/- ☐ per cent. Per annum

- (x) Minimum Rate of Interest: ☐ per cent. Per annum

- (xi) Maximum Rate of Interest: ☐ per cent. Per annum

- (xii) Day Count Fraction: ☐ [Actual/365 Actual/365 (Fixed)
Actual/365 (Euro)
Actual/360
30/360
30E/360
Other]
(See Condition 4 for alternatives)

- (xiii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: ☐

- (xiv) Description of any market disruption or settlement disruption events that affect the underlying: ☐

- 17. **Zero Coupon Covered Bond Provisions** ☐ [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) [Amortisation/Accrual] Yield: ☐ per cent. Per annum

- (ii) Reference Price: ☐
- (iii) Any other formula/basis of determining amount payable ☐
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payments: ☐ [Conditions [6(e)(iii)] and [(j)] apply/*specify other*]
(*Consider applicable day count fraction if not U.S. dollar denominated*)
18. **Index Linked Interest Covered Bond/other variable linked interest Covered Bond Provisions** ☐ [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraph of this paragraph)
- (i) Index/Formula/other variable: ☐ [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: ☐
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: ☐
- (iv) Determination Date(s): ☐
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: ☐ [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (vi) Interest or calculation period(s): ☐
- (vii) Specified Interest Payment Dates: ☐
- (viii) Business Day Convention: ☐ [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (ix) Additional Business Centre(s): ☐
- (x) Minimum Rate/Amount of Interest: ☐ [] per cent. Per annum

- (xi) Maximum Rate/Amount of Interest: [] per cent. Per annum
- (xii) Day Count Fraction: []
- (xiii) Description of any market disruption or settlement disruption events that affect the underlying []
19. **Equity Linked Interest Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Equity Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculation by reference to Equity Formula is impossible or impracticable: [] (need to include a description of market disruption or settlement disruption events and adjustment provisions)
- (iv) Interest Period(s): []
- (v) Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
- (xi) Description of any market disruption or settlement disruption events that affect the underlying []
20. **Dual Currency Interest Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining

subparagraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: *(give details)*
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: ☐
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: ☐ *(need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: ☐

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call

☐ [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): ☐
- (ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): ☐ per Covered Bond of ☐ Specified Denomination
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: ☐
 - (b) Maximum Redemption Amount: ☐
- (iv) Notice period (if other than as set out in the Conditions): ☐
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer will consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

22. Final Redemption Amount of each Covered Bond ☐ per Covered Bond of ☐ Specified Denomination/other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

(i) Index/Formula/variable: [give or annex details]

(ii) Calculation Agent responsible for calculating the Final Redemption Amount: []

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []

(iv) Determination Date(s): []

(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []

(vi) Payment Date: []

(vii) Minimum Final Redemption Amount: []

(viii) Maximum Final Redemption Amount: []

23. **Early Redemption Amount of each Covered Bond** []

Early Redemption Amount(s) 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 and/or the method of calculating the same (if required or if different from that set out in the Conditions. []

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

24. 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.]
- [Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date.]
- [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]
- [location office, [address]/other][Delete as appropriate - (*Include for Registered Covered Bonds*)]
25. New Global Note [Applicable / Not Applicable] (*If "Not Applicable" is specified here ensure that "Not Applicable" is specified for Eurosystem eligibility in the relevant paragraph of section [9] of Part B of the Final Terms and if "Appropriate " is specified here ensure that the appropriate specification is made in respect of Eurosystem eligibility in the relevant paragraph of section [9] of Part B of the Final Terms*)
26. Exclusion of set-off [Not applicable/give details]
- [See Condition 5(g). If set-off is excluded for the purpose of Registered Covered Bonds to be issued to German insurers, insert: "The Issuer and the CBC each hereby waive, for the benefit of all present and future holders of the Registered Covered Bonds, any right to set-off (*verrekenen*, 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 or the Issuer's Harmonised Business Conditions, with regard to, any amount it owes under or in respect of the Registered Covered Bonds.

This waiver (i) 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.

27. 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 items 15(ii), 16(iv), 18 (ix) and 19(vi) relate).
28. Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
29. Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on [Not Applicable/give details. *NB: a new form of Temporary Global Covered Bond and/or Permanent Global Covered Bond may be required for Partly Paid issues*]

late payment:

30. Consolidation provisions: [Not Applicable/The provisions [in Condition [•]][annexed to these Final Terms] apply]

31. Other final terms: [Not Applicable/give details]

(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/give names]

(ii) Stabilising Manager(s) (if any): [Not Applicable/give name]

33. If non-syndicated, name of relevant Dealer(s): [Not Applicable/give name]

34. Applicable Netherlands / Global selling restriction: [Not Applicable/specify (Note that depending on the exemption used, specific wording may need to be included.)]

35. Additional selling restrictions: [Not Applicable/give details]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the Programme for the issuance of Covered Bonds of Fortis Bank (Nederland) N.V.]

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 accept responsibility for the information contained in these Final Terms. [] has been extracted from []. Each of the Issuer and the CBC confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], 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

Signed on behalf of the Issuer:

By:
Duly authorised
By:
Duly authorised

PART B – OTHER INFORMATION

1. 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 Euronext Amsterdam with effect from [].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading []
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

2. RATINGS

- Ratings: The Covered Bonds to be issued have been rated:
- Moody's: []
- DBRS: []
- (The above disclosure should reflect the rating allocated to Covered Bonds issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. [NOTIFICATION]

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

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

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

*"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]*

5. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: (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.)*)]

[(ii) Estimated net proceeds: []
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses: [] *[Include breakdown of expenses] (Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*]

6. **[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.]

7. **[PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index Linked or other variable-linked Covered Bonds only)**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the

index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

8. **[PERFORMANCE OF RATE[S] OF EXCHANGE** (Dual Currency Covered Bonds only)

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]

9. **OPERATIONAL INFORMATION**

(i) Jurisdictions into which public offer is to be made: [The Netherlands/Germany/Italy/Belgium/France/United Kingdom/Luxembourg/specify other/None]

(ii) ISIN Code: []

(iii) Common Code: []

(iv) Fondscodex: []

(v) [Other relevant code:] [] []

(vi) Issued in NGN form to allow Eurosystem eligibility: [Not Applicable / Yes/no]

Note that the designation "Yes" simply means that the Covered Bonds are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg 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.][Include this text if "Yes" selected in which case the Notes must be issued in NGN form]

[Not Applicable/give name(s) and number(s)]

(vii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):

Delivery [against/free of] payment

(viii) Delivery:

[[

(ix) Names and addresses of
additional Paying Agent(s) (if
any)

10. **[ADDITIONAL INFORMATION**

*[The following information should be consulted in connection with the offer of the
Covered Bonds:*

*(insert relevant information which does not necessitate a Supplement to the Base
Prospectus / Not Applicable)].*

8.3 TERMS AND CONDITIONS OF COVERED BONDS

*The following are the terms and conditions of the Covered Bonds (the "**Terms and Conditions**") and each condition of the Terms and Condition a "**Condition**") which will be incorporated by reference into each Global Covered Bond, Registered Covered Bonds Deed and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. 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 Covered Bonds.*

The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond, Definitive Covered Bond and Registered Covered Bonds Deed. This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Fortis Bank (Nederland) N.V. (the "**Issuer**", which expression shall include any successor as issuer) pursuant to a trust deed (as amended from time to time, the "**Trust Deed**") dated 30 October 2009 (the "**Programme Date**") made between the Issuer, FBN Covered Bond Company B.V. (the "**CBC**"), Stichting Holding FBN Covered Bond Company ("**Holding CBC**") and Stichting Security Trustee FBN Covered Bond Company (the "**Trustee**", which expression shall include any successor as trustee).

Save as provided for in Conditions 9 (*Events of Default and Enforcement*) and 14 (*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:

- (a) in relation to any Covered Bonds represented by a global covered bond, units of the lowest Specified Denomination in the Specified Currency;
- (b) any Temporary Global Covered Bond, any Permanent Global Covered Bond and any Registered Covered Bonds, as the case may be; and
- (c) 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 and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated the Programme Date and made between the Issuer, the CBC, the Trustee, BGL, as issuing and principal paying agent (the "**Principal Paying Agent**" which expression shall include any successor principal paying agent), Fortis Bank (Nederland) as registrar (the "**Registrar**", which expression shall include any successor registrar) and Fortis Bank (Nederland) as paying agent (the "**Paying Agent**", which expression shall include any successor paying agent Fortis Bank (Nederland) 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 have (unless otherwise indicated in the applicable Final Terms) 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. Definitive Covered Bonds in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Final Terms for this Covered Bond (or the relevant provisions thereof) (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 supplements these Terms and Conditions (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 Trustee acts for the benefit of the holders for the time being of the Covered Bonds (the "**Covered 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, as the case may 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 the holders of the Receipt (the "**Receiptholders**"), 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 Netherlands in respect of the Covered Bonds 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 Conditions include summaries of, and are subject to, the provisions of the Trust Deed, the Security Documents and the Agency Agreement.

Copies of the Trust Deed, the Security Documents, the Master Definitions and Common Terms Agreement, the Agency Agreement and each of the other Transaction Documents are available for inspection during normal business hours at the registered office for the time being of the Trustee being at Frederik Roeskestraat 123, 1076 EE, 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 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 Security Documents, the Master Definitions and Common Terms 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 Conditions shall bear the meaning given to them in the applicable Final Terms and/or the master definitions and common terms agreement (as amended from time to time, the **"Master Definitions and Common Terms Agreement"**) entered into on or about the Programme Date (a copy of each of which may be obtained as described above).

1. FORM, DENOMINATION AND TITLE

The Covered Bonds are 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"), and, in the case of Definitive Covered Bonds, serially numbered in the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination. Registered Covered Bonds may not be exchanged for Bearer Covered Bonds.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond, an Index Linked Interest Covered Bond, an Equity Linked Interest Covered Bond, a Dual Currency Interest Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Covered Bond may be an Index Linked Redemption Covered Bond, an Equity Linked Redemption Covered Bond, a Dual Currency Redemption Covered Bond, a Partly Paid Bond or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds in which case references to Coupons and Couponholders in these Conditions are not applicable.

Under Dutch law, the valid transfer of Covered Bonds requires, *inter alia*, delivery (*levering*) thereof. For Covered Bonds held by Euroclear Netherlands deliveries will be made in accordance with the Dutch Securities Giro Act (*Wet giraal effectenverkeer*) (the **"Securities Giro Act"**).

The Issuer, the CBC, the Paying Agents and the 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 the Covered Bonds and the Registered Covered Bonds Deeds will be manually and/or in facsimile.

For as long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**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 the 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 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 Trustee as the holder of the 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 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 Trustee, be conclusive and binding on all concerned.

For as long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of Euroclear Netherlands by a common depository the relevant provisions of the Dutch Securities Giro Act (*Wet giraal effectenverkeer*) apply.

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 Euroclear Netherlands, as the case may be. Where Covered Bonds represented by a Permanent Global Covered Bond are deposited with Euroclear Netherlands, a Covered Bondholder shall not have the right to request delivery (*uitlevering*) of his Covered Bonds under the Securities Giro Act other than as set out in the Global Covered Bond.

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 Trustee but shall not include Euroclear Netherlands.

Any amendments to the Conditions required in connection with such additional or alternative clearing system shall be specified in the applicable Final Terms.

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 payable under the Covered Bonds when the same shall become Due for Payment (as amended from time to time, the "**Guarantee**"). However, the CBC shall have no such obligation under the Guarantee until (i) the occurrence of an Issuer Event of Default, and the service by the Trustee on the CBC of a Notice to Pay or (ii) the occurrence of a CBC Event of Default and the service by the 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 Final Maturity 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, unless on the date when the Guaranteed Final Redemption Amount is Due for Payment (the "**Extension Date**") or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the Calculation Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall:
 - (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 13 (*Notices*)), the Rating Agencies, the Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the date on which such notice was given by the CBC and/or was given to the relevant clearing system) or at least 2 (two) Business Days prior to such Interest Payment Date, respectively; and
 - (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable pro rata with any

Guaranteed Final Redemption Amount pertaining to a Series with an Extended Due for Payment Date falling in the same Calculation Period in which the Extended Due for Payment Date for this Series falls (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 the Extension Date and/or such Interest Payment Date, respectively; 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 4 (*Interest*), provided that for this purpose all references in Condition 4 (*Interest*) to the Final Maturity Date are deemed to be references to the Extended Due for Payment Date, mutatis mutandis,

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 provided in the Security Documents.

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 Trustee:

- (i) a first ranking right of pledge over the Transferred Collateral;
- (ii) a first ranking right of pledge over the moneys standing to the credit of the AIC Account from time to time; and
- (iii) a first ranking right of pledge over the CBC's present and future rights (*vorderingen*) vis-à-vis any debtors of the CBC under any Transaction Document to which the CBC is a party, other than the Management Agreement (CBC).

In addition, as security for a parallel debt corresponding to the CBC's obligations under the Guarantee and the other Transaction Documents to which the CBC is a party, each Transferor will enter into a Transferor Collateral Pledge Agreement pursuant to which it will undertake to create in favour of the Trustee a first ranking right of pledge over the Eligible RMBS Notes purported to be transferred by it to the CBC pursuant to the Guarantee Support Agreement, which pledge will be entered into in case that (*voor het geval dat*) the relevant Eligible RMBS Notes are not validly transferred to the CBC pursuant to the Guarantee Support Agreement.

The holders of the Covered Bonds of each Series will, through the Trustee, benefit from the Security and are deemed to have acknowledged, and are bound by, Clause 8 (*Parallel Debt*) of the Trust Deed.

For the purpose of these Terms and Conditions:

"Extended Due for Payment Date" means the date falling 2 (two) years after the Final Maturity Date, as specified in the applicable Final Terms.

4. INTEREST

(a) *Interest on Fixed Rate Covered Bonds*

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the applicable Rate of Interest as set out in the applicable Final Terms (**"Interest Commencement Date"**). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity 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 amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified in the applicable Final Terms.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention as determined in the discretion of the Principal Paying Agent.

In these Conditions:

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if **"Actual/Actual (ISMA)"** is specified in the applicable Final Terms:
- (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, in the case of the first interest period, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date (the **"Accrual Period"**) is equal to or shorter than the Fixed Interest Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Fixed Interest Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (B) in the case of Covered Bonds where the Accrual Period is longer than the Fixed Interest Period during which the Accrual Period ends, the sum of:
- (1) the number of days in such Accrual Period falling in the Fixed Interest Period in which the Accrual Period begins divided by the product of (x) the number of days in such Fixed Interest Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Fixed Interest Period divided by the product of (x) the number of days in such Fixed Interest Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, 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 next (or first) Interest Payment Date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

"Final Maturity Date" means in respect of a Series of Covered Bonds the Interest Payment Date 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;

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

"Principal Amount Outstanding" means, on any date:

- (i) in respect of a Covered Bond outstanding, the principal amount of that Covered Bond on the relevant Issue Date, less the aggregate amount of any principal prepayments or payments in respect of such Covered Bond which have been paid to the Paying Agent on or prior to that date; and
- (ii) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount in (i) in respect of all Covered Bonds outstanding; and
- (iii) in respect of a Transferred RMBS Note the principal amount of that Transferred RMBS Note on the relevant issue date, less the aggregate amount of any principal prepayments or payments in respect of such RMBS Note on or prior to that date; and
- (iv) in relation to the Transferred RMBS Notes at any time, the aggregate of the amount in (iii) in respect of all Transferred RMBS Notes.

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Covered Bonds*

(i) *Interest Payment Dates*

Each Floating Rate Covered Bond, Index Linked Interest Covered Bond and Equity Linked Interest Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, 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,

in each case provided such Specified Interest Payment Date(s) or Interest Payment Date as the case may be falls on a CBC Payment Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, the expression "**Interest Period**" shall 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 the applicable Business Day Convention is the "**Modified Following Business Day Convention**", meaning that such Interest Payment 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 shall be brought forward to the immediately preceding Business Day.

In the Conditions, "**Business Day**" means a day which is both:

- (A) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open and 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 Amsterdam, Luxembourg and in any Additional Business Centre specified in the applicable Final Terms; and

- (B) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively).

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Interest 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 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period as 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 subparagraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(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; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of 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.

The Agency Agreement contains provisions for determining the Rate of Interest 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 Rate of Interest 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, and the Calculation Agent, in the case of Index Linked Interest Covered Bonds and Equity Linked Interest 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. In the case of Index Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (a) 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);
- (b) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if "**Actual/365 (Euro)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (e) 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the

Interest Period is a day other than the 30th or 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 (b) the last day of the 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)); and

- (f) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Final Maturity Date 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).

(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, the Trustee and any competent listing authority, stock exchange and/or quotation system on or by which the relevant Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or Equity Linked Interest Covered Bonds are for the time being listed, quoted and/or traded and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth 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 competent listing authority, stock exchange and/or quotation system on or by which the relevant Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or Equity Linked Interest Covered Bonds are for the time being listed, quoted and/or traded and to the Covered Bondholders in accordance with Condition 13 (*Notices*).

For the purposes of this paragraph, the expression "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Amsterdam and Luxembourg.

(vi) *Determination or Calculation by Trustee*

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (ii)(A) or (B) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all

the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(vii) 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 4(b) (*Interest on Floating Rate Covered Bond, Index Linked Interest Covered Bond and Equity Linked Covered Bonds*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, or the Trustee 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, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders, the Receiptholders 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 on Dual Currency Interest Covered Bonds

The rate or amount of interest payable in respect of Dual Currency Interest Covered Bonds shall be determined in the manner specified in the applicable Final Terms.

(d) Interest on Partly Paid Covered Bonds

In the case of Partly Paid Covered Bonds (other than Partly Paid Covered Bonds which are Zero Coupon Covered Bonds) interest will accrue as aforesaid on the paid-up nominal amount of such Covered Bonds and otherwise as specified in the applicable Final Terms.

(e) 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.

5. PAYMENTS

(a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, in the case of Australian dollars, shall be Sydney, in the case of Hong Kong dollars, shall be Hong Kong and in the case of Japanese yen, shall be Tokyo); and
- (ii) 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.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment in these Conditions, the Trust Deed, the Agency Agreement and the Final Terms, but without prejudice to the provisions of Condition 7 (*Taxation*). References to Specified Currency will include any successor currency under applicable 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 (other than Dual Currency Interest Covered Bonds, Index Linked Covered Bonds, Equity Linked Covered Bonds or Long Maturity Covered Bonds (as defined below)) 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 10 (ten) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, 5 (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 Final 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, Dual Currency Interest Covered Bond, Index Linked Covered Bond, Equity Linked Covered Bonds or Long Maturity Covered Bond in definitive form becomes due and repayable in whole, unmatured Receipts, 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. A **"Long Maturity Covered Bond"** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond. 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

(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 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 Netherlands 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 Netherlands, as the case may be, for his share of each payment so made by the Issuer or the CBC or the Trustee to, or to the order of, the holder of such Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Covered Bonds is payable in U.S. Dollars, such U.S. Dollar payments of principal and/or interest in respect of such Covered Bonds will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to

make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Covered Bonds in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the CBC, adverse tax consequences to the Issuer or the CBC

(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 8 (*Prescription*)) is:

- (i) 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) Amsterdam or Luxembourg; and
 - (B) any Additional Financial Centre specified in the applicable Final Terms;and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) *Interpretation of principal and interest*

Any reference in these 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 7 (*Taxation*) or under any undertaking or covenant given in addition hereto, 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;
- (v) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6(d) (*Redemption and Purchase - Early Redemption Amounts*));
- (vi) 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
- (vii) any Excess Proceeds which may be payable by the Trustee under or in respect of the Covered Bonds.

Any reference in these 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 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

(g) *Set-off*

Any payments under or pursuant to the Covered Bonds shall be made by the Issuer free of set-off and withholding if and to the extent so specified in the applicable Final Terms.

6. 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 the relevant Specified Currency on the Final Maturity Date (the "**Final Redemption Amount**").

