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SECOND SUPPLEMENTAL

TO THE BASE PROSPECTUS DATED 21 December 2015

SNS BANK N.V.
(incorporated under the laws of the Netherlands with limited liability
and having its statutory seat in Utrecht, the Netherlands)
€ 15,000,000,000 Covered Bond Programme
guaranteed as to payments of interest and principal by

SNS COVERED BOND COMPANY B.V.
(incorporated under the laws of the Netherlands with limited liability
and having