(b) *Redemption for tax reasons*

The Covered Bonds may, subject to Rating Agency Notification, be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is neither a Floating Rate Covered Bond, an Index Linked Interest Covered Bond, an Equity Linked Interest Covered Bond nor a Dual Currency Interest Covered Bond) or on any Interest

Payment Date (if this Covered Bond is either a Floating Rate Covered Bond, an Equity Linked Interest Covered Bond, an Index Linked Interest Covered Bond or a Dual Currency Interest Covered Bond), on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the 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 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*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 (ninety) 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 is then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6 (*Redemption and Purchase*), the Issuer shall deliver to the 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 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 6(b) (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 6(d) (*Early Redemption Amounts*) 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 Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 (fifteen) nor more than 30 (thirty) days' notice to the Covered Bondholders in accordance with Condition 13 (*Notices*); and
- (ii) not less than 15 (fifteen) days before the giving of the notice referred to in (i), notice to the Trustee, the Principal Paying Agent, the Registrar and the Rating Agencies,

(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, or determined in the manner 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. Any such partial redemption 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. 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 Netherlands, in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 (thirty) 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 of such Redeemed Covered Bonds and (ii) in case of Registered Covered Bonds, the nominal amount drawn and the holders of such Redeemed Covered Bonds will be published in accordance with Condition 13 (*Notices*) not less than 15 (fifteen) 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 13 (*Notices*) at least 5 (five) days prior to the Selection Date.

(d) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 9 (*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;
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, 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; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Amortised Face Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price specified in the applicable Final Terms;

"**AY**" means the Accrual Yield specified in the applicable Final Terms, expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 (twelve) months of 30 (thirty) days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Covered Bond payable in a specified currency other than euro, on the basis of a 360-day year consisting of 12 (twelve) months of 30 (thirty) days each or (ii) in the case of a Zero Coupon Covered Bond payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (iii) on such other calculation basis as may be specified in the applicable Final Terms.

(e) *Partly Paid Covered Bonds*

Partly Paid Covered Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the applicable Final Terms.

(f) *Purchases*

The Issuer, the CBC and/or any member of the group of company to which Fortis Bank (Nederland) belongs (the "**Fortis Group**"), which consists of Fortis Bank (Nederland) and its subsidiaries (including any legal successor in title thereof), may at any time purchase Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Receipts, 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. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the CBC and/or such member of the 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). All Bearer Covered Bonds so cancelled and any Bearer Covered Bonds purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(h) *Late payment on Zero Coupon Covered Bonds*

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in paragraph (d)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) 5 (five) days after the date on which the full amount of the moneys payable in Respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Covered Bondholders in accordance with Condition 13 (*Notices*).

(i) *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 (thirty) nor more than 60 (sixty) days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the

Issuer satisfies the 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 6(i) will be redeemed at their Early Redemption Amount referred to in Condition 6(d) (*Redemption and Purchase – Early Redemption Amounts*) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(j) *Certificate*

Prior to the publication of any notice of redemption pursuant to this Condition 6 (*Redemption and Purchase*), the Issuer shall deliver to the 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 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.

7. TAXATION

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 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:

- (i) presented for payment outside the Netherlands; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Covered Bond or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond or Coupon; or

- (iii) presented for payment more than 30 (thirty) days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(e) (*Payments - Payment Day*)); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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.

As used herein:

the "**Relevant Date**" 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 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 13 (*Notices*); and

"**Tax Jurisdiction**" means the Netherlands or any political subdivision or any authority thereof or therein having power to tax.

8. PRESCRIPTION

The Covered Bonds and Coupons will become void unless presented for payment within a period of 5 (five) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor, subject in each case to the provisions of Condition 5(b) (*Payments - Presentation of Definitive Covered Bonds and Coupons*). 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 8 or Condition 5(b) (*Payments - Presentation of Definitive Covered Bonds and Coupons*) or any Talon which would be void pursuant to Condition 5(b) (*Payments - Presentation of Definitive Covered Bonds and Coupons*).

9. EVENTS OF DEFAULT AND ENFORCEMENT

(a) *Issuer Events of Default*

An "**Issuer Acceleration Notice**" means a notice from the Trustee in writing to the Issuer that as against the Issuer (but not against the CBC) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed.

The Trustee at its discretion may, and:

- (1) in relation to the defaults set out in subparagraphs (i) and (v) below; or
- (2) 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 (seven) days or more in the payment of any principal or redemption amount, or for a period of 14 (fourteen) 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 Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 (thirty) 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 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 14 (*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

assignment 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 3.5.5 of the Act on the Financial Supervision 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 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 9(a), the 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 Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 9(c) (*Enforcement*).

The Trust Deed provides that all moneys received by the Trustee from the Issuer or any administrator, liquidator, trustee or other similar official appointed in relation to the Issuer following the service of a Notice to Pay (the "**Excess Proceeds**"), shall be paid by the Trustee on behalf of the Covered Bondholders of the relevant Series to the CBC for its own account, as soon as practicable, and shall be held by the CBC in the AIC 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 AIC Account. Any Excess Proceeds received by the Trustee shall, to the extent applied in accordance with the relevant Priority of Payments, discharge the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons. However, the receipt by the Trustee of any Excess Proceeds shall not reduce or discharge any of the obligations of the CBC under the Guarantee.

Each Covered Bondholder shall be deemed to have irrevocably directed the Trustee to pay the Excess Proceeds to the CBC in the manner as described above.

(b) *CBC Events of Default*

A "**CBC Acceleration Notice**" means a notice in writing to the CBC and 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 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 (seven) days or more in the payment of any principal or redemption amount, or for a period of 14 (fourteen) 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 Security Documents or any other Transaction Document to which the CBC is a party which (unless certified by the Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 (thirty) 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 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, unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations of the CBC under the Covered Bonds; 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 subjected to any applicable Insolvency Proceedings 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; or
- (viii) a failure to satisfy the Asset Cover Test on any date upon which it is required to be conducted following the service of a Notice to pay on the CBC; or

- (ix) other than as envisaged by the Transaction Documents the CBC creates or permits to subsist any security interest over the whole or any part of its assets, or incurs any indebtedness or enters into any contracts, agreements or undertakings.

In case an event described in paragraph (ii) above shall occur, the 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 and service of a CBC Acceleration Notice, the Trustee may or shall take such proceedings or steps in accordance with the first and second paragraphs, respectively, of Condition 9(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 Conditions:

"Calculation Date" means the date falling 2 (two) Business Days before each CBC Payment Date.

"Calculation Period" means the period from (but excluding) the Programme Date until (and including) the CBC Payment Date falling in December 2009 and thereafter, each period from (but excluding) a CBC Payment Date until (and including) the immediately succeeding CBC Payment Date.

"CBC Payment Date" means the 28th day of September, December, March and June of each year 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.

(c) *Enforcement*

The 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 against the Issuer and/or the CBC, as the case may be, to enforce the provisions of the Trust Deed, the Covered Bonds, Receipts and the Coupons, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds, Receipts or the Coupons or any other Transaction Document unless it shall have been so directed by a Programme Resolution and it shall have been indemnified and/or secured to its satisfaction.

The Trustee may at any time, at its discretion and without further notice, take such proceedings against the CBC and/or any other person as it may think fit to enforce the provisions of the Security Documents and may, at any time after the Security has become enforceable, take such steps as it may think fit to enforce the Security, but it shall not be

bound to take any such steps unless (i) it shall have been so directed by a Programme Resolution or (ii) it shall have been directed in writing to do so by each of the other Secured Parties (other than the Issuer) and (iii) in respect of each of (i) and (ii), it shall have been indemnified and/or secured to its satisfaction.

(d) *Limitation on Covered Bondholders action*

Subject to the provisions of the Trust Deed, only the Trustee may enforce the provisions of the Covered Bonds and the Transaction Documents. No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the CBC or to take any action with respect to the Trust Deed, the Coupons, or the Security unless the Trustee having become bound so to proceed, fails so to do for a period of 30 (thirty) days and the failure shall be continuing.

Neither the Covered Bondholders nor the 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 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:

- (i) a Covered Bondholder will have a right of recourse (*verhaalsrecht*) only in respect of the Secured Assets (subject to paragraph (ii) below) and will not have any claim, by operation of law or otherwise, against, or recourse to any of the CBC's other assets or its contributed capital; and
- (ii) sums payable to each Covered Bondholder in respect of the CBC's obligations to such Covered Bondholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Covered Bondholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Trustee in respect of the Secured Assets whether pursuant to enforcement of the Security or otherwise, net of any sums which are (1) excluded from application in accordance with the relevant Priority of Payments or (2) payable by the CBC in accordance with the relevant Priority of Payments in priority to or *pari passu* with sums payable to such Covered Bondholder; and
- (iii) if no further Series are outstanding or if following final enforcement of the Security the Trustee certifies, in its sole opinion, that the CBC has insufficient funds to pay in full all of the CBC's obligations to such Covered Bondholder, then such Covered Bondholder, Receiptholders or Couponholders shall have no further claim against the CBC in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

10. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS

Should any Covered Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the 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.

11. 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 Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) 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
- (c) it will ensure that it maintains a Paying Agent in an Member State in the European Union 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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d) (*Payments – General Provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of bankruptcy, insolvency or any equivalent or analogous proceeding, when it shall be of immediate effect) after not less than 30 nor more than 45 (forty-five) days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 13 (*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 Trustee and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. The Agency Agreement contains provisions

permitting any entity into which any Paying Agent 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.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date 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 8 (*Prescription*).

13. NOTICES

All notices regarding the Covered Bonds will be deemed to be validly given if published in:

- (i) at least one daily newspaper of wide circulation in the Netherlands, which is expected to be *Het Financieele Dagblad*, (ii) if so specified in the applicable Final Terms, a leading English language daily newspaper of general circulation in London, and
- (ii) for so long as any Covered Bonds are listed on Euronext Amsterdam (by NYSE Euronext) ("**Euronext Amsterdam**"), on the website of the Issuer (i.e. <http://www.fortis.nl/debtinvestors/>) and through a press release. The Issuer will in addition provide Euronext Amsterdam with a digital version of the information published by it pursuant to this Condition. The Issuer shall furthermore ensure that notices are duly published in a manner which complies with the rules of any competent listing authority, stock exchange or quotation system on or by which the Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing, quotation and/or trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

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 Bond or Registered Covered Bonds) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent. 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 Netherlands, as the case may be, in such manner as the Principal Paying Agent and Euroclear, Clearstream,

Luxembourg and/or Euroclear Netherlands, as the case may be, may approve for this purpose.

A copy of each notice given in accordance with this Condition 13 shall be provided to the relevant stock exchange if the Covered Bonds are listed on such stock exchange and the rules of such stock exchange so require.

14. 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 Trustee and shall be convened by the Issuer if required in writing by Covered Bondholders of a Series holding not less than fifteen 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 is: (i) one or more persons holding or representing not less than fifty 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 nominal amount of the Covered Bonds of such Series so held or represented; (ii) at any meeting the business of which includes the modification of certain provisions of the Covered Bonds of a Series, the related Coupons or the Trust Deed (including a reduction or cancellation of the amount payable in respect of such Covered Bonds, the alteration of the currency in which payments under such Covered Bonds are to be made, the alteration of the majority required to pass an Extraordinary Resolution, any amendment to the Guarantee or the Security Documents (except in a manner determined by the Trustee not to be materially prejudicial to the interests of the Covered Bondholders of any Series) or the sanction of any scheme or proposal for the exchange of such Covered Bonds in respect of such Series (each, a "**Series Reserved Matter**" all as more particularly set out in the Trust Deed)): one or more persons holding or representing not less than two-thirds of the Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons holding or representing not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding.

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 Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Trustee there is no conflict between the holders of the Covered Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

Notwithstanding the preceding paragraphs of this Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*), any resolution to direct the Trustee (i) to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default and Enforcement*); (ii) to take any enforcement action, or (iii) to remove or replace the Managing Director of the Trustee 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 Trustee or by Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing not less than two-thirds 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 nominal amount 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.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in euro, the nominal amount of the Covered Bonds of any Series not denominated in euro shall be converted into euro at the relevant currency exchange rate set out in any Structured Swap Agreement.

The Trustee and the Issuer may also agree, without the consent of the Covered Bondholders or Couponholders of any Series and without the consent of the other Secured Parties (and for this purpose the Trustee may disregard whether any such modification relates to a Series Reserved Matter), 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 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 Trustee may rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to the interests of such Secured Creditor) and (ii) it has not been informed in writing by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given his/her written consent as aforesaid); 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 Trustee or to comply with mandatory provisions of law,

provided that any modification pursuant to paragraph (a) is notified to the Rating Agencies.

The Trustee may also agree, without the consent of the Covered Bondholders of any Series, and/or Couponholders or any other Secured Creditor, to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Covered Bonds of any Series, or determine, without any such consent as aforesaid, that any Issuer Event of Default or CBC Event of Default or Potential Issuer Event of Default or Potential CBC Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of any of the Secured Parties (in which respect the Trustee may (without further enquiry) rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to the interests of such Secured Creditor) provided that the Trustee has not been informed by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given its written consent as aforesaid).

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 Trustee otherwise agrees, any such modification shall 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 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 Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the CBC, the 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 7 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

The Issuer may subject to Rating Agency Confirmation but without the consent of the holders of the Covered Bonds of any Series or any Coupons relating thereto, or any other Secured Creditor 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 Trustee to the effect that immediately after giving effect to such transaction no Issuer Event of Default and no CBC Event of Default, respectively, and no

Potential Issuer Event of Default and no Potential CBC Event of Default, respectively, will have happened and be continuing;

- (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 relevant Transaction Document and all of the outstanding Covered Bonds of all Series, in place of the Issuer;
- (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 schedule 1 to 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 twenty-five per cent. of the aggregate principal amount 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),

in each case with the nominal amount of Covered Bonds not denominated in euro being converted into euro at the relevant currency exchange rate set out in any Structured Swap Agreement.

"Potential Issuer Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default.

"Potential CBC Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a CBC Event of Default.

"Rating Agency Notification" means a notification in writing to each Rating Agency which at the time of such notification has assigned a rating to the Covered Bonds outstanding relating to the relevant event or matter, which notification will take place at least 10 (ten) Business Days prior to the relevant event or matter.

"Managing Director" means in respect to the Trustee, Amsterdamsch Trustee's Kantoor B.V. and/or such other person(s) who may be appointed as director(s) (*bestuurder*) of the Trustee from time to time.

15 INDEMNIFICATION OF THE TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE CBC

If, in connection with the exercise of its powers, authorities or discretions, the Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Trustee shall not exercise such power, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders of not less than fifty per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

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

The Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Transferred Collateral, 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 Trustee. The 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 Collateral, including, without limitation, whether the Transferred Collateral are in compliance with the Asset Cover Test, any Portfolio Test or (iv) monitoring whether Transferred RMBS Notes satisfy the applicable Eligibility Criteria or such other criteria as may be agreed with the Rating Agencies in relation to other Transferred Collateral. The Trustee will not be liable to any Covered Bondholder or other Secured Creditor 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 charge in relation to the Security and have no responsibility in relation to the

legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

16. 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.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Covered Bonds and the Transaction Documents are governed by, and shall be construed in accordance with Dutch law unless specifically stated to the contrary.

(b) Submission to jurisdiction

In relation to any legal action or proceedings arising out of or in connection with the Covered Bonds, the Receipts and the Coupons, the Issuer irrevocably submits to the jurisdiction of the court of first instance (*rechtbank*) in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the Covered Bondholders, Receiptsholders, Couponholders and the Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

18. ADDITIONAL OBLIGATIONS

For as long as the Covered Bonds are listed on Euronext Amsterdam, the Issuer will comply with all rules and regulations of Euronext Amsterdam or such other or further stock exchange(s) or markets as may be agreed as in force at the date of the issue of the Covered Bonds.

19. TERMS AND CONDITIONS OF REGISTERED COVERED BONDS

19.1 If in the applicable Final Terms it is specified that Registered Covered Bonds are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Condition 1 until and including 18 above. In the event of any inconsistency between Conditions 1 until and including 18 and this Condition 19, this Condition 19 will prevail with regard to Registered Covered Bonds.

19.2 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 19.3 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 19.5.

- 19.3 Under Dutch law, the valid transfer of Covered Bonds requires, *inter alia*, 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 an assignment deed (*akte*) between the transferor and the transferee and, in the case of a notified assignment, notification (*mededeling*) thereof to the Issuer and the CBC. A form of deed of assignment and notification is attached to each Registered Covered Bonds Deed. Notification of any assignment shall be given to the Issuer at its office specified for such purpose in the applicable Final Terms, also acting on behalf of the CBC, and to the Registrar. Registered Covered Bonds may be transferred in whole, but not in part, provided that the relevant 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.
- 19.4 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.
- 19.5 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 opening of business on the second Business Day falling prior to the due date of such payments. If any Registered Covered Bond holder transfers any Registered Covered Bonds in accordance with Condition 19.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the close of business on the fifteenth Business Day before the due date for payment (the "**Record Date**"), the Issuer, the CBC and the 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 Trustee and the Registrar shall not be liable as a result of any payment being made to the person shown in the Register in accordance with this Condition.
- 19.6 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) after the date of mailing.

9 DUTCH TAXATION

This is a general summary and the tax consequences as described here may not apply to a holder of Covered Bonds. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Covered Bonds in his particular circumstances.

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, the ownership and disposal of Covered Bonds. It does not consider every aspect of taxation that may be relevant to a particular holder of Covered Bonds under special circumstances or who is subject to special treatment under applicable law. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. This summary assumes that the Issuer is organised, and that its business will be conducted, in the manner outlined in this Base Prospectus. A change to such organisational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Base Prospectus. The law upon which this summary is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect any such change. This summary assumes that each transaction with respect to Covered Bonds is at arm's length.

Withholding tax

All payments under the Covered Bonds may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of the Netherlands or in the Netherlands.

Taxes on income and capital gains

The summary set out in this section "Taxes on income and capital gains" applies only to a holder of Covered Bonds who is neither resident nor deemed to be resident in the Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be, and who, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes (a "**Non-Resident holder of Covered Bonds**").

Individuals

A Non-Resident holder of Covered Bonds who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from Covered Bonds, including any payment under Covered Bonds and any gain realised on the disposal of Covered Bonds, except if:

1. he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands and his Covered Bonds are attributable to such enterprise; or

2. he derives benefits or is deemed to derive benefits from Covered Bonds that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*).

If a holder of Covered Bonds is an individual who does not come under exception 1. above, and if he derives or is deemed to derive benefits from Covered Bonds, including any payment thereunder and any gain realised on the disposal thereof, such benefits are taxable as benefits from miscellaneous activities in the Netherlands if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b or c, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), has a substantial interest (*aanmerkelijk belang*) in the Issuer.

A person has a substantial interest in the Issuer if such person – either alone or, in the case of an individual, together with his partner (partner), if any – owns, directly or indirectly, either a number of shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or profit participating certificates (*winstbewijzen*) relating to five per cent. or more of the annual profit of the Issuer or to five per cent. or more of the liquidation proceeds of the Issuer.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a holder of Covered Bonds who is an individual and who does not come under exception 1. above may, inter alia, derive, or deemed to derive, benefits from Covered Bonds that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in the Netherlands:

- a. if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or
- b. if he makes Covered Bonds available or is deemed to make Covered Bonds available, legally or in fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 under circumstances described there; or
- c. if he holds Covered Bonds, whether directly or indirectly, and any benefits to be derived from such Covered Bonds are intended, in whole or in part, as remuneration for activities performed or deemed to be performed in the Netherlands by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Attribution rule

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age, are attributed to the parent who exercises, or the parents who exercise authority over the child, irrespective of the country of residence of the child.

Entities

A Non-Resident holder of Covered Bonds other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of benefits derived or deemed to be derived from Covered Bonds, including any payment under Covered Bonds and any gain realised on the disposal of Covered Bonds, except if:

- (a) such Non-Resident holder of Covered Bonds derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and its Covered Bonds are attributable to such enterprise; or
- (b) such Non-Resident holder of Covered Bonds has a substantial interest in the Issuer.

A person other than an individual has a substantial interest in the Issuer, (x) if it has a substantial interest in the Issuer (as described above under Individuals) or (y) if it has a deemed substantial interest in the Issuer. A deemed substantial interest may be present if its shares, profit participating certificates or rights to acquire shares or profit participating certificates in the Issuer have been acquired by such person or are deemed to have been acquired by such person on a non-recognition basis.

General

Subject to the above, a Non-Resident holder of Covered Bonds will not be subject to income taxation in the Netherlands by reason only of the execution (*ondertekening*), delivery (*overhandiging*) and/or enforcement of the documents relating to the issue of Covered Bonds or the performance by the Issuer of its obligations under such documents or under the Covered Bonds.

Gift and inheritance taxes

A person who acquires Covered Bonds as a gift, in form or in substance, or who acquires or is deemed to acquire Covered Bonds on the death of an individual, will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of gift or inheritance tax, as the case may be; or
- (ii) the Covered Bonds are or were attributable to an enterprise or part of an enterprise that the donor or the deceased carried on through a permanent establishment or a permanent representative in the Netherlands at the time of the gift or of the death of the deceased; or

- (iii) the donor made a gift of Covered Bonds, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

Other taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in respect of or in connection with (i) the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Covered Bonds, (ii) the performance by the Issuer of its obligations under such documents or under the Covered Bonds, or (iii) the transfer of Covered Bonds.

10 SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (as the same may be amended and/or supplemented and/or restated from time to time, the "**Programme Agreement**"), agreed with the Issuer, the CBC and the Transferors 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 the 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 (each a "**Member State**") which has implemented the Prospective Directive (each, a "**Relevant Member State**"), 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 to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Covered Bonds, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, 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 at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; (c) to fewer than 100 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; or (d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive, provided that no such offer of Covered Bonds referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospective 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 and includes any relevant implementing measure in each 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, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals all as defined in, and in accordance with, Articles L.411-1, L.411-2, and D.411-1 of the French Code monétaire et financier.

In addition, each Dealer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Base Prospectus or any other offering material relating to the Covered Bonds other than to investors to whom offers and sales of Covered Bonds in France may be made as described above.

Italy

No action has or will be taken by the Dealer, nor any further Dealer appointed, 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 in article 100 of Legislative Decree No. 58 of 24 February 1998 (the "**Consolidated Financial Act**"), which refers to the definition of "*operatori qualificati*" as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998, as subsequently amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to article 100 of the Consolidated Financial Act and article 33, first paragraph, of Consob Regulation No. 11971 of 14 May, 1999, as amended.

Any offer, sale or delivery of the Covered Bonds to professional investors or distribution to the latter of copies of this Base Prospectus or any other document relating to the Covered Bonds in Italy must be made:

- (a) by an investment firm, bank or financial intermediary enrolled in the special register provided for in Article 107 of the Legislative Decree No. 385 of 1 September 1993, as amended (the "**Consolidated Banking Act**"), to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act;

- (b) in compliance with Article 129 of the Consolidated 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 and other possible requirements or limitations which may be imposed by Italian authorities.

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 ("**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 would not, if the Issuer was not an authorised person, 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 have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to US persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Covered Bonds are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed will be required to represent and agree, that it will not offer, sell or deliver the Covered Bonds (i) as part of its distribution at any time and (ii) otherwise until 40 (forty) days after the later of the commencement of the offering on the Issue Date within the United States or to, or for the account or benefit of, US persons and 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, US persons.

In addition, until 40 (forty) days after the commencement of the offering, an offer or sale of the Covered Bonds within the United States by any Dealer (whether or not participating in the purchase) may violate the registration requirements of the Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S and the US Internal Revenue Code and regulations thereunder.

Each issuance of Index Linked Covered Bonds or Dual Currency Covered Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may agree as a term of the issuance and purchase of such Covered Bonds, which additional selling restrictions shall be set out in the applicable Final Terms.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the "**FIEL**") and each Dealer has represented and agreed and each further Dealer appointed will be required to agree, that it will not offer or sell Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the Laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws and regulations 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:

- (A) 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 Act on the Financial Supervision, 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; and
- (B) Zero Coupon Covered Bonds (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations, provided that no such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Covered Bond in global form, or (b) in respect of the initial issue of Zero Coupon Covered Bonds in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Covered Bonds in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of such Zero Coupon Covered Bonds within, from or into the Netherlands if all Zero Coupon Covered Bonds (either in definitive form or as rights representing an interest in a Zero Coupon Covered Bond in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. As used herein "**Zero Coupon Covered Bonds**" are Bearer Covered Bonds and that constitute a claim

for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

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.

11 ASSET BACKED GUARANTEE

11.1 GUARANTEE

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice on the Issuer the Trustee will serve a Notice to Pay on the CBC. Pursuant to the Guarantee, if (i) a Notice to Pay is served or (ii) a CBC Event of Default occurs and a CBC Acceleration Notice is served, the CBC will be liable to pay an amount equal to that portion of the Guaranteed Amounts which are unpaid by the Issuer and which are Due for Payment.

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 amount to the Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction.

An Extended Due for Payment Date will apply to each Series of Covered Bonds to be issued under the Programme. However the Issuer may at any time decide to issue Covered Bonds to which no Extended Due for Payment Date shall apply, provided that the Trustee consents thereto in writing. The Trustee is not required to consult with the Covered Bondholders prior to giving its approval. The Base Prospectus and the relevant Transaction Documents will be amended accordingly, subject to Rating Agency Confirmation having been obtained. A pre-maturity test will be included to ensure that sufficient liquidity is provided for the Covered Bonds if the Issuer's credit rating falls below a certain level.

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, unless on the Extension Date or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the Calculation Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall:

- (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 13 (*Notices*)), the Rating Agencies, the Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the date on which the notice was given by the CBC and/or was given to the relevant clearing system) or at least 2 (two) Business Days prior to such Interest Payment Date, respectively; and
 - (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable pro rata with any Guaranteed Final Redemption Amount pertaining to a Series with an Extended Due for Payment Date falling in the same Calculation Period in which the Extended Due for Payment Date for this Series falls (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 the Extension Date and/or such Interest Payment Date, respectively; 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 4 (*Interest*), provided that for this purpose all references in Condition 4 (*Interest*) to the Final Maturity Date are deemed to be to references the Extended Due for Payment Date, *mutatis mutandis*,

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.

For the purposes hereof:

"Due for Payment" means (i) prior to the service of a CBC Acceleration Notice in relation to any Guaranteed Amount, the date on which the Scheduled Payment Date in respect of such Guaranteed Amount is reached, 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).

For the avoidance of doubt, "Due for Payment" does not refer to any earlier date upon which payment of any Guaranteed Amount may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise.

"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 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 Final Maturity Date shall be paid on such dates and at such rates as specified in the applicable Final Terms.

"Rating Agency Confirmation" means a confirmation in writing by each of the Rating Agencies which at such time has assigned a rating to the Covered Bonds outstanding that the then current ratings assigned to the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter, unless a Rating Agency indicates that it does not consider a confirmation, affirmation or response necessary in the circumstances in which case the relevant party is entitled to assume in respect of the relevant Rating Agency that the then current ratings of the Covered Bonds in issue will not be downgraded or withdrawn by such Rating Agency as a result of such action or step. However, nothing herein shall in any way affect the right of a Rating Agency to downgrade or withdraw the then current ratings of the Covered Bonds in a manner as it sees fit.

"Scheduled Interest" means, in respect of a Series, any amount of scheduled interest payable under the Covered Bonds as specified in Condition 4 (*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 but including such amounts following a CBC Acceleration Notice) in circumstances where Covered Bonds had not become due and payable prior to their Final Maturity Date 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 7 (*Taxation*).

"Scheduled Payment Dates" means, in respect of a Series, each Interest Payment Date and the Final Maturity Date as specified in (i) in the case of Scheduled Interest, Condition 4 (*Interest*) or Condition 3(b) (*Guarantee*) and (ii) in the case of Scheduled Principal, Condition 6(a) (*Redemption at Maturity*), as such date may be extended pursuant to Condition 3 (*Guarantee*).

"Scheduled Principal" means, in respect of a Series, any amount of scheduled principal payable under the Covered Bonds as specified in Condition 6(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 but including such amounts (if any) together with the Early Redemption Amount and any interest accrued on the Guaranteed Amounts in accordance with Clause 3.1 of the Trust Deed following a CBC 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 7 (*Taxation*)), for this purpose disregarding any Excess Proceeds recovered by the Trustee on account of scheduled principal and on-paid to the CBC in accordance with the Trust Deed.

12 SECURITY

The Covered Bonds will be secured indirectly, through the Trustee, by the Trust Deed to be entered into by the Issuer, the CBC, Holding CBC and the Trustee, acting as trustee for (i) the Covered Bondholders, (ii) each Managing Director, (iii) the Administrator, (iv) the Custodian (v) the Paying Agents, (vi) the Calculation Agents, (vii) any Swap Provider, (viii) the Asset Monitor, and (ix) the Trustee (on its own behalf) (the parties referred to in items (i) through (ix) together the "**Secured Parties**"). The Issuer will agree in the Trust Deed, to the extent necessary in advance, to pay to the Trustee any amounts equal to the aggregate of all its liabilities to all the Secured Parties from time to time due in accordance with the terms and conditions of the relevant Transaction Documents, including, without limitation, the Notes (the "**Principal Obligations**"), which payment undertaking and the obligations and liabilities resulting therefrom is herein referred to as the "**Parallel Debt**". The Principal Obligations do not include the CBC's obligations pursuant to the Parallel Debt. In this respect the CBC and the Trustee acknowledge that (i) the Parallel Debt constitutes undertakings, obligations and liabilities of the CBC to the Trustee which are separate and independent from and without prejudice to the Principal Obligations of the CBC to any Secured Creditor and (ii) the Parallel Debt represents the Trustee's own claim (*vordering*) to receive payment of the Parallel Debt from the CBC, provided that the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Principal Obligations to the Secured Parties. The total amount due and payable by the CBC under the Parallel Debt shall be decreased to the extent that the CBC shall have paid any amounts to the Covered Bondholders or any other Secured Creditor to reduce the Principal Obligations and the total amount due and payable by the CBC under the Principal Obligations shall be decreased to the extent that the CBC shall have paid any amounts to the Trustee under the Parallel Debt. Pursuant to the Common Terms) each Secured Party, other the Covered Bondholders accepts that the Security created by the Security Documents is granted by the CBC and each Transferor to the Trustee to secure its obligations pursuant to the Parallel Debt.

CBC Collateral Pledge Agreement

On or prior to the Programme Date, the CBC and the Trustee will enter into a pledge agreement (the "**CBC Collateral Pledge Agreement**") pursuant to which the CBC will undertake to create a first ranking disclosed right of pledge (*openbaar pandrecht eerste in rang*) to the Trustee over the Transferred RMBS Notes. The right of pledge created pursuant to the CBC Collateral Pledge Agreement will be notified to the Custodian and registered in the appropriate register maintained by the Custodian.

CBC Accounts Pledge Agreement

On or prior to the Programme Date, the CBC, the Account Bank and the Trustee will enter into a pledge agreement (the "**CBC Accounts Pledge Agreement**") pursuant to which the CBC will undertake to create a first ranking disclosed right of pledge (*openbaar pandrecht eerste in rang*) to the Trustee over any and all current and future monetary claims of the CBC vis-à-vis the Account Bank in respect of the AIC Account.

CBC Rights Pledge Agreement

In addition, on or prior to the Programme Date a right of pledge (the "**CBC Rights Pledge Agreement**") will be entered into pursuant to which the CBC will undertake to create to the

Trustee a right of pledge over all of its present and future rights (*vorderingen*) vis-à-vis (a) any debtors of the CBC under or in connection with (i) the Guarantee Support Agreement, (ii) the Custody Agreement, (iii) the Administration Agreement, (iv) any Swap Agreement, (v) the Asset Monitor Appointment Agreement and (vii) the Account Bank Agreement and (viii) any other Transaction Document and (b) any RMBS Issuer. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*), except in respect of any RMBS Issuer in respect of which the right of pledge will be an undisclosed right of pledge (*stil pandrecht*).

Transferor Collateral Pledge Agreements

On or prior to the Programme Date, the CBC, the Initial Transferor and the Trustee will enter to a pledge agreement (the "**Initial Transferor Collateral Pledge Agreement**") pursuant to which the Initial Transferor will undertake to create a right of pledge in favour of the Trustee over each Eligible RMBS Note which is purported to be transferred by the Initial Transferor to the CBC pursuant to the Guarantee Support Agreement, in case that (*voor het geval dat*) the relevant Eligible RMBS Notes are not validly transferred. Any right of pledge created pursuant to an Initial Transferor Collateral Pledge Agreement will be registered in the appropriate register maintained by the Custodian.

Additionally, on or prior to each relevant transfer date each New Transferor which has acceded to the Programme will enter into a pledge agreement with the CBC and the Trustee (the "**New Transferor Collateral Pledge Agreement**") pursuant to which the New Transferor will undertake to create a right of pledge in favour of the Trustee over each Eligible RMBS Note which is purported to be transferred by the New Transferor to the CBC pursuant to the Guarantee Support Agreement, in case that (*voor het geval dat*) the relevant Eligible RMBS Notes are not validly transferred. Any right of pledge created pursuant to New Transferor Collateral Pledge Agreement will be registered in the appropriate register maintained by the Custodian.

Pursuant to Section 3:84 (a) of the Dutch Civil Code, the transfer of ownership of assets (which includes receivables) requires delivery (*levering*) pursuant to a valid title (*geldige titel*), by a person who has power to dispose the assets (*beschikkingsbevoegdheid*). Section 3:84(3) of the Dutch Civil Code provides that an agreement which purports to transfer an asset as security for a liability or which does not purport the transferred assets to become part of the assets of the transferee, does not constitute a valid title. In essence Section 3:84(3) of the Dutch Civil Code aims to prevent that creditors by means of contractual arrangements or otherwise grant a security right or preference to one creditor over another creditor of the relevant transferor. Case law has limited the effects of the restrictions resulting from Section 3:84(3) of the Dutch Civil Code considerably. According to this case law only the transfer of ownership for the sole purpose of protecting the interests of the transferee as a creditor of the transferor, constitutes an invalid transfer (*fiducia cum creditore*). Pursuant to the Guarantee Support Agreement, Eligible Collateral will be transferred to the CBC as consideration for the CBC assuming the Guarantee. Contrary to the facts underlying the relevant case law, the Eligible Collateral is not transferred to a creditor which interest is protected in priority over other creditors as it is not the interest of the CBC but the interest of each of the Secured Parties which is protected by the transfer (and subsequent pledge) of the Eligible Collateral. It is untested, however, whether this factual matter justifies the conclusion that the transfer of the Eligible Collateral by the

Transferors to the CBC will not be affected by Section 3:84(3) of the Dutch Civil Code. Legal commentators have expressed different views as to whether or not the transfer of collateral by one or more entities pursuant to an agreement similar to the Guarantee Support Agreement to a company similar to the CBC is to be considered as a violation of Section 3:84(3) of the Dutch Civil Code. In absence of any case law it remains uncertain whether the transfer of the Eligible Collateral by the Transferor to the CBC will be affected by Section 3:84(3) of the Dutch Civil Code.

Each Transferor Collateral Pledge Agreement will be entered into to mitigate any possible risk that the transfer of the Eligible RMBS Notes by a Transferor to the CBC pursuant to the Guarantee Support Agreement may be affected by Section 3:84 (3) of the Dutch Civil Code as a result of which the CBC Collateral Pledge Agreement will not create a legal valid and enforceable right of pledge over the Transferred RMBS Notes in favour of the Trustee. By executing each Transferor Collateral Pledge Agreement, the Trustee is ensured that it can, following a CBC Acceleration Notice, apply the Transferred RMBS Notes to meet the payment obligations to the Secured Parties in accordance with the Post-CBC-Acceleration-Notice Priority of Payments as (i) either the CBC holds legal and valid title to the Transferred RMBS Notes pursuant to the transfer of the Eligible RMBS Notes pursuant to the Guarantee Support Agreement by the Transferor to the CBC, which Transferred RMBS Notes are pledged by the CBC pursuant to the CBC Collateral Pledge Agreement or (ii) if the transfer of the Eligible RMBS Notes is affected by Section 3:84 (3) of the Dutch Civil Code, the Eligible RMBS Notes which are purported to have been transferred to the CBC, are validly pledged by the relevant Transferor to the Trustee pursuant to the Transferor Collateral Pledge Agreements. Each Transferor Collateral Pledge Agreement is a so-called third party pledge meaning that it secures the obligations of a third party (i.e. the CBC) under the Parallel Debt. As a result of this third party pledge, it is ensured that the Trustee following the service of a CBC Acceleration Notice, will at all times become the holder of a valid first ranking right of pledge over the Eligible RMBS Notes which are purported to be transferred by the Transferors to the CBC pursuant to the Guarantee Support Agreement.

For the limitations of the Trustee as the holder of the right of pledge over the Transferred Collateral see the section headed *Risk Factor Pledges to Trustee* above.

Pursuant to the relevant Pledge Agreements, the Trustee has authorised the CBC and each Transferor to dispose of the pledged assets in accordance with the relevant Transaction Documents, which authorisation can be revoked in the circumstances set out in the relevant Pledge Agreements.

Common Terms

Pursuant to the execution of the Master Definitions and Common Terms Agreement entered into on the Programme Date between the Issuer and each Secured Party (excluding the Covered Bondholders) and the agreement with the Common Terms set out therein each Secured Party agrees and confirms that the security provided pursuant to the provisions of the Security Documents shall, indirectly, through the Trustee, be for the exclusive benefit of the Secured Parties (including for the avoidance of doubt, the Covered Bondholders). Pursuant to the agreement with the Common Terms each Secured Party moreover agrees to be bound by

the relevant terms and provisions of the Trust Deed including, but not limited, the limited recourse and non-petition provisions contained therein.

For the purposes hereof:

"CBC Pledge Agreement" means the CBC Collateral Pledge Agreement, the CBC Rights Pledge Agreement or the CBC Accounts Pledge Agreement and **"CBC Pledge Agreements"**, means each CBC Pledge Agreement collectively.

"Collateral Pledge Agreements" means collectively, the CBC Collateral Pledge Agreement and any Transferor Collateral Pledge Agreement.

"Common Terms" means the terms and conditions set out in Schedule 2 (*Common Terms*) to the Master Definitions and Common Terms Agreement.

"Pledge Agreements" means, collectively each CBC Pledge Agreement and any Transferor Collateral Pledge Agreement.

"Secured Assets" means all assets, rights, claims and receivables including, but not limited to, the Transferred RMBS Notes Interest (as defined in each Collateral Pledge Agreement), CBC Rights, Account Rights and all other rights under the Transaction Documents over which security is created to the Trustee pursuant to the Security Documents.

"Security" means the security for the obligations of the CBC in favour of the Trustee for the benefit of the Secured Parties which is created pursuant to, and on the terms set out in, the Security Documents.

"Security Document" means any CBC Pledge Agreement, a Transferor Collateral Pledge Agreement or the Trust Deed and **"Security Documents"** means each Security Document collectively.

"Transferor Collateral Pledge Agreement" means the Initial Transferor Collateral Pledge Agreement or a New Transferor Collateral Pledge Agreement and **"Transferor Collateral Pledge Agreements"** means each of them collectively.

13 THE CBC

Introduction

The issuer of the Guarantee is FBN Covered Bond Company B.V. (the "**CBC**"), incorporated on 8 September 2009 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, having its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the trade register (*handelsregister*) of the chamber of commerce (*kamer van koophandel*) in the Netherlands under number 34357011. The telephone number of the CBC is +31 20 521 4777 and the fax number of the CBC is fax +31 20 521 4832.

Principal Activities

The articles of association of the CBC have a restrictive objects clause allowing the CBC the following activities: (i) acquiring, owning and disposing of assets, (ii) raise funds through, inter alia, borrowing under loan agreements, entering into financial derivatives or otherwise, (iii) issuing guarantees and granting security for the obligations and debts of the CBC and of third parties, including Fortis Bank (Nederland), (iv) entering into derivative contracts and (v) enter into agreements, including, but not limited to, bank, securities and cash administration agreements, asset management agreements and other agreements, all for the purpose of covered bonds programmes, established by Fortis Bank (Nederland) (of any legal successor).

Statement by the Managing Director of the CBC

Since its incorporation there has been no material adverse change in the financial or trading 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 the establishment of the covered bond programme included in this Base Prospectus and (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the financial position or profitability of the CBC and, so far as the CBC is aware, no such proceedings are pending or threatened against the CBC.

The CBC has the corporate power and capacity to issue the Guarantee, to acquire the Transferred Collateral and to enter into and perform its obligations under the relevant Transaction Documents (see further the section headed "*Terms and Conditions of the Covered Bonds*"). The CBC has not engaged since its incorporation, and will not engage whilst the Covered Bonds remain outstanding, in any material activities other than activities which are incidental or ancillary to the foregoing.

The CBC has no subsidiaries. The CBC has no employees.

Shareholders

The entire issued share capital is owned by Stichting Holding FBN Covered Bond Company (the "**Holding CBC**", a foundation (*stichting*) established Dutch law. The Holding CBC was established on 26 August 2009 and has its registered office at Prins Bernhardplein 200, 1097JB Amsterdam, the Netherlands. The sole director of the Holding CBC is Intertrust (Netherlands) B.V. which has agreed to provide corporate services based on a management agreement entered into by the Holding CBC on the Programme Date (the "**Management Agreement (Holding)**").

The objects of the Holding CBC 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. Holding CBC has issued (non-voting) depository receipts (*certificaten*) for all the 180 shares held by it in the capital of the CBC. Intertrust Depository Receipts B.V. holds all such depository receipts. The administration conditions (*administratievoorwaarden*) provide that the depository receipts cannot be exchanged for shares in limited conditions (*geroyeerd*) except at the written request of depository receipt holders representing at least ninety-five per cent. of the nominal value of the aggregate number of depository receipts at the request of the holder thereof.

Managing Director of the CBC

The CBC has entered into a management agreement with Intertrust (Netherlands) B.V. on the Programme Date (the "**Management Agreement (CBC)**"), pursuant to which the Managing Director has agreed to provide corporate services to the CBC. In the Management Agreement (CBC), the Managing Director agrees and undertakes furthermore to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, (ii) refrain from taking any action detrimental to the obligations under any of the relevant Transaction Documents or the then current ratings assigned to the Covered Bonds outstanding and (iii) not to enter into any agreement in relation to the CBC other than the relevant Transaction Documents to which it is a party and the documents contemplated pursuant to the relevant Transaction Documents, without the prior written consent of the Trustee and subject to having notified the Rating Agencies.

The managing directors of Intertrust (Netherlands) B.V. are O.J.A van der Nap, P. de Langen, R.W. Bakker and C.P.M. Roelofs. The managing directors of Intertrust (Netherlands) B.V. have chosen domicile at the office address of Intertrust (Netherlands) B.V., being Prins Bernhardplein 200, 1097JB Amsterdam.

The objectives of Intertrust (Netherlands) B.V. are (a) being managing director or supervisory director of legal entities, (b) incorporating legal entities and participating in the management board of legal entities, (c) rendering administrative, technical, financial, economic or management services to other legal entities and/or persons, (d) acquiring, disposing of, administering, operating movable and immovable assets and other goods, including patents, trademark rights, licences, permits and other intellectual property rights, (e) lending or borrowing

monies, granting security or otherwise securing or being jointly and severally liable for others, (f) acting as escrow agent and paying agent, and (g) acting as financial services provider. A-g whether or not in cooperation with third parties and including the performing and promoting of all actions that are related therewith in the widest sense of the word.

There are no potential conflicts of interest between any duties of the Managing Director of the CBC vis-à-vis the CBC and any private interests or other duties.

The audited capitalisation of the CBC as at the date of this Base Prospectus is as follows:

	As at 30 October 2009: in EUR (€)
Shareholders' equity	
Share capital	<u>18,000</u>
Total capitalisation	18,000

Indebtedness

The CBC has no indebtedness and/or guarantees as at the date of this Base Prospectus, other than that which the CBC has incurred or shall incur in relation to the transactions contemplated pursuant to this Programme.

In the Trust Deed the CBC has covenanted that it will not, save with the prior written consent of the Trustee, or as envisaged by the Transaction Documents:

- (a) create or permit to subsist any security interest over the whole or any part of its assets or undertakings, present or future;
- (b) dispose of, deal with or grant any option or present or future right to acquire any of its assets or undertakings or any interest therein or thereto;
- (c) have an interest in a bank account other than as set out in the Transaction Documents;
- (d) incur any indebtedness or give any guarantee or indemnity in respect of any such indebtedness;
- (e) consolidate or merge with or transfer any of its property or assets to another person;
- (f) issue any further shares (*aandelen*) in its capital;
- (g) have any employees (for the avoidance of doubt, the Managing Director of the CBC will not be regarded as employee), premises or subsidiaries;
- (h) acquire assets other than pursuant to the Guarantee Support Agreement;

- (i) engage in any activities or derive income from any activities within the United States or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States;
- (j) enter into any contracts, agreements or other undertakings;
- (k) compromise, compound or release any debt due to it; or
- (l) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets.

The financial year of the CBC coincides with the calendar year. The first financial year will end on 31 December 2009.

14 THE TRUSTEE

The trustee under the Trust Deed (the "**Trustee**") is Stichting Security Trustee FBN Covered Bond Company, a foundation (*stichting*) incorporated under Dutch law on 26 August 2009. It has its registered office at Frederik Roeskestraat 123 1HG, 1076 EE Amsterdam, the Netherlands and registered with the trade register (*handelsregister*) of the chamber of commerce (*kamer van koophandel*) in the Netherlands under number 34355674.

The objects of the Trustee are (a) to act as trustee for the benefit of holders of covered bonds issued by the Issuer or one of its legal successors and for the benefit of other creditors of the Issuer and of the CBC, insofar they are a Secured Party, (b) to acquire, hold and administer security rights in its own name and/or as agent and/or as trustee, and if necessary to enforce such security rights, for the benefit of the creditors of the CBC, including the beneficiaries of a guarantee to be issued by the CBC, 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 and (d) to perform any and all acts which are related, incidental or which may be conducive to the above. The Trustee does not have the intent to make profits.

The sole director of the Trustee is Amsterdamsch Trustee's Kantoor B.V. having its registered office at Frederik Roeskestraat 123 1HG, 1076 EE Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and F.E.M. Kuijpers.

The Trustee has agreed to act as 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 Trustee under the Security to the Covered Bondholders subject to and pursuant to the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

In addition, the Trustee has agreed to act as 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 Trustee under the Security to which the relevant Secured Party is a party subject to and pursuant to the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

The 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 relevant Transaction Document to which it is a party, except in the event of its wilful misconduct (*opzet*) or negligence (*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 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 Management Agreement (Trustee) (the "**Management Agreement (Trustee)**") and the articles of association of the Trustee, the 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 Managing Director of the Trustee as the managing director of the Trustee by a Programme Resolution, on the basis of Clause 15 (*Appointment of Trustee and Removal of Directors of Trustee*) of the Trust Deed. The Managing Director of the Trustee shall only resign from its position as managing director of the Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer and the CBC, has been contracted to act as managing director of the Trustee, subject to having consulted the Secured Parties, other than the Covered Bondholders and Rating Agency Confirmation having been obtained.

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15 GUARANTEE SUPPORT

15.1 TRANSFERS

As consideration for the CBC assuming the Guarantee, the Transferors have agreed in the guarantee support agreement dated the Programme Date between the Issuer, the Initial Transferor, the CBC and the Trustee (the "**Guarantee Support Agreement**") to transfer Eligible Collateral to the CBC. The transfers are effectuated:

- (a) in respect of Eligible RMBS Notes, by way of book-entry transfer (*girale overboeking*) and;
- (b) respect of euro-denominated cash by crediting the cash into the AIC Account.

On the First Transfer Date, the Initial Transferor has transferred to the CBC the Eligible Collateral comprising the Initial Portfolio. Thereafter, each Transferor:

- (a) may at any time offer to transfer further Eligible Collateral to the CBC; and
- (b) jointly and severally with all other Transferors undertakes to upon request of the CBC offer to transfer further Eligible Collateral to the CBC. The CBC will only make such a request if it (or the Administrator on its behalf) determines that a Breach of the Asset Cover Test, or any Portfolio Test (if implemented) has occurred under the Asset Monitor Agreement.

The CBC shall accept each such offer if the relevant conditions precedent set out in the Guarantee Support Agreement have been met, including in the case of transfer of RMBS Notes receipt of a confirmation that the Representations and Warranties are true and correct in all material respects and not misleading in any material respect as at the relevant Transfer Date.

Neither the CBC nor the Trustee or the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Transferred Collateral. Instead, each of the CBC, the Trustee and the Issuer are relying entirely on the Representations and Warranties to be made by the relevant Transferor pursuant to the Guarantee Support Agreement.

The Representations and Warranties in respect of the Eligible Collateral are as follows and are given by the relevant Transferor to the CBC on the relevant Transfer Date by the relevant Transferor in respect of the Eligible Collateral to be transferred by it to the CBC:

- (a) any cash deposited with the CBC is euro-denominated;
- (b) each RMBS Note complies with the Eligibility Criteria;
- (c) the particulars of the Eligible RMBS Notes set out in Annex 1 to the relevant Collateral Transfer Agreement are true, complete and accurate in all material respects and the Principal Amount Outstanding in respect of each RMBS Note in the Initial Portfolio as at

the Closing Date or thereafter as at the relevant Transfer Date and the aggregate Principal Amount Outstanding of the RMBS Notes in the Initial Portfolio or any RMBS Notes transferred thereafter is correctly stated in Annex 1 to the relevant Collateral Transfer Agreement; and

- (d) no Transferor has created, agreed to create or permitted to subsist any limited right (*beperkt recht*) on, or right of set-off pertaining to the RMBS Notes, other than under or pursuant to the Security Documents or as validly waived (*afstand van gedaan*), on or prior to the date on which it first transfers any RMBS Notes under or pursuant to the Guarantee Support Agreement.

The parties to the Guarantee Support Agreement may, with the prior written consent of the Trustee and subject to Rating Agency Confirmation having been obtained, amend the Representations and Warranties.

The Programme Agreement provides a mechanism for (i) any member of the Fortis Group which wishing to transfer Eligible Collateral to the CBC, to accede to the relevant Transaction Documents as a New Transferor subject always to Rating Agency Confirmation having been obtained and (ii) any Transferors that have not originated any of the Transferred Collateral held by CBC at such time, to withdraw from the relevant Transaction Documents as a Transferor, provided that no Issuer Event of Default or CBC Event of Default has occurred and no Downgrade Trigger Event has occurred and no Notice of Asset Default, Notice to Pay or CBC Acceleration Notice has been served.

In the Trust Deed, the Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that a Downgrade Trigger Event has occurred which is outstanding, that a Notice of Asset Default has been served which is outstanding or whether a Notice to Pay or CBC Acceleration Notice has been served.

For the purpose hereof:

"Adverse Claim" means any encumbrance, attachment or other right or claim in, over or on any person's assets or properties in favour of any other person.

"Collateral Transfer Agreement" means the Initial Collateral Transfer Agreement or any Further Collateral Transfer Agreement.

"Eligible Collateral" means (i) each Eligible RMBS Note and (ii) euro denominated cash.

"First Transfer Date" means the date on which the Initial Portfolio is transferred to the CBC pursuant to the Guarantee Support Agreement.

"Initial Portfolio" means the Eligible Collateral particulars of which are set out in schedule 1 to the Initial Collateral Transfer Agreement.

"Initial Collateral Transfer Agreement" means the transfer agreement substantially on the form attached as Schedule 3 to the Guarantee Support Agreement entered into between the Initial Transferor, the CBC and the Trustee relating to the transfer of the Initial Portfolio.

"Further Collateral Transfer Agreement" means any transfer agreement substantially on the form attached as Schedule 3 to the Guarantee Support Agreement, other than the Initial Collateral Transfer Agreement, entered into between a Transferor, the CBC and the Trustee relating to the transfer of Eligible Collateral.

"Representations and Warranties" means the representations and warranties given by each Transferor as set out in schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement.

"RMBS Note" means any note backed by residential mortgage loans secured by property located in the Netherlands and originated or acquired by an entity belonging to the Fortis Group.

"Transfer Date" means the First Transfer Date or the date of transfer of any further Eligible Collateral to the CBC in accordance with the Guarantee Support Agreement.

"Transferred Collateral" means the Eligible Collateral transferred by a Transferor to the CBC pursuant to the Guarantee Support Agreement to the extent such Eligible Collateral has not been redeemed, retransferred, sold or otherwise disposed of, or agreed to be disposed of, by the CBC.

"Transferred RMBS Notes" means any Transferred Collateral to the extent it regards RMBS Notes.

15.2 RETRANSFERS

Pursuant to the Guarantee Support Agreement:

- (a) Prior to the service of a Notice to Pay and provided that the Asset Cover Test shall not be breached upon such retransfer, the CBC will retransfer any Transferred RMBS Notes to the relevant Transferor if the Administrator identifies that (i) it is non-Eligible Collateral as at the relevant Transfer Date or (ii) has become Defaulted Collateral, subject to applicable grace periods.
- (b) Prior to the occurrence of the earlier of (i) the service of a Notice to Pay and (ii) the service of a CBC Acceleration Notice, a Transferor may from time to time in accordance with the Guarantee Support Agreement request a retransfer from the CBC of certain Transferred Collateral designated for such purposes by the relevant Transferor. The CBC may comply with such a request at its discretion provided that the Asset Cover Test shall not be breached upon such retransfer and provided that no Notice to Pay or CBC Acceleration Notice has been served.
- (c) If the CBC intends under terms permitted or required by the Asset Monitor Agreement to sell Transferred RMBS Notes following the service of a Notice to Pay but prior to the service of a CBC Acceleration Notice, it shall first offer such Selected RMBS Notes for sale on the same terms to the Transferors in accordance with the Guarantee Support Agreement.

A retransfer by the CBC as abovementioned will be effectuated in substantially the same manner as the transfers to the CBC described above, *mutatis mutandis*. If the retransfer concerns Selected RMBS Notes which are sold to a Transferor further to the relevant Transferor's right of pre-emption (*voorkeursrecht*), the underlying sale and purchase will be concluded by means of a book entry registration (*girale overboeking*) into a securities account designated for that purpose by the Transferor.

For this purpose:

"Defaulted Collateral" means any Transferred RMBS Note:

- (a) in respect of which a default is made for a period of 30 (thirty) days or more in payment of any amount due;
- (b) which prior to the service of a Notice to Pay or CBC Acceleration Notice is no longer in compliance with the eligibility criteria set down by the Eurosystem in respect of any assets to be accepted as collateral for a repurchase transaction with a national central bank of a Member State in the European Union;
- (c) in respect of which Insolvency Proceedings have been initiated against the related RMBS Issuer; or

- (d) in respect of which an enforcement notice has been served by a security trustee under the relevant residential mortgage backed securitisation transaction pursuant to which the relevant RMBS Notes are, and each RMBS Note shall become, immediately due and payable at their or its principal amount outstanding, together with interest.

"Selected RMBS Notes" means Transferred RMBS Notes to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitor Agreement.

15.3 ELIGIBLE COLLATERAL

The assets which are eligible to be transferred to the CBC by a Transferor pursuant to the Guarantee Support Agreement consist of:

- (a) any Eligible RMBS Note; and
- (b) euro denominated cash,

(collectively the "**Eligible Collateral**").

For the purpose hereof:

"RMBS Issuer" means a special purpose vehicle incorporated under Dutch law and having its registered office in the Netherlands which has been incorporated for the sole purpose of entering into a residential mortgage backed securitisation transaction and the issuance of residential mortgage backed securities.

"Eligible RMBS Note" means each RMBS Note which complies with the following criteria, which are all subject to amendment from time to time, provided that Rating Agency Confirmation has been obtained in respect of such amendment (as amended from time to time, the **Eligibility Criteria**) as at the relevant Transfer Date (and **"Eligible RMBS Notes"** means any of them collectively).

General:

- (a) the RMBS Note is issued by an RMBS Issuer;
- (b) the RMBS Note is assigned the highest long term rating by each Rating Agency which has assigned a rating to the Covered Bonds outstanding or, in respect of any Covered Bonds to be issued, which is expected to assign a rating to any such Covered Bonds;
- (c) the RMBS Note is in full compliance with any eligibility criteria set down by the Eurosystem in respect of any assets to be accepted as collateral for a repurchase transaction with a national central bank of a Member State in the European Union;
- (d) the RMBS Note is governed by Dutch law;
- (e) the RMBS qualifies as a security (*effect*) in the meaning of section 1 of the Securities Giro Act;
- (f) the RMBS Note is registered at a securities account maintained by the relevant Transferor in the Netherlands with an affiliated institution (*aangesloten instelling*) within the meaning of the Securities Giro Act;
- (g) the RMBS Note does not qualify as Defaulted Collateral;

RMBS Issuer

- (h) the RMBS Issuer has been incorporated in the Netherlands;
- (i) the RMBS Issuer has been incorporated for the sole purpose of entering into residential mortgage backed securitisation transaction and the issuance of residential mortgage backed securities, including the relevant RMBS Notes;

Payments

- (j) the RMBS Issuer is not in arrears in relation to any payments;

Unencumbered Transfer

- (k) the relevant Transferor has full right and title to the RMBS Note and has power to transfer or encumber (*is beschikkingsbevoegd*) the RMBS Note and such Transferor has not agreed to transfer or encumber it, whether or not in advance, in whole or in part, in any way whatsoever;
- (l) the RMBS Note is owed to the relevant Transferor and is free and clear of any Adverse Claims;
- (m) the RMBS Note can be transferred by way of book-entry transfer (*girale overboeking*) and is not subject to any contractual or legal restriction of transfer by way of book-entry transfer (*girale overboeking*);
- (n) the transfer of the RMBS Note will not violate any law or any agreement by which the relevant Transferor may be bound and upon such transfer it will not be available to the creditors of the relevant Transferor on such Transferor's liquidation; and

Security

- (o) the RMBS Note is backed by residential mortgage loans secured by property located in the Netherlands and originated or acquired by an entity belonging to the Fortis Group.

"Eurosystem" means the European Central Bank and the national central banks of the European Union Member States of the euro.

16 ASSET MONITORING

16.1 ASSET COVER TEST

Under the asset monitor agreement entered into between the Issuer, the Administrator, the CBC and the Trustee (the "**Asset Monitor Agreement**") and the Guarantee Support Agreement, the CBC and the Transferors, respectively, must ensure that on each Calculation Date:

- (a) until the service of a CBC Acceleration Notice:
 - (i) prior to the service of a Notice to Pay or if an Upgrade Trigger Event has occurred, for each Series issued with an aggregate Principal Amount Outstanding in excess of EUR 1,000,000,000 (or the equivalent in any other currency) each Covered Bond outstanding will be covered by Transferred Collateral having an aggregate Principal Amount Outstanding, in respect of cash, equal to, or, in respect of Transferred RMBS Notes, higher by such amount as necessary so that the Principal Amount Outstanding of such RMBS Notes multiplied by the Asset Percentage is not less than the euro equivalent of the Principal Amount Outstanding (less any cash referred to above) of the relevant Covered Bonds, provided that to the extent such Transferred Collateral consist of Transferred RMBS Notes (x) the Call Date of such Transferred RMBS Notes falls within 3 (three) calendar months of the Final Maturity Date of the relevant Covered Bond and (y) the interest payment frequency in respect of the Transferred RMBS Notes is equal or more frequent than the interest payment frequency in respect of the relevant Covered Bonds. (such test referred to as the "**Maturity and Interest Match**");
 - (ii) prior to service of a Notice to Pay and provided that no Downgrade Trigger Event has occurred, for Series issued with an aggregate Principal Amount Outstanding of EUR 1,000,000,000 (or the equivalent in any other currency) or less, the Maturity and Interest Match will be met on or prior to the date falling 6 (six) calendar months after the date of issuance of the relevant Covered Bond;
 - (iii) following the occurrence of a Downgrade Trigger Event and prior to the service of a Notice to Pay or the occurrence of a related Upgrade Trigger Event the Maturity and Interest Match shall (i) be met for each Covered Bond currently in issuance within 2 (two) calendar months of such Downgrade Trigger Event and (ii) be met at the time of issue in respect of each further Covered Bond issued; and
- (b) provided that no CBC Acceleration Notice has been served, the Adjusted Aggregate Asset Amount (as defined below) shall be in an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date,

(a) and (b) collectively the "**Asset Cover Test**".

The Adjusted Aggregate Asset Amount is, in summary, the aggregate of the Principal Amount Outstanding of each Transferred Collateral, as adjusted to take account of (among other things) whether that Transferred Collateral has (i) become Defaulted Collateral or (ii) does not qualify as Eligible Collateral on the relevant Transfer Date.

If on any Calculation Date the Adjusted Aggregate Asset Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds as calculated on the relevant Calculation Date, then the Administrator will notify the CBC thereof under the Asset Monitor Agreement, and the CBC will notify the Transferors thereof under the Guarantee Support Agreement, and the Transferors will transfer sufficient further Eligible Collateral to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met.

If a failure of the Asset Cover Test occurs prior to the service of a Notice to Pay, such failure will not constitute an Issuer Event of Default. However, it will prevent the Issuer from issuing any further Series, until remedied and, if it is not remedied by the immediately succeeding Calculation Date (such failure to remedy the Asset Cover Test by the next succeeding Calculation Date being a "**Breach of the Asset Cover Test**") entitling the Trustee to serve a notice (being the "**Notice of Asset Default**") to the CBC with copy to the Issuer.

A Breach of the Asset Cover Test can be remedied provided that:

- (c) no Notice to Pay or CBC Acceleration Notice has been served; and
- (d) the Asset Cover Test has been met at the two consecutive Calculation Dates succeeding the Calculation Date at which the Notice of Asset Default has been served.

Upon the fulfilment of the conditions under (a) and (b) then the Administrator will notify the Trustee thereof under the Asset Monitor Agreement, and the Trustee will serve a Notice of Remedy to the CBC (with a copy to the Issuer).

If, however, a breach of the Asset Cover Test occurs following the service of a Notice to Pay, such breach shall constitute a CBC Event of Default, upon which the Administrator shall immediately on behalf of the CBC notify the Trustee and the Trustee shall be entitled to serve a CBC Acceleration Notice under the Terms and Conditions.

Pursuant to Clause 3.2 of the Asset Monitor Agreement, the Asset Percentage may be amended from time to time whereby (i) a reduction of the Asset Percentage may take place as and when required to meet the percentage advised by each Rating Agency which has assigned a rating to any Covered Bonds outstanding to reach a AAA/Aaa rating level, or if lower, the maximum rating achievable, provided that (ii) no increase of the Asset Percentage shall become effective unless Rating Agency Confirmation has been obtained in respect of such increase and (iii) at any time that Moody's is a Rating Agency and the Covered Bonds are not rated Aaa by Moody's, the Asset Percentage shall not be increased above the Asset Percentage that applied as of the last time the Covered Bonds were rated Aaa by Moody's.

The Administrator (on behalf of the CBC) shall each time the Asset Percentage is amended in accordance with Clause 3.2 of the Asset Monitor Agreement confirm the Asset Percentage by means of a Notice to the Trustee and the Rating Agencies.

In the Administration Agreement, the Administrator agrees to prepare quarterly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test, in the form set out in schedule 3 to the Administration Agreement (each an "**Asset Cover Report**"). Each Asset Cover Report will be included in the investor report, drawn up by the Administrator following the end of each Calculation Period in the form set out in a Schedule to the Administration Agreement and delivered to, *inter alia*, the CBC and the Trustee 2 (two) business days prior to the immediately succeeding CBC Payment Date.

In the Trust Deed, the 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 again, meaning that a Breach of the Asset Cover Test shall have occurred, and if a Breach of the Asset Cover Test has occurred whether at any time on two consecutive Calculation Dates the Administrator identifies that the Asset Cover Test is met, meaning that the Asset Cover Test is remedied and a Notice of Remedy may be served such breach has been remedied.

For the purposes hereof:

"Adjusted Aggregate Asset Amount" means,

- (i) prior to the service of a Notice to Pay: $A + B + C$, whereby:

"A" means the Asset Percentage of the aggregate Principal Amount Outstanding of all Transferred RMBS Notes *minus* L.

"L" means the sum of:

- (i) the aggregate Principal Amount Outstanding of all Transferred RMBS Notes which are in breach of the Representations and Warranties as of the relevant Transfer Date; and
- (ii) the aggregate Principal Amount Outstanding of all Defaulted Collateral.

"B" means the aggregate amount of all Principal Receipts received in respect of the Transferred RMBS Notes during the then current Calculation Period which have not been applied in accordance with the Trust Deed;

"C" means the aggregate amount of all Transferred Collateral in cash which has not been applied in accordance with the Trust Deed;

"Asset Percentage" means as at the Programme Date 90.5 per cent, as such percentage may be amended from time to time in accordance with Clause 3.2 of the Asset Monitor Agreement.

(ii) following the service of a Notice to Pay: $A + B + C + D - E$, whereby:

"A" means the aggregate Principal Amount Outstanding of all Transferred RMBS Notes *minus* L;

"L" means the sum of:

- (i) the aggregate Principal Amount Outstanding of all Transferred RMBS Notes which are in breach of the Representations and Warranties as of the relevant Transfer Date; and
- (ii) the aggregate Principal Amount Outstanding of all Defaulted Collateral;

"B" means the aggregate amount of all Principal Receipts received in respect of the Transferred RMBS Notes during the then current Calculation Period which have not been applied in accordance with the Trust Deed;

"C" means the aggregate amount of all Transferred Collateral in cash which has not been applied in accordance with the Trust Deed;

"D" means the aggregate Principal Amount Outstanding of the RMBS Notes which are the subject of any refinance transaction entered into by the CBC subject to and in accordance with the terms and conditions of the Asset Monitor Agreement; and

"E" means the aggregate Principal Amount Outstanding of all liabilities resulting from any refinancing transactions entered into by the CBC in respect of any RMBS Notes subject to and in accordance with the terms and conditions of the Asset Monitor Agreement.

"Notice of Remedy" means a notice served by the Trustee on the CBC, with a copy to the Issuer, if subject to the terms and conditions of the Guarantee Support Agreement a Breach of the Asset Cover Test or the Portfolio Test (if implemented) is remedied.

16.2 PORTFOLIO TESTS

As an alternative to the Total Return Swap Agreement, the Issuer will at any time be allowed to opt for (i) implementation of portfolio tests or (ii) an alternative hedging methodology, provided that Rating Agency Confirmation has been obtained. If as a result of a rating downgrade a Swap Provider ceases to be an Eligible Swap Provider, then the CBC will be allowed to, instead of collateralisation or Swap Provider substitution, opt for implementation of portfolio tests.

If implemented, such portfolio tests (the "**Portfolio Tests**") will be carried out by the Administrator and will be required to be met by the CBC and the Transferors under the Asset Monitor Agreement on each Calculation Date.

An example of a Portfolio Test is set out below, the final Portfolio Tests are subject to discussions with the Rating Agencies and Rating Agency Confirmation having been obtained and may change:

- (a) the difference between the sum of $A + B + C + D$ and the net present value ("**NPV**") of the Covered Bonds is a certain amount, where:

A = the NPV of any future cash flows (interest, principal and any other payments such as prepayment penalties) resulting from the Principal Amount Outstanding of the Transferred Collateral;

B = without double counting, any other cash or deposits held by the CBC;

C = the mark-to-market value of any Structured Swaps that are entered into by the CBC; and

D = the mark-to-market value of any Interest Rate Swaps that are entered into by the CBC.

- (b) the difference in Basis Point Duration between the sum of $A + B + C + D$ and the Covered Bonds is not more than a certain percentage; and
- (c) the difference in Basis Point Duration between the sum of $A + B + C + D$ for that Term Point and the Covered Bonds is not more than a certain percentage, where the following Term Points can be defined:
 - 1 to 3, 4 to 6, 7 to 9 and 10 to 12 months; and
 - 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 20, 25, 30 years.

A failure of a Portfolio Test will not constitute an Issuer Event of Default but such failure will prevent the Issuer from issuing any further Series until remedied and, if not remedied by the immediately succeeding Calculation Date will constitute a "**Breach of Portfolio Test**" and will entitle the Trustee to serve a Notice of Asset Default.

If a Breach of the Portfolio Test can be remedied provided that:

- (d) following the Notice of Asset Default, no Notice to Pay or CBC Acceleration Notice has been served; and
- (e) the Portfolio Test has been met at the two consecutive Calculation Dates succeeding the Calculation Date at which the Notice of Asset Default has been served.

Upon the fulfilment of the conditions under (a) and (b) a Notice of Remedy will be served by the Trustee on the CBC (with a copy to the Issuer).

In the Administration Agreement, the Administrator agrees to prepare the relevant calculations in respect of the Portfolio Tests (if implemented), which calculations will be included in the Asset Cover Report.

In the Trust Deed, the Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that any Portfolio Test, if implemented has been passed or failed and, if failed, whether the following Asset Cover Report states that the Portfolio Test has been failed again, meaning that a Breach of the Asset Cover Test shall have occurred, and if a Breach of the Asset Cover Test has occurred whether at any time the Administrator identifies that on two consecutive Calculation Dates the Portfolio Test is met, meaning that the Portfolio Test is remedied and a Notice of Remedy may be served.

For the purpose hereof:

"Basis Point Duration" means the percentage change in net present value of a financial asset due to the change of one basis point in the relevant interest rate.

16.3 SALE OR REFINANCE OF SELECTED COLLATERAL

Pursuant to the Asset Monitor Agreement the CBC will following the service of a Notice to Pay but prior to the service of a CBC Acceleration Notice (i) have the right to sell or refinance any Selected RMBS Notes, but (ii) be obliged to sell or refinance Selected RMBS Notes if on any date the Earliest Maturing Covered Bonds have as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a CBC Event of Default) an Extended Due for Payment Date which falls within twenty-four (24) months, or such other date as the Trustee may approve, of such date.

In each case the CBC will be obliged to sell or refinance Selected RMBS Notes in the Portfolio in accordance with the Asset Monitor Agreement, subject to the rights of pre-emption enjoyed by the Transferors and the Issuer to purchase the Selected RMBS Notes. The CBC shall ensure that Selected RMBS Notes will be selected on a random basis provided that:

- (a) in case of either a sale or refinance, no more Selected RMBS Notes will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount; and
- (b) in case of a sale, the aggregate Principal Amount Outstanding of such Selected RMBS Notes shall not exceed the Adjusted Required Redemption Amount multiplied by the higher of (i) 1 and (ii) A/B (such amount the "**Required Balance Amount**"), whereby:

"**A**" means an amount equal to the aggregate Principal Amount Outstanding of all Transferred RMBS Notes together with the aggregate of (i) any Principal Receipts credited to the Principal Ledger, (ii) any amounts credited to the Series Ledger and (iii) any other amounts standing to the credit of the AIC Account (without counting double and excluding all amounts to be applied on the immediately succeeding CBC Payment Date to repay higher ranking amounts in the Post-Issuer-Acceleration-Notice Priority of Payments and those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series); and

"**B**" means the euro equivalent of the Required Redemption Amount in respect of all Series.

The CBC will offer the Selected RMBS Notes for sale or refinance for the best price reasonably available but in any event for an amount not less than (x) in respect of Selected RMBS Notes sold pursuant to (ii) above, the Adjusted Required Redemption Amount and (y) in respect of any voluntary sale of Selected RMBS Notes pursuant to item (i) above the Principal Amount Outstanding of the Selected RMBS Notes.

The proceeds from any such sale or refinancing will form part of the Available Principal Receipts, whereby pursuant to item (h) of the Post-Issuer-Acceleration-Notice Priority of Payments any remaining monies will be deposited in the AIC Account (see the section headed "*Cash Flows*").

The terms of any sale and purchase agreement with respect to the sale of Selected RMBS Notes and the terms of any refinance transaction contemplated with respect to the Selected RMBS Notes will be subject to the prior written approval of the Trustee and Rating Agency Notification having been given.

If a party accepts the offer or offers from the CBC, then the CBC will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant purchasers or such other documentation as may be relevant for the refinance transaction which will require *inter alia* a cash payment from the relevant purchasers. It is of note that for the purpose of the Asset Monitor Agreement a refinance transaction may also include, but is not limited to, the entering by the CBC into one-day (collateralised) repurchase transactions subject to having received the prior approval by the Trustee.

Any such sale or any refinancing will not include any representations or warranties from the CBC in respect of the Selected RMBS Notes unless expressly agreed by the Trustee.

If the Selected RMBS Notes which need to be sold pursuant to item (b) above, have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is 6 (six) months prior to the Extended Due for Payment Date of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the CBC will (i) offer the Selected RMBS Notes for sale for the best price reasonably available or (ii) seek to refinance the Selected RMBS Notes, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

Under the Asset Monitor Agreement, the CBC is also permitted to sell to a purchaser part of any portfolio of Selected RMBS Notes ("**Partial Portfolio**"). Except in circumstances where the Partial Portfolio of Selected RMBS Notes is being sold within 6 (six) months of the Extended Due for Payment Date of the Series to be repaid from such proceeds in which case the CBC will (i) offer the Selected RMBS Notes for sale for the best price reasonably available or (ii) seek to refinance the RMBS Notes on the best terms reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount, the sale price of the Partial Portfolio (as a proportion of the Adjusted Required Redemption Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected RMBS Notes.

The CBC will through a tender process appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price or term for the sale or refinancing of the Selected RMBS Notes (if such terms are commercially available in the market) to advise it in relation to the sale or refinancing of the Selected RMBS Notes to Purchasers (except where the Transferor or any company belonging to the Fortis Group are purchasing the Selected RMBS Notes in accordance with their right of pre-emption under the Guarantee Support Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Trustee.

In respect of any sale of Selected RMBS Notes following a Notice to Pay but prior to a CBC Acceleration Notice pursuant to (b) above, the CBC will instruct the portfolio manager to use all reasonable endeavours to procure that Selected RMBS Notes 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 this Agreement.

After a CBC Acceleration Notice has been served on the CBC and the Issuer, the 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 Documents in accordance with the terms of the Trust Deed.

For the purposes hereof:

"Adjusted Required Redemption Amount" means in respect of any Series, an amount equal to the euro equivalent of the Required Redemption Amount *less* the aggregate of (i) any Principal Receipts credited to the Principal Ledger, (ii) any amounts credited to the Series Ledger and (iii) any other amounts standing to the credit of the AIC Account (without counting double and excluding all amounts to be applied on the immediately succeeding CBC Payment Date to repay higher ranking amounts in the Post-Issuer-Acceleration-Notice Priority of Payments and those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series).

"Earliest Maturing Covered Bonds" means at any time the relevant Series that has the earliest Final Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a CBC Event of Default).

"Purchaser" means any third party or any Transferor to whom the CBC offers to sell Selected RMBS Notes pursuant to the Asset Monitor Agreement.

"Required Redemption Amount" in respect of a Series, the amount calculated as follows: the Principal Amount Outstanding of such Series x A. Where A is one *plus* the product of (i) 0.005 and (ii) the number of days to the Extended Due for Payment Date of such Series divided by 365.

16.4 ASSET MONITOR

Under the terms of an asset monitor appointment agreement entered into on the Programme Date between KPMG Accountants N.V. (the "**Asset Monitor**"), the CBC, the Administrator, the Issuer and the 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 the calculations performed by the Administrator in respect of the Asset Cover Test with a view to confirmation of the accuracy of such calculations.

Until the service of a Notice to Pay, the Asset Monitor will conduct such tests in respect of the Asset Cover Test, on the Calculation Date immediately preceding each anniversary of the Programme Date. Following a Notice to Pay the Administrator will conduct the calculation of the Asset Cover Test on each Calculation Date. If (i) the short-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Issuer falls below R-1(middle) by DBRS, or (ii) the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Issuer falls below Baa3 by Moody's or A (low) by DBRS, respectively, the Asset Monitor will also be required to conduct such tests in respect of the Asset Cover Test following 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 (where the Administrator had recorded it as being satisfied) or (b) the Adjusted Aggregate Asset Amount is misstated by an amount exceeding 1% of the Adjusted Aggregate Asset Amount (as at the date of the relevant Asset Cover Test), 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, the Trustee and 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. 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 Trustee and Rating Agency Notification having been given, terminate the appointment of the Asset Monitor by providing at least 30 (thirty) 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 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 this Agreement upon providing the CBC and the Trustee with 60 (sixty) days' prior written notice and subject to Rating Agency Notification having been given. If a replacement asset monitor has not been found by the CBC within 60 (sixty) days of notice of resignation by the Asset Monitor, the Asset Monitor shall immediately use its best endeavours to appoint a replacement (such replacement to be approved by the 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.

If a replacement asset monitor has not been found by the CBC within 30 (thirty) days of the giving of notice of termination by the CBC, the Asset Monitor may identify a replacement (such replacement to be approved by the Trustee, if the replacement is an accountancy firm of international standing) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

In the Trust Deed the Trustee agrees to, upon receipt of each Asset Monitor Report, verify whether it states that the Asset Cover Test has been passed or failed.

17 CUSTODY AND ADMINISTRATION

17.1 CUSTODY AND RELATED SERVICES

Pursuant to the terms of a custody agreement entered into on the Programme Date between the Custodian, the CBC and the Trustee (the "**Custody Agreement**"), Fortis Bank (Nederland) agrees to act as custodian (in such capacity the "**Custodian**") in respect of the Transferred RMBS Notes. For this purpose, the CBC will maintain an account (such account the "**Custody Account**") with the Custodian in the Netherlands into which the Transferred RMBS Notes will be registered.

The Custodian will agree to provide certain services, including (but not limited to):

- (a) establish and maintain one or more securities accounts in the name of the CBC in which the Custodian will hold the RMBS Notes as provided to it;
- (b) register any Transferred RMBS Notes into the securities account maintained with it by CBC;
- (c) provide administration and custody services to the CBC on a day-to-day basis in relation to the RMBS Notes, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the RMBS Notes;
- (d) receive all income and other payments and advise CBC (with a copy to the Issuer), or the Issuer, as the case may be, as promptly as practicable of any such amounts due but not paid;
- (e) present for payment and receive the amount paid upon all RMBS Notes which may mature and advise CBC (with a copy to the Issuer) as promptly as practicable of any such amounts due but not paid;
- (f) forward to the CBC (with a copy to the Issuer) copies of all information or documents that it may receive from an issuer of RMBS Notes which, in the opinion of Custodian, are intended for the beneficial owner of RMBS Notes;
- (g) execute, as custodian, any certificates of ownership, affidavits, declarations or other certificates under any tax laws now or hereafter in effect in connection with the collection of bond and note coupons;
- (h) notify the CBC, or the Issuer, as the case may be, Customer of such rights or discretionary actions or of the date or dates by when such rights must be exercised or such action must be taken provided that Custodian has received, from the issuer or the relevant depository, timely notice of such rights or discretionary corporate action or of the date or dates such rights must be exercised or such action must be taken.

Until the service of a Notice to Pay or the service of a Notice of Asset Default (which is not remedied) and provided no CBC Acceleration Notice has been served, the Custodian will, on behalf of the CBC, on the relevant CBC Payment Date, or such frequency as agreed with the Issuer, pay any amounts collected in respect of the Transferred RMBS Notes to the Issuer.

As from the service of a Notice of Asset Default, the Custodian will until the delivery of a CBC Acceleration Notice on the relevant CBC Payment Date, or such frequency as agreed with the CBC pay such proceeds to the Administrator on behalf of the CBC.

17.2 VOTING RIGHTS

All voting rights with respect to Transferred RMBS Notes, however registered, shall be exercised by the Transferor or its designee until the occurrence of a Voting Transfer Event. For this purpose copies of any information and documentation submitted by the Custodian to the CBC (with a copy to the Issuer) will be provided to the relevant Transferors as well. As from occurrence of a Voting Transfer Event, the voting rights relating to the Transferred RMBS Notes will pass to the Trustee, it being understood that the Trustee will authorise the CBC to use the voting rights which authorisation will be revoked upon the occurrence of an enforcement event under each Transferor Collateral Pledge Agreement and the CBC Collateral Pledge Agreement.

17.3 ADMINISTRATION AND RELATED SERVICES

Pursuant to the terms of an administration agreement entered into on the Programme Date between the Administrator, the CBC and the Trustee (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 relevant Transaction Documents and (ii) to prepare the quarterly Asset Cover Reports for the CBC including the relevant calculations in respect of the Asset Cover Test and any Portfolio Test (if implemented).

The objectives of Mextrust B.V. are, *inter alia*, (i) acting as trustee, administrator, mandatory, proxy and liquidator and, in general, the representation of third parties and representation and fostering of third-party interests, (ii) the management of administrative and accounting systems on behalf of third parties, and (iii) the acting as provider of financial services, all of the above in the broadest possible sense.

17.4 TERMINATION

The Custody Agreement and the Administration Agreement may be terminated by the Trustee or the CBC (with the consent of the Trustee) in certain circumstances (in respect of the relevant party only), including:

- (a) a default by the Custodian or the Administrator, as the case may be, in the payment on the due date of any payment due and payable by it under the Custodian Agreement or, as the case may be, Administration Agreement;

- (b) a default is made by the Custodian and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Custody Agreement or, as the case may be, Administration Agreement;
- (c) the Custodian 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 bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or, if applicable, the imposition of emergency regulations (*noodregeling*) in the interest of all creditors as referred to in chapter 3.5.5 of the Dutch Act on the Financial Supervision (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations (as amended or restated from time to time: the "**Act on the Financial Supervision**") (each such proceeding a "**Dutch Insolvency Proceeding**") or any equivalent or analogous proceeding under the laws of any other jurisdiction (together with each Dutch Insolvency Proceedings the "**Insolvency Proceedings**") or for the appointment of a receiver or a similar officer of its or any or all of its assets; or
- (d) at any time it becomes unlawful for the Custodian or the Administrator to perform all or a material part of its obligations under the Custody Agreement or the Administration Agreement, as the case may be, or the Custodian is no an affiliated institution (*aangesloten instelling*) within the meaning of the Securities Giro Act.

Upon termination of the Custody Agreement or, as the case may be, Administration Agreement in respect of the Administrator or the Custodian, the Trustee and the CBC undertake to appoint a substitute custodian and/or administrator, as the case may be, and such substitute custodian and/or administrator, as the case may be, shall enter into an agreement with the Issuer, the CBC and the Trustee substantially on the terms of the Custody Agreement or, as the case may be, Administration Agreement, provided that such substitute custodian and/or administrator shall have the benefit of a custody fee and an administration fee at a level to be then determined. Any such substitute custodian must (i) have experience of administering RMBS Notes and, to the extent it regards the custodian (ii) qualify as an affiliated institution within the meaning of the Securities Giro Act which maintains securities accounts for its customers in the Netherlands. The CBC shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Trustee on the terms of the CBC Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Trustee.

Subject to the fulfilment of a number of conditions, the Custody Agreement and the Administration Agreement may be terminated by the CBC or the Custodian or, as the case may be, the Administrator upon the expiry of not less than 6 (six) months' (in case of the Custody Agreement) or 12 (twelve) months' (in case of the Administration Agreement) notice of termination given by the Custodian or, as the case may be, the Administrator to each of the CBC and the Trustee or by the CBC to the Custody or Administrator and the Trustee provided that – *inter alia* – (a) the Trustee consents in writing to such termination and (b) a substitute custodian or administrator, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Custody Agreement or, as the case may be, the Administration Agreement and the Custodian or Administrator shall not be released from its obligations under the Custody Agreement or, as the case may be, the Administration

Agreement until such substitute custodian or administrator has entered into such new agreement.

Notwithstanding the above, if at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Custodian ceased to be rated at least P-1 by Moody's or R-1 (middle) by DBRS and/or such rating is withdrawn, the CBC or the Administrator on its behalf will be required and the Custodian shall use its best efforts in assisting the CBC or the Administrator to within 30 (thirty) days of any such event:

- (a) close the Custody Account and open replacement accounts under the terms of a new custody agreement substantially on the same terms as this Agreement with an affiliated institution (*aangesloten instelling*) within the meaning of the Securities Giro Act having a short-term, unsecured, unsubordinated and unguaranteed debt obligation rating of at least P-1 by Moody's and R-1 (middle) by DBRS; or
- (b) obtain a guarantee of its obligations under this Agreement on terms acceptable to the Trustee, acting reasonably, from an affiliated institution (*aangesloten instelling*) within the meaning of the Securities Giro Act having a short-term, unsecured, unsubordinated and unguaranteed debt obligation rating of at least P-1 by Moody's and R-1 (middle) by DBRS; or
- (c) find another solution in order to maintain the then current ratings assigned to the Covered Bonds outstanding,

provided that in the case of (a), (b) and (c) above Rating Agency Confirmation has been obtained.

For this purpose:

"Voting Transfer Event" means the earlier of (i) the occurrence of an Insolvency Event relating to a Transferor, (ii) a Transferor failing to perform or comply with any of its obligations under any Transaction Document to which it is a party, (iii) the delivery of a Notice to Pay and (iv) the service of a CBC Acceleration Notice.

18 SWAPS

The CBC is only permitted to enter into swap agreements with a counterparty which is permitted under Dutch law to enter into derivative contracts with Dutch residents (each a **"Swap Provider"** and collectively the **"Swap Providers"**) that is either (a) Fortis Bank (Nederland) (which will be required to satisfy appropriate collateralisation requirements if at such time Fortis Bank (Nederland) does not have the required ratings to qualify as an Eligible Swap Provider) or (b) third party Eligible Swap Providers, as the case may be. All such swap agreements will be required to be in Approved Form. An Issuer Event of Default will not constitute an event of default or a termination event under any Swap Agreement.

On or before the Programme Date, the CBC will enter into the Total Return Swap Agreement and a letter pursuant to which the Issuer, the Trustee and the CBC agree that the CBC shall enter into (or procure an Eligible Swap Provider to enter into) Interest Rate Swaps and Structured Swaps (the **"Swap Undertaking Letter"**) if and when Series are issued which require hedging pursuant to an Interest Rate Swap and/or Structure Swap. Payments under the Total Return Swap and under the Interest Rate Swaps and Structured Swaps will be conditional upon the occurrence of the service of a Notice to Pay.

If the Selected RMBS Notes are, or part thereof is, purchased or refinanced the Total Return Swap will be terminated in relation to such (part of the) Selected RMBS Notes. Equally, if Structured Swaps and/or Interest Rate Swaps are entered into the relevant Interest Rate Swap and/or Structured Swap will be terminated in relation to any Selected RMBS Notes which will be purchased or refinanced.

Rating downgrade language is included in the Total Return Swap and will be included in the other Swap Agreements in relation to the Swap Providers. Provisions typically include collateralisation and counterparty substitution provisions as set by DBRS and compliant with Moody's rating methodology. For the Total Return Swap there are provisions allowing the CBC to, instead of collateralisation or counterparty substitution, opt for implementation of Portfolio Tests. The Issuer also has the right to implement the Portfolio Tests at any time.

If Portfolio Tests are implemented then the Total Return Swap Agreement will be terminated. Further, if an alternative hedging methodology is put in place and subject to Rating Agency Confirmation having been obtained, then the Total Return Swap Agreement will be terminated and the CBC will be required to enter into such derivatives transactions as are required to comply with such alternative hedging methodology.

To enable the CBC to hedge its exposure arising from any Series (a) denominated in a currency other than euro, (b) of Index or Equity Linked Covered Bonds or (c) denominated in euro but bearing non-euro interest, Fortis Bank (Nederland) will, in accordance with the Swap Undertaking Letter, be required to enter into (where applicable with appropriate collateralisation requirements), or procure a third party that is an Eligible Swap Provider to enter into Structured Swap Agreements with the CBC in respect of such Series of Covered Bonds prior to or at the time of the issuance of the relevant Series.

Upon the termination of a Swap Agreement, the CBC or the relevant Swap Provider 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 termination payment will be calculated and made in euro or such other currency as may be agreed.

Pursuant to the Swap Undertaking Letter, if at any time Fortis Bank (Nederland) is not an Eligible Swap Provider, it will procure that the rights and obligations arising out of the Swap Undertaking Letter in respect of which it is no longer an Eligible Swap Provider will be transferred, within 30 days, to a party which qualifies as an Eligible Swap Provider in respect of Interest Rate Swaps and/or Structured Swaps, as applicable, which Eligible Swap Provider consequently will assume the undertakings set out in the Swap Undertaking Letter.

For as long as no Notice to Pay has been served, no payments will be made under the transactions under the Swap Agreements.

For the purpose hereof:

"Approved Form" means a 1992 Multicurrency - Cross Border or 2002 ISDA Master Agreement and schedule thereto and confirmation in a form to be attached to the Swap Undertaking Letter, as amended from time to time by agreement of the Trustee, the CBC and the relevant Swap Provider from time to time (subject to Rating Agency Confirmation having been obtained in respect of any such amendment).

"Eligible Swap Provider" means a financial institution which is permitted under Dutch law to enter into derivative contracts with Dutch residents and whose unsecured, unsubordinated and unguaranteed securities are rated not lower than:

- (a) in the case of the Total Return Swap, P-1 and R-1 (middle) (short term) from Moody's and DBRS, respectively, and A2 and A (high) (long term) from Moody's and DBRS respectively;
- (b) in the case of a Structured Swap, P-1 and R-1 (middle) (short term) from Moody's and DBRS, respectively, and A2 and A (high) (long term) from Moody's and DBRS respectively;
- (c) in the case of an Interest Rate Swap, P-1 and R-1 (middle) (short term) from Moody's and DBRS, respectively, and A2 and A (high) (long term) from Moody's and DBRS respectively.

"Swap Agreements" means the Total Return Swap Agreement, any Interest Rate Swap Agreement(s) and any Structured Swap Agreement(s).

18.1 TOTAL RETURN SWAP

To provide a hedge between possible variances between:

- (a) the rates of interests on the various Transferred Collateral; and
- (b) rates of interests payable by the CBC under the Euro denominated Series Bonds other than those with equity or index-linked rates of interest,

(a) the CBC and (b) Fortis Bank (Nederland) (in its capacity as total return swap provider, the "**Total Return Swap Provider**") have entered into a swap transaction (the "**Total Return Swap**") with (c) the Trustee (the "**Total Return Swap Agreement**").

In respect of any Eligible RMBS Notes further acquired by the CBC, the Total Return Swap Agreement ensures that the interest rate risks in respect of such Eligible RMBS Notes are hedged.

Pursuant to the Total Return Swap as from (and including) the Swap Effective Date:

- (a) on each Interest Payment Date, the Total Return Swap Provider will pay to the CBC an amount equal to the interest scheduled to be paid over then Principal Amount Outstanding of the Series which are denominated in euro plus the interest scheduled to be paid in euro to the Structured Swap Provider under a Structured Swap Agreement; and
- (b) on each CBC Payment Date, the CBC will pay to the Total Return Swap Provider an amount equal to i) all amounts (other than repayments of principal) received by or on behalf of the CBC from the Transferred Collateral during the relevant Calculation Period minus ii) the Senior Expenses paid or payable by the CBC during the relevant Calculation Period and *minus* iii) any Step-Up Spread paid over the Transferred RMBS Notes during the then current Calculation Period.

For the purposes of the foregoing:

"Call Date" means the first possible date upon which the RMBS Issuer of the relevant Transferred RMBS Notes is entitled to call the Transferred RMBS Notes under the terms and conditions of the relevant residential mortgage backed securitisation transaction set forth in the relevant Approved Master Issuer Document.

"Senior Expenses" means the costs and expenses payable pursuant to the items (a), (b) and (c) of the Post-Issuer-Acceleration-Notice Priority of Payments or the Post-CBC-Acceleration-Notice Priority of Payments, as the case may be.

"Step-Up Spread" means in respect of a Transferred RMBS Note, the spread calculated by subtracting the 3months EURIBOR rate from the interest rate after the relevant Call Date of the relevant Transferred RMBS Note.

"Swap Effective Date" means the date upon which a Notice to Pay is being served.

18.2 INTEREST RATE SWAPS

Interest Rate Swaps are used to hedge mismatches between the Transferred Collateral and the Covered Bonds in the following manner.

The interest rate payable by the CBC with respect to a Series denominated in euro may bear a non-EURIBOR rate of interest. To provide a hedge against the possible variance between:

- (a) the rates of interests on the various Transferred Collateral; and
 - (b) the rate of interest payable by the CBC under the Euro denominated Series other than those with equity or index-linked rates of interest,
- (i) the CBC and (ii) Fortis Bank (Nederland) (where applicable with the appropriate collateralisation requirements) or a third Eligible Swap Provider, as the case may be, (each an **"Interest Rate Swap Provider"**) will enter into interest rate swap transactions (the **"Interest Rate Swaps"**) with (iii) the Trustee in relation to each relevant Series subject to Rating Agency Confirmation (the **"Interest Rate Swap Agreements"**) if the Covered Bonds of such Series are denominated in euro but bearing non-EURIBOR interest.

The following payments will be made under each Interest Rate Swap entered into in respect of a Series as from (and including) the Swap Effective Date:

- (a) on each Interest Payment Date, the relevant Interest Rate Swap Provider will pay the CBC an amount equal to the notional amount that has been agreed multiplied by the relevant interest rate swap provider swap rate or EURIBOR, whatever is applicable; and
- (b) on each CBC Payment Date, the CBC will pay to the Interest Rate Swap Provider an amount equal to the notional amount that has been agreed multiplied by the CBC swap rate or EURIBOR, whatever is applicable.

If Portfolio Tests are implemented and the Total Return Swap is terminated, Interest Rate Swaps will be used to comply with the Portfolio Tests.

18.3 STRUCTURED SWAPS

Structured Swaps are used to hedge mismatches between the Transferred Collateral and the Covered Bonds in the following manner.

The Transferred Collateral will be denominated in euro. However, (i) the interest payable by the CBC with respect to a Series may be denominated in a currency other than euro and/or may be equity or index-linked and/or (ii) principal under a Series may be payable in a currency other than euro.

To provide a hedge against the variance between:

- (a) the rates of interests on the various Transferred Collateral; and
- (b) the fixed rate, index or equity calculation which governs the rate of interest with respect to a Series;

and/or:

- (a) the euro denominated principal receipts under the Transferred Collateral; and
- (b) the currency of a Series,

(a) the CBC and (b) Fortis Bank (Nederland) (where applicable with the appropriate collateralisation requirements) or a third Eligible Swap Provider, as the case may be, (each a **"Structured Swap Provider"**) will enter into swap transactions (the **"Structured Swaps"**, and together with the Interest Rate Swaps and the Total Return Swap, the **"Swaps"**) with (c) the Trustee in relation to each relevant Series subject to Rating Agency Confirmation (the **"Structured Swap Agreements"**) if the Covered Bonds of such Series are (a) denominated in a currency other than euro, or (b) Index or Equity Linked Covered Bonds. Where required to hedge such risks, there will be one Structured Swap in relation to each Series.

The following payments will as per the Swap Effective Date be made under each Structured Swap entered into in respect of a Series:

- (a) if such Series is denominated in a currency other than euro, which means that there is an exchange of principal on or about the date of repayment of each such Series, the CBC will pay to the Structured Swap Provider an amount equal to the euro equivalent of the then Principal Amount Outstanding of such Series (as determined by the relevant swap confirmation) and the Structured Swap Provider will pay the CBC an amount equal to the principal balance of such Series in the currency in which such Series is denominated;
- (b) on each Interest Payment Date as from and including the Swap Effective Date, the Structured Swap Provider will pay the CBC an amount equal to the then Principal Amount Outstanding of such Series multiplied by the relevant fixed or floating swap rate; and

- (c) on each CBC Payment Date as from and including the Swap Effective Date, the CBC will pay to the Structured Swap Provider an amount equal to the euro equivalent of the then Principal Amount Outstanding of such Series (as determined by the relevant swap confirmation) multiplied by the relevant fixed or floating swap rate.

19 CASH FLOWS

19.1 INTRODUCTION

Various events may occur in respect of respectively the Transferred Collateral, the Issuer and the CBC, each of which may have an impact on, *inter alia*, the cash flows, such as:

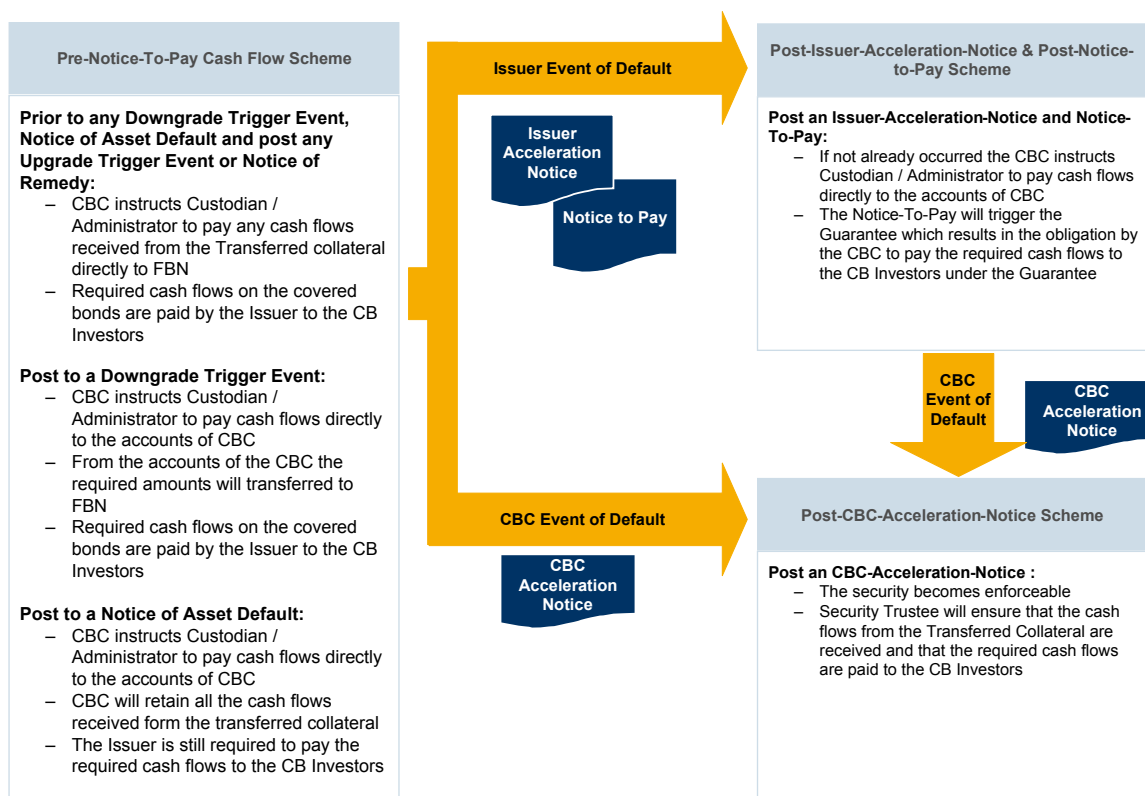
- (a) in respect of the Transferred Collateral
 - (i) a Breach of the Asset Cover Test;
 - (ii) a Breach of the Portfolio Test (if implemented);
- (b) in respect of the Issuer:
 - (i) a Downgrade Trigger Event;
 - (ii) an Upgrade Trigger Event;
 - (iii) an Issuer Event of Default; and
- (c) in respect of the CBC:
 - (i) a CBC Event of Default.

The occurrence of a Breach of the Asset Cover Test, a Breach of a Portfolio Test (if implemented), a Downgrade Trigger Event, an Upgrade Trigger Event, an Issuer Event of Default or a CBC Event of Default may, subject to the terms and conditions of the relevant Transaction Documents trigger the service of a notice by the Issuer, the CBC or the Trustee, whereby:

- (a) in respect of the Transferred Collateral a Breach of the Asset Cover Test or Breach of a Portfolio Test may result in the service of:
 - (i) a Notice of Asset Default;
 - (ii) a Notice of Remedy; and
 - (iii) following the service of a Notice to Pay, a CBC Acceleration Notice;
- (b) in respect of the Issuer, an Issuer Event of Default may result in the service of:
 - (i) an Issuer Acceleration Notice; and
 - (ii) a Notice to Pay;
- (c) in respect of the CBC, a CBC Event of Default may result in the service of:

- (i) a CBC Acceleration Notice.

The chart below depicts the sequence of events following the occurrence of a Downgrade Trigger Event or Upgrade Trigger Event or the service of a Notice of Asset Default, a Notice of Remedy, an Issuer Acceleration Notice, a Notice to Pay or a CBC Acceleration Notice (the chart does not depict all cash flows and payments to be paid pursuant to the relevant Pre-Notice-to-Pay Cash Flow Scheme and the Priority of Payments):



19.2 DISTRIBUTION OF PROCEEDS

As a result of the transfer of Eligible Collateral to the CBC, the CBC will legally be entitled to all proceeds of the Transferred Collateral.

Prior to the occurrence of any Downgrade Trigger Event or the service of Notice of Asset Default, a Notice to Pay or a CBC Acceleration Notice, pursuant to the Guarantee Support Agreement, the CBC will not receive any proceeds relating to the Transferred RMBS Notes nor retain any proceeds from the Transferred Collateral to the extent relating to cash (if any), but instead such proceeds will, with the consent of the Trustee as pledgee, on behalf of the CBC be paid by (i) the Custodian to the extent the proceeds relate to the Transferred RMBS Notes and (ii) the Administrator to the extent the proceeds relate to Transferred Collateral consisting of cash to the Transferors, or such other entity as designated by the Transferors in accordance with items (a)(i) and a(ii) of the Pre-Notice-to Pay Cash Flow Scheme.

Following the service of a Downgrade Trigger Event or a Notice of Asset Default the Transferors will no longer be entitled to receive the proceeds relating to the Transferred Collateral, but instead pursuant to the Guarantee Support Agreement the CBC will be entitled to receive any proceeds from the Transferred Collateral to the extent relating to the period following the occurrence of a Downgrade Trigger Event or the service of the Notice of Asset Default, until respectively a related Upgrade Trigger Event occurs or a related Notice of Remedy is being served, whereby:

- (a) if a Downgrade Trigger Event occurs and no Notice of Asset Default, Notice to Pay or CBC Acceleration Notice has been served, the Administrator will on behalf of the CBC and with the consent of the Trustee, as pledgee apply any amounts received in respect of the Transferred Collateral and credited into the CBC Accounts following such Downgrade Trigger Event in accordance with item b(i) of the Pre-Notice-to-Pay Cash Flow Scheme;
- (b) if a Notice of Asset Default is being served but no Notice to Pay or CBC Acceleration Notice has been served, the Administrator will on behalf of the CBC retain any amounts received in respect of the Transferred Collateral and credited into the CBC Accounts following such Downgrade Trigger Event in accordance with item c(i) of the Pre-Notice-to-Pay Cash Flow Scheme.

If, following the service of a Notice of Asset Default or the occurrence of a Downgrade Trigger Event a related Notice of Remedy is being served or a related Upgrade Trigger Event occurs, and provided no Downgrade Trigger Event or Notice of Asset Default is outstanding and no Notice to Pay or CBC Acceleration has been served, the Transferors will pursuant to the Guarantee Support Agreement and with the consent of the Trustee as pledgee, again become entitled to receive any proceeds from the Transferred Collateral to the extent relating to the period following the service of the related Notice of Remedy or related Upgrade Trigger Event, whereby:

- (a) the Administrator will on behalf of the CBC distribute any amounts retained pursuant to item c(i) of the Pre-Notice-to-Pay Cash Flow Scheme; and
- (b) the Custodian and the Administrator will on behalf of the CBC distribute any amounts received in respect of the Transferred Collateral to the extent relating to the period following the Notice of Remedy in accordance with item d (ii) and (iii) of Pre-Notice-to-Pay Cash Flow Scheme.

Following the service of a Notice to Pay but prior to the service of a CBC Acceleration Notice, the CBC will be entitled to receive any proceeds from the Transferred Collateral to the extent relating to the period following the occurrence of the Notice to Pay or CBC Acceleration Notice, whereby:

- (a) if a Notice to Pay is being served but no CBC Acceleration Notice has been delivered, the Administrator will on behalf of the CBC on each CBC Payment Date, to the extent necessary apply (i) all monies standing to the credit of the CBC Accounts other than any Available Revenue Receipts and Available Principal Receipts in accordance with the Administration Agreement, the AIC Account Agreement, the Trust Deed and any other Transaction Document and (ii) all Available Principal Receipts and Available Revenue Receipts in accordance with the Post-Issuer-Acceleration-Notice Priority of Payments in satisfaction of its obligations under the Guarantee; and
- (b) if a CBC Acceleration Notice is being served all monies received or collected or recovered by the Trustee following the enforcement of the Security will be applied by the Trustee in accordance with the Post-CBC-Acceleration-Notice Priority of Payments.

For this purpose:

"Available Principal Receipts" means, on a Calculation Date, an amount equal to the aggregate of (without counting double) the following amounts:

- (a) the amount of Principal Receipts calculated as at such Calculation Date as being received or recovered by or on behalf of the CBC during the then current Calculation Period and credited to the Principal Ledger or expected to be received or recovered during the then current Calculation Period and which would, as and when received, be required to be credited to the Principal Ledger (less the equivalent of any Third Party Amounts due and payable or to become due and payable in the immediately succeeding Calculation Period);
- (b) any other amount standing to the credit of the Principal Ledger;
- (c) following repayment of any Series by the Issuer and/or the CBC on the Extended Due for Payment Date, any amounts standing to the credit of the Series Ledger in respect of such Series; and
- (d) to the extent not included under paragraph (a), (b) and (c) above, all amounts to be received by CBC on the immediately succeeding CBC Payment Date under any

Transaction Document which would, as and when received, be required to be credited to the Principal Ledger including any amounts of Excess Proceeds to the extent such proceeds relate to principal (but excluding termination payments received or to be received under a Swap Agreement or any Swap Collateral Excluded Amounts).

"Available Revenue Receipts" means, on a Calculation Date, an amount equal to the aggregate of (without counting double) the following amounts:

- (a) the amount of Revenue Receipts calculated as at such Calculation Date as being received or recovered received or recovered by or on behalf of the CBC during the then current Calculation Period and credited to the Revenue Ledger or expected to be received or recovered during the then current Calculation Period and which would, as and when received, be required to be credited to the Revenue Ledger;
- (b) any other amount standing to the credit of the Revenue Ledger;
- (c) other net income of the CBC including all amounts of interest received on the CBC Accounts during the then current Period and amounts received or expected to be received by or on behalf of the CBC under the Interest Rate Swap Agreements and in respect of interest received by the CBC under the Structured Swap Agreement and the Total Return Swap Agreement during the then current Calculation Period (in each case other than any Swap Replacement Excluded Amounts and Swap Collateral Excluded Amounts); and
- (d) to the extent not included under paragraph (a and (b)) above, all amounts to be received by CBC on the immediately succeeding CBC Payment Date under any Transaction Document which would, as and when received, be required to be credited to the Revenue Ledger, including any amounts of Excess Proceeds to the extent such proceeds do not relate to principal.

"Net Proceeds" means in respect of a RMBS Note the sum of (a) the proceeds of a foreclosure on the RMBS Note, (b) the proceeds of foreclosure on any other collateral securing the RMBS Note and (c) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.

"Principal Receipts" means in respect of the Transferred Collateral any amount relating to principal, sales proceeds, refinancing proceeds, arrears, Net Proceeds.

"Revenue Receipts" means in respect of the Transferred Collateral any amount relating to interest, fees and Net Proceeds and any other amounts, other than Principal Receipts.

"Swap Collateral Excluded Amounts" means amounts standing to the credit of the Swap Collateral Ledger.

"Swap Replacement Excluded Amounts" means amounts standing to the credit of the Swap Replacement Ledger.

"Third Party Amounts" means any amounts due and payable by the CBC to third parties that are not provided for payment elsewhere in the relevant Priority of Payments and incurred by the CBC in the ordinary course of its business which amounts may be paid daily from monies on deposit in the CBC Accounts.

"Downgrade Trigger Event" means in respect of the Issuer, that the short term, unsecured, unsubordinated and unguaranteed debt obligations ceases to be rated at least P-1 by Moody's.

"outstanding" means (i) in respect of a Notice of Asset Default that no Notice of Remedy has been served pursuant to which the breach in respect of which the Notice of Remedy was being served is remedied and (ii) in respect of the occurrence of a Downgrade Trigger Event that thereafter no Upgrade Trigger Event has occurred.

"related" means (i) in respect of a Notice of Remedy the Notice of Remedy which relates to the Breach of the Asset Cover Test or the Portfolio Test (if implemented) in respect of which a Notice of Asset Default has been served and (ii) in respect of an Upgrade Trigger Event, the first succeeding Upgrade Trigger Event following the occurrence of a Downgrade Trigger Event.

"Upgrade Trigger Event" means in respect of a Transferor or the Issuer, that the short term, unsecured, unsubordinated and unguaranteed debt obligations is rated at least P-1 by Moody's.

19.3 PRE-NOTICE-TO-PAY CASH FLOW SCHEME

Unless and until a Notice to Pay having been served and provided that no CBC Acceleration Notice has been served, the following will apply, subject to the rights of the Trustee as pledgee, (the "**Pre-Notice-to-Pay Cash Flow Scheme**"):

- (a) For as long as no Downgrade Trigger Event has occurred and no Notice of Asset Default has been served, pursuant to the Guarantee Support Agreement the proceeds in respect of the Transferred RMBS Notes will not be credited into the CBC Accounts and the CBC will not retain any other proceeds received from the Transferred Collateral and credited into any CBC Account but pursuant to, *inter alia*, the Trust Deed the following will apply:
 - (i) the CBC will procure that on each CBC Payment Date, or such other frequency as agreed between the CBC and the Transferors, the Administrator will on behalf of the CBC distribute all amounts (if any) received in respect of the Transferred Collateral and credited to the CBC Accounts to the Transferors, or such other party as designated by the Transferors to the extent permitted by the Asset Cover Test. Neither the CBC nor the Administrator need to concern itself as to how such proceeds are allocated between the Transferors;
 - (ii) the CBC will procure that on each CBC Payment Date, or such other frequency as agreed between the CBC and the Transferors, the Custodian will on behalf of the CBC distribute all amounts (if any) received in respect of the Transferred RMBS Notes to the Transferors, or such other party as designated by the Transferors to the extent permitted by the Asset Cover Test. The CBC and the Custodian need not to concern themselves as to how such proceeds are allocated between the Issuer and the Transferors; and
 - (iii) all of the costs and expenses of the CBC (including for the avoidance of doubt any taxable profit to be paid by the CBC) will be paid on behalf of the CBC by the Issuer for its own account, as consideration for the CBC assuming the Guarantee (failure by the Issuer to comply with these payment obligations will result in an Issuer Event of Default and the service of an Issuer Acceleration Notice and Notice to Pay, subject to the terms of the Trust Deed).
- (b) If a Downgrade Trigger Event occurs and no Notice of Asset Default has been served, pursuant to the Guarantee Support Agreement the proceeds in respect of the Transferred Collateral will be received by or on behalf of the CBC and credited into the CBC Accounts to the extent relating to the period following the occurrence of the Downgrade Trigger Event and pursuant to, *inter alia*, the Trust Deed the following will apply:
 - (i) the CBC will procure that the Administrator on each CBC Payment Date will on behalf of the CBC distribute all amounts (if any) received in respect of the Transferred Collateral and credited to the CBC Accounts to the Transferors, or such other party as designated by the Transferors, to the extent permitted by the

Asset Cover Test. Neither the CBC nor the Administrator need to concern itself as to how such proceeds are allocated between the Transferors; and

- (ii) all of the costs and expenses of the CBC (including for the avoidance of doubt any taxable profit to be paid by the CBC) will be paid on behalf of the CBC by the Issuer for its own account, as consideration for the CBC assuming the Guarantee (failure by the Issuer to comply with these payment obligations will result in an Issuer Event of Default and the service of an Issuer Acceleration Notice and Notice to Pay, subject to the terms of the Trust Deed).
- (c) If a Notice of Asset Default is being served, pursuant to the Guarantee Support Agreement any proceeds in respect of the Transferred Collateral will be received by or on behalf of the CBC and credited into the CBC Accounts to the extent relating to the period following the Breach of the Asset Cover Test or Breach of Portfolio Test (if implemented) in respect of which the Notice of Asset Default has been served, and pursuant to, *inter alia*, the Trust Deed the following will apply:
 - (i) the CBC will procure that on each CBC Payment Date all amounts (if any) then standing to the credit of the CBC Accounts will be retained by the CBC, unless 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 of Covered Bonds) following which all such amounts shall be paid to the paid to the Issuer or if the Issuer is insolvent, any solvent Transferor; and
 - (ii) all of the costs and expenses of the CBC (including for the avoidance of doubt any taxable profit to be paid by the CBC) will be paid on behalf of the CBC by the Issuer for its own account, as consideration for the CBC assuming the Guarantee (failure by the Issuer to comply with these payment obligations will result in an Issuer Event of Default and the service of an Issuer Acceleration Notice and Notice to Pay, subject to the terms of the Trust Deed).
- (d) If following the service of a Notice of Asset Default a related Notice of Remedy is being served and provided no Notice of Asset Default or Downgrade Trigger Event is outstanding, pursuant to the Guarantee Support Agreement the proceeds in respect of the Transferred RMBS Notes to the extent relating to the period following the service of the Notice of Remedy will not be credited into the CBC Accounts and the CBC will not retain any other proceeds received from the Transferred Collateral but pursuant to, *inter alia*, the Trust Deed the following will apply:
 - (i) the CBC will procure that on the immediately succeeding CBC Payment Date, or such other frequency as agreed between the CBC and the Transferors, the Administrator will on behalf of the CBC distribute any amounts retained on the CBC Accounts pursuant to item (c)(i) of the Pre-Notice-to-Pay Cash Flow Scheme above to the Transferors, or such other party as designated by the Transferors to the extent permitted by the Asset Cover Test. Neither the CBC nor the Administrator need to concern itself as to how such proceeds are allocated between the Transferors;

- (ii) the CBC will procure that on each CBC Payment Date, or such other frequency as agreed between the CBC and the Transferors the Administrator will on behalf of the CBC distribute all amounts (if any) received in respect of the Transferred Collateral and credited to the CBC Accounts to the Transferors, or such other party as designated by the Transferors to the extent permitted by the Asset Cover Test. Neither the CBC nor the Administrator need to concern itself as to how such proceeds are allocated between the Transferors;
 - (iii) the CBC will procure that on each CBC Payment Date, or such other frequency as agreed between the CBC and the Transferors, the Custodian will on behalf of the CBC distribute all amounts (if any) received in respect of the Transferred RMBS Notes to the Transferors, or such other party as designated by the to the extent permitted by the Asset Cover Test. The CBC and the Custodian need not to concern themselves as to how such proceeds are allocated between the Issuer and the Transferors; and
 - (iv) all of the costs and expenses of the CBC (including for the avoidance of doubt any taxable profit to be paid by the CBC) will be paid on behalf of the CBC by the Issuer for its own account, as consideration for the CBC assuming the Guarantee (failure by the Issuer to comply with these payment obligations will result in an Issuer Event of Default and the service of an Issuer Acceleration Notice and Notice to Pay, subject to the terms of the Trust Deed).
- (e) If following a Downgrade Trigger Event a related Upgrade Trigger Event occurs and provided no Notice of Asset Default is outstanding, pursuant to the Guarantee Support Agreement the proceeds in respect of the Transferred RMBS Notes to the extent relating to the period following the occurrence of the Upgrade Trigger Event will not be credited into the CBC Accounts and the CBC will not retain any other proceeds received from the Transferred Collateral but pursuant to, *inter alia*, the Trust Deed the following will apply:
- (i) the CBC will procure that on each CBC Payment Date, or such other frequency as agreed between the CBC and the Transferors the Administrator will on behalf of the CBC distribute all amounts (if any) received in respect of the Transferred Collateral and credited to the CBC Accounts to the Transferors, or such other party as designated by the Transferors to the extent permitted by the Asset Cover Test. Neither the CBC nor the Administrator need to concern itself as to how such proceeds are allocated between the Transferors;
 - (ii) the CBC will procure that on each CBC Payment Date, or such other frequency as agreed between the CBC and the Transferors, the Custodian will on behalf of the CBC distribute all amounts (if any) received in respect of the Transferred RMBS Notes to the Transferors, or such other party as designated by the to the extent permitted by the Asset Cover Test. The CBC and the Custodian need not to concern themselves as to how such proceeds are allocated between the Issuer and the Transferors; and

- (iii) all of the costs and expenses of the CBC (including for the avoidance of doubt any taxable profit to be paid by the CBC) will be paid on behalf of the CBC by the Issuer for its own account, as consideration for the CBC assuming the Guarantee (failure by the Issuer to comply with these payment obligations will result in an Issuer Event of Default and the service of an Issuer Acceleration Notice and Notice to Pay, subject to the terms of the Trust Deed).

In connection with item (a)(ii), item (d)(iii) and item (e)(ii) of the Pre-Notice-to-Pay Cash Flow Scheme the CBC will instruct the Custodian pursuant to the terms of the Custody Agreement to credit any amounts received by the Custodian in respect of the Transferred RMBS Notes on the relevant CBC Payment Date, or such frequency as agreed between the CBC and Issuer directly into an account of the Transferors designated for such purpose by the CBC to the Custodian.

19.4 LEDGERS

Pursuant to the Administration Agreement, the Administrator shall, on behalf of CBC, establish, administer and maintain several ledgers into which subject to the terms thereof any amount received by the Administrator on behalf of the CBC shall be credited or debited.

19.4.1 Credits to Ledgers

Revenue Ledger

Pursuant to the Administration Agreement, the Administrator shall, on behalf of CBC, establish, administer and maintain a revenue ledger (the "**AIC Account Revenue Ledger**") into which the following euro amounts shall be credited upon deposit of the same into the AIC Account:

- (a) all amounts of interest, fees and other amounts received or recovered in respect of the Transferred Collateral other than Principal Receipts;
- (b) all amounts of interest paid on the AIC Account; and
- (c) all euro amounts (other than amounts in respect of termination payments or Swap Collateral Excluded Amounts) received by the CBC under the Swap Agreements.

If pursuant to the Administration Agreement a bank account is opened in a currency other than euro, the Administrator shall maintain a revenue ledger in respect of such foreign currency account (the AIC Account Revenue Ledger and all such foreign currency revenue ledgers, the "**Revenue Ledger**"). Amounts shall be credited to such foreign currency revenue ledger in the same manner as amounts are credited to the AIC Account Revenue Ledger.

Principal Ledger

Pursuant to the Administration Agreement, the Administrator shall, on behalf of CBC, establish, administer and maintain a principal ledger (the "**AIC Account Principal Ledger**") into which the following amounts shall be credited upon deposit of the same into the AIC Account:

- (a) all amounts of Principal Receipts received or collected in respect of the Transferred RMBS Notes;
- (b) all principal amounts of any Transferred Collateral in the form of cash;
- (c) any amount required to be transferred to the Principal Ledger from any Series Ledger.

If pursuant to the Administration Agreement a foreign currency CBC Account is opened, the Administrator shall maintain a principal ledger in respect of such foreign currency CBC Account (the AIC Account Principal Ledger and all such foreign currency principal ledgers, the "**Principal Ledger**"). Amounts shall be credited to such foreign currency principal ledger in the same manner as amounts are credited to the AIC Account Principal Ledger.

Series Ledger

A ledger for each Series (each a "**Series Ledger**"), being a sub-ledger of the AIC Account or, in case a foreign currency account has been opened, a sub-ledger on such foreign currency account, to which amounts allocated to such Series in accordance with item (h) of the Post-Issuer-Acceleration-Notice Priority of Payments will be credited.

Swap Collateral Ledger

A sub-ledger of the AIC Account (the "**Swap Collateral Ledger**") shall be opened to which shall any collateral provided by a Swap Provider shall be credited following its downgrade below the minimum ratings for it to qualify as an Eligible Swap Provider.

Swap Replacement Ledger

A sub-ledger of the AIC Account (the "**Swap Replacement Ledger**") shall be opened to which shall be credited (i) premiums received from any replacement Swap Provider upon entry by the CBC into a replacement Swap Agreement or (ii) termination payments received from any Swap Provider in respect of a Swap Agreement which has terminated.

19.4.2 Debits to Ledgers

Pursuant to the Administration Agreement, the CBC (or the Administrator on its behalf) agreed not to debit any amounts to any Ledger, except as follows:

- (a) *The Revenue Ledger and the Principal Ledger:* in accordance with the relevant Priority of Payments.
- (b) *A Series Ledger:* amounts credited to a Series Ledger will only be available to pay amounts due in respect of such Series on the Extended Due for Payment Date or such earlier Extension Date in accordance with Condition 3 (*The Guarantee*) thereof under the Guarantee or under a Structured Swap (if applicable). If any amount remains thereafter, it will be transferred to the Principal Ledger.
- (c) *The Swap Collateral Ledger:* amounts may only be withdrawn (i) to return collateral to the relevant Swap Provider in accordance with the terms of the applicable Swap Agreement and collateral arrangements, (ii) in respect of any payment obligation of the relevant Swap Provider under the applicable Swap Agreement that is due but remains unpaid after the expiry of the applicable grace period and (iii) following termination of the applicable Swap Agreement to the extent not required to satisfy any termination payment due to the relevant Swap Provider, (a) if a replacement Swap Agreement is to be entered into, for credit to the Swap Replacement Ledger or (b) if no Replacement Swap Agreement is to be entered into, for credit to the Revenue Ledger.

- (d) *The Swap Replacement Ledger:* amounts credited to the Swap Replacement Ledger will only be available to pay (i) any termination amount due to a Swap Provider in respect of a Swap Agreement which has terminated, (ii) any premium due to a replacement Swap Provider upon entry into a replacement Swap Agreement and (iii) to the extent in excess of amounts owed to Swap Providers in respect of (a) Swap Agreements which have terminated or (b) any premium payable to a replacement Swap Provider upon entry into a replacement Swap Agreement, for credit to the Revenue Ledger.

19.5 POST-ISSUER-ACCELERATION-NOTICE PRIORITY OF PAYMENTS

On each CBC Payment Date following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice and a Notice to Pay, but prior to the service of a CBC Acceleration Notice, the Administrator will apply (i) all monies standing to the credit of the CBC Accounts other than, if applicable, Available Revenue Receipts and Available Principal Receipts in accordance with the Administration Agreement, the AIC Account Agreement, the Trust Deed and any other Transaction Document and (ii) all Available Revenue Receipts and the Available Principal Receipts (excluding in each case any Third Party Amounts) pursuant to the Trust Deed in the following order of priority (the "**Post-Issuer-Acceleration-Notice Pay 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*, to the payment of all amounts due and payable or to become due and payable to the Trustee in the immediately following Calculation Period under the provisions of the Trust Deed, together with interest and plus any applicable VAT (or similar taxes) thereon as provided therein;
- (b) *second*, in or towards satisfaction pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Paying Agents and the Registrar under or pursuant to the Agency Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein; and
 - (ii) any amounts then due and payable by the CBC to third parties and incurred without breach by the CBC of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any such amounts expected to become due and payable by the CBC in the immediately following Calculation Period and to pay or discharge any liability of the CBC for taxes (other than Dutch corporate income tax in relation to the CBC Income Entitlement);
- (c) *third*, in or towards satisfaction pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Custodian (other than the Custodian Termination Payments) and any costs, charges, liabilities and expenses then due or to become due and payable to the Custodian in the immediately following Calculation Period under the provisions of the Custody Agreements;
 - (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 Calculation Period under the provisions of the Administration Agreement;

- (iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the AIC Account Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein;
 - (iv) any amounts (including costs and expenses) due and payable to each Managing Director pursuant to the relevant Management Agreements, plus any applicable VAT (or similar taxes) thereon as provided therein;
 - (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 Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein; and
 - (vi) any amount to be reserved by the CBC as CBC Income Entitlement;
- (d) *fourth*, in or towards payment pro rata and *pari passu* in accordance with the respective amounts owing thereto to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger:
- (i) any amounts then due and payable to (i) the Total Return Swap Provider (including any termination payment due and payable by the CBC under the relevant Total Return Swap Agreement but excluding any Excluded Swap Termination Amount) pursuant to the terms of the relevant Total Return Swap Agreement or (ii) (only if a Portfolio Test is implemented) the Administrator (if other than Fortis Bank (Nederland));
 - (ii) any amounts then due and payable to each Interest Rate Swap Provider (including any termination payment due and payable by the CBC under the relevant Swap Agreement but excluding any Excluded Swap Termination Amount) under the relevant Interest Rate Swap Agreement; and
 - (iii) any amounts then due and payable to each Structured Swap Provider (including any termination payment due and payable by the CBC under the relevant Swap Agreement but excluding any Excluded Swap Termination Amount under the relevant Structured Swap Agreement, excluding any amount payable under item (f) below),
- (e) *fifth*, in or towards payment to the Covered Bondholders pro rata and *pari passu* Scheduled Interest that is Due for Payment under the Guarantee in respect of each Series of Covered Bonds;
- (f) *sixth*, to pay pro rata and *pari passu* according to the respective amounts owing thereto, amounts in respect of principal then due and payable to each Structured Swap Provider under the relevant Structured Swap Agreement;

- (g) *seventh*, in or towards payment to the Covered Bondholders pro rata and *pari passu* Scheduled Principal that is Due for Payment or will become Due for Payment in the immediately succeeding Calculation Period (other than the relevant CBC Payment Date) under the Guarantee in respect of each Series of Covered Bonds;
- (h) *eighth*, to deposit the remaining monies in the AIC Account, with a corresponding credit to the Series Ledger, for application on the next following CBC Payment Date in accordance with the priority of payments described in paragraphs (a) to (g) (inclusive) above, 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 of Covered Bonds);
- (i) *ninth*, in or towards satisfaction pro rata and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amount due and payable by CBC to the relevant Swap Provider under the relevant Swap Agreement to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger;
- (j) *tenth*, towards payment 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 Agreement; and
- (k) *eleventh*, thereafter any remaining monies will be paid to the Issuer or, if the Issuer is insolvent, any solvent Transferor (and the CBC need not concern itself as to how such proceeds are allocated between the Transferors).

The CBC, or the Administrator on its behalf, will create and maintain ledgers for each Series of Covered Bonds and record amounts allocated to such Series in accordance with paragraph (i) of the Post-Issuer Acceleration-Notice Priority of Payments, and such amounts, once allocated, will only be available to pay amounts due under the Guarantee and amounts due under the Structured Swap in respect of the relevant Series of Covered Bonds on the scheduled repayment date thereof.

For the purpose hereof:

"CBC Income Entitlement" means the remuneration of € 8,500 per calendar year for the engagement of the CBC in the transaction contemplated by the Transaction Documents, which, following the service of a Notice to Pay, will be reserved (pro rata) for the benefit of the CBC in advance on each CBC Payment Date falling in March of each year from which amount any corporate income tax payable by the CBC in respect of such CBC Income Entitlement will be paid.

"Custodian Termination Payments" means any the fees, costs and expenses which are outstanding upon the termination of the Custody Agreement and which will be payable prior to the delivery of the RMBS Notes registered in the Custody Account in accordance with Clause 16 (*Termination*) of the Custody Agreement.

"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 Provider as a result of a Swap Provider Default or Swap Provider Downgrade Event with respect to such Swap Provider.

"Swap Provider Default" means the occurrence of an Event of Default or Termination Event (each as defined in each of the relevant Swap Agreements) where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in the relevant Swap Agreement);

"Swap Provider Downgrade Event" means the occurrence of any Additional Termination Event pursuant to Part 5(k) (Downgrade) of the ISDA Schedule forming part of the relevant Swap Agreement.

19.6 POST-CBC-ACCELERATION-NOTICE PRIORITY OF PAYMENTS

Under the terms of the Trust Deed, each of the Secured Parties will agree that all monies received or recovered by the Trustee or any other Secured Creditor (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 on the CBC (other than, if applicable, amounts standing to the credit of the Swap Collateral Ledger which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Swap Collateral Ledger) will be applied following the enforcement of the Security 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 Trustee under the provisions of the Trust Deed together with interest and, plus any applicable VAT (or similar taxes) thereon;
- (b) *second*, in or towards satisfaction pro rata and *pari passu* according to the respective amounts thereof, of any remuneration then due and payable to the Paying Agents and the Registrar under or pursuant to the Agency Agreement plus any applicable VAT (or similar taxes) thereon as provided therein;
- (c) *third*, in or towards satisfaction pro rata and *pari passu* according to the respective amounts thereof, of:
 - (i) any remuneration then due and payable to the Custodian (other than the Custodian Termination Payments) and any costs, charges, liabilities and expenses then due or to become due and payable to the Custodian under the provisions of the Custody Agreements;
 - (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 Account Bank (including costs) pursuant to the terms of the AIC Account Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein; and
 - (iv) amounts (including costs and expenses) due to each Managing Director pursuant to the terms of the Management Agreements, plus any applicable VAT (or similar taxes) thereon as provided therein;
 - (v) any amount to be reserved by the CBC as CBC Income Entitlement;

- (d) *fourth*, in or towards satisfaction of any amounts due and payable to (i) the Total Return Swap Provider (including any termination payment due and payable by the CBC under the Total Return Swap Agreement but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Total Return Swap Agreement or (ii) (only if a Portfolio Test is implemented) the Administrator (if other than Fortis Bank (Nederland)) to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger;
- (e) *fifth*, in or towards satisfaction, pro rata and *pari passu* according to the respective amounts thereof, of any amounts due and payable to the Interest Rate Swap Providers under the relevant Swap Agreements (including any termination payment due and payable by the CBC under the Total Return Swap Agreement but excluding applicable Excluded Swap Termination Amounts);
- (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 extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger, to:
 - (i) the Structured Swap Providers under the Structured Swap Agreements (including any termination payment due and payable by the CBC under the Total Return Swap Agreement but excluding applicable Excluded Swap Termination Amounts); and
 - (ii) the Covered Bondholders pro rata and *pari passu* in respect of interest and principal due and payable on each Series of Covered Bonds 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 Provider under the relevant Swap Agreement to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger; and
- (h) *eighth*, thereafter any remaining monies will be paid to the Issuer or, if the Issuer is insolvent, any solvent Transferor (and the CBC need not concern itself as to how such proceeds are allocated between the Transferors).

19.7 CBC ACCOUNTS

AIC Account

Pursuant to the terms of an agreement (the "**AIC Account Agreement**") entered into on the Programme Date between the CBC, Fortis Bank (Nederland) as account bank (in such capacity, the "**Account Bank**"), and the Trustee the CBC will maintain, with the Account Bank, the AIC Account:

- (a) into which are paid all amounts received by the CBC in respect of Transferred Collateral; and
- (b) moneys standing to the credit of which will on each CBC Payment Date be applied by the Administrator in accordance with the Pre-Notice-to-Pay Cash Flow Scheme or Priority of Payments, as the case may be.

If (i) the long term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank cease to be rated at least A (low) by DBRS and (ii) the short term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank cease to be rated at least P-1 by Moody's or R-1 (middle) by DBRS (the "**Account Bank Ratings**") then within 30 (thirty) Business Days of such occurrence either:

- (a) the AIC Account will be closed and new accounts opened under the terms of a new AIC Account Agreement substantially on the same terms as the AIC Account Agreement opened with a financial institution (i) having a long term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A (low) by DBRS. (ii) having short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P- 1 by Moody's and R-1 (middle) by DBRS and (iii) being a licensed credit institution under the Act on the Financial Supervision; or
- (b) the Account Bank will obtain a guarantee of its obligations under the AIC Account Agreement on terms acceptable to the Trustee, acting reasonably, from a financial institution whose (i) long term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A (low) by DBRS and (ii) short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's and R-1 (middle) by DBRS,

(in each case, provided that the Rating Agency Confirmation has been given) unless upon request of the Issuer or the Trustee, Rating Agency Confirmation has been obtained in respect of the Account Bank Ratings falling below the rating requirement set out above, (or the reason for this having occurred) within 15 (fifteen) days of such downgrade. If such Rating Agency Confirmation has been given, reference to the "**Account Bank Ratings**" shall be deemed to be instead the relevant rating of the Account Bank at the time of such confirmations, but the original rating shall be reinstated if the relevant rating of the Account Bank is subsequently upgraded to the original level.

Pursuant to the AIC Account Agreement, the Account Bank has agreed to pay interest on the moneys standing to the credit of the AIC Account at specified rates determined in accordance with the AIC Account Agreement.

Foreign Currency Accounts

If a Notice to Pay or CBC Acceleration Notice is served, and the Issuer has any Covered Bonds denominated in a currency other than euro outstanding or issues such Covered Bonds at any time thereafter, the Administrator shall, on behalf of the CBC, establish and maintain an account in that currency and, unless otherwise specified in the Transaction Documents, all amounts received by the CBC in that currency shall be promptly deposited into such account.

For the purposes hereof:

"AIC Account" means the account designated as the "AIC Account" in the name of the CBC held with the Account Bank and maintained subject to the terms of the AIC Account Agreement and the Accounts Pledge or such additional or replacement account as may be for the time being in place with the prior consent of the Trustee.

"AIC Margin" means 0.08 % per annum.

"AIC Rate" means the rate of interest accruing on the balance standing to the credit of the AIC Account equal to the rate of EONIA one month euro deposits less the AIC Margin.

"CBC Accounts" means the AIC Account, any foreign currency account and any additional or replacement accounts opened in the name of the CBC (other than the Custody Account).

"EONIA" means for any day means the reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Telerate Page 247 on the first TARGET2 Settlement Day following that day

"Priority of Payments" means the Post-Issuer-Acceleration Priority of Payments or the Post-CBC-Acceleration-Notice Priority of Payments as the case may be.

"TARGET2 Settlement Day" means a day on which the TARGET2 System is open.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Covered Bonds under the Programme from time to time have been duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 23 October 2009. 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 26 October 2009. All consents, approvals, authorisations or other authorities required by the CBC under Dutch law have been given for the issue of the Guarantee and for the CBC to undertake and perform its obligations under the Transaction Documents.

Listing

Application has been made to Euronext Amsterdam for Covered Bonds issued under the Programme to be listed on Euronext Amsterdam during the period of 12 (twelve) 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

For so long as the Covered Bonds are listed on Euronext Amsterdam there will be a paying agent in the Netherlands. Fortis Bank (Nederland) has been appointed as the Paying Agent in the Netherlands.

Documents Available

For the life of the Base Prospectus copies of the following documents may when published, be available free of charge, during normal business hours on any weekday (Saturday, Sunday and public holidays excepted) be inspected at the specified offices of the Trustee and the Principal Paying Agent:

- (a) the deed of incorporation, including the articles of association of the Issuer, the Trustee and the CBC, including an English translation thereof;
- (b) the audited financial statements of Fortis Bank (Nederland) (and its predecessors) for the financial years ended 2006, 2007 and 2008 and the audited consolidated interim semi-annual financial statements for the 6 (six) months ended 30 June 2009 of Fortis Bank (Nederland) (in English), in each case together with the audit reports and review reports prepared in connection therewith;

- (i) the Programme Agreement;
- (ii) a copy of this Base Prospectus;
- (iii) any future registration documents, base prospectuses, information memoranda and supplements including Final Terms (including a Final Terms relating to an unlisted Covered Bond) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (iv) each of the following transaction documents and any agreements entered into in connection therewith from time to time (the "**Transaction Documents**"), namely:
 - the Administration Agreement;
 - the Agency Agreement;
 - the AIC Account Agreement;
 - the Asset Monitoring Agreement;
 - the Asset Monitor Appointment Agreement;
 - the Custody Agreement;
 - the Guarantee Support Agreement;
 - the Master Definitions and Common Terms Agreement;
 - the CBC Collateral Pledge Agreement;
 - the CBC Accounts Pledge Agreement;
 - the CBC Rights Pledge Agreement;
 - the Initial Transferor Collateral Pledge Agreement;
 - each New Transferor Collateral Pledge Agreement;
 - each Collateral Transfer Agreement;
 - the Trust Deed (which contains the forms of the Temporary Global Covered Bonds and Permanent Global Covered Bonds, the Definitive Covered Bonds, the Receipts, the Coupons, the Talons and the Registered Covered Bonds Deed);
 - the Swap Undertaking Letter;

- each Interest Rate Swap Agreement (as applicable in relation to the Covered Bonds of any Series);
- each Structured Swap Agreement (as applicable in relation to the Covered Bonds of any Series);
- each Total Return Swap Agreement (as applicable in relation to the Covered Bonds of any Series);
- each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement); and
- the Management Agreement (CBC), Management Agreement (Trustee) and Management Agreement (Holding) (collectively the "**Management Agreements**").

Clearing Systems

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 Fondscode or any other relevant security code allocated to each Tranche of Bearer Covered Bonds allocated by Euroclear, Clearstream Luxembourg and for Bearer Covered Bonds deposited with Euroclear Netherlands by Euronext Amsterdam or Clearnet S.A. Amsterdam Branch Stock Clearing or any other agreed clearing system will be specified in the applicable Final Terms. If the Bearer Covered Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms. Any transaction will normally be effected not earlier than 3 (three) days after the date of the transaction.

Material Change

There has been no material adverse change in the prospects of the Issuer (taken as a whole) and the CBC since 30 June 2009 (in respect of the Issuer) respectively 8 September 2009 (in respect of the CBC). There has been no significant change in the financial or trading position of the Issuer (taken as a whole) and the CBC since 30 June 2009 (in respect of the Issuer) respectively 8 September 2009 (in respect of the CBC).

Litigation

In several jurisdictions legal proceedings have been initiated against Fortis Bank (Nederland) or its group companies whose financial statements have been included in Fortis Bank (Nederland) (and its predecessors)'s consolidated annual accounts for the financial year ended 31 December 2008. For further information, refer to the section headed "*Legal Proceedings*" in this Base Prospectus.

Since its incorporation the CBC has not been involved in any legal, arbitration or governmental proceedings which may have a significant effect on the financial position or profitability of the CBC, nor, as far as the CBC is aware, are any such proceedings pending or threatened against the CBC.

Auditors

The financial statements of FBN(H) for each of the three financial years ending 31 December 2006, 2007 and 2008 have been audited without qualification by KPMG Accountants N.V. in accordance with Dutch law. The auditors of Fortis Bank (Nederland) (and its predecessor FBN(H)) have no material interest in Fortis Bank (Nederland) (and its predecessor FBN(H)). The reports of the auditors of FBN(H) are incorporated in the form and context in which they are incorporated, with the consent of the auditors who have authorised the contents of that part of this Base Prospectus.

The auditors of the CBC are KPMG Accountants N.V. (registered accountants). The auditors of the CBC have no material interest in the CBC.

The auditors of Fortis Bank (Nederland) (and its predecessor FBN(H)) and the CBC are members of the Royal Dutch Institute for Registered Accountants (*Koninklijk Nederlands Instituut voor Register Accountants*), the Dutch accountants board.

Notices

Notices with regard to the Covered Bonds will, so long as any Covered Bonds are listed on Euronext Amsterdam and Euronext Amsterdam and/or the AFM so requires, be published on the website of the Issuer (<http://www.fortis.nl/debtinvestors/>) and through a press release. The Issuer will in addition provide Euronext Amsterdam with a digital version of the information published by it pursuant to Conditions. See also Condition 13 (*Notices*) and Condition 19 (*Terms and Conditions of Registered Covered Bonds*) of the Covered Bonds.

Reports

The Trust Deed provides that the Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Trust Deed, whether or not any such report or other information, or engagement letter or other document entered into by the Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

A quarterly report on the Covered Bonds under this Programme will be published on and can be obtained at the site of the Issuer.

Overview of the Dutch Residential Mortgage Market

For a general overview of the Dutch residential mortgage market reference is made to the Relevant Sections in the Approved Master Issuer Documents which are incorporated by Reference (see the section headed "*Incorporated by Reference*" above).

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REGISTERED OFFICES

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1097 JB Amsterdam
The Netherlands

CBC

FBN Covered Bond Company B.V.

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1097 JB Amsterdam
The Netherlands

TRANSFEROR

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1097 JB Amsterdam
The Netherlands

TRUSTEE

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1076 EE Amsterdam
The Netherlands

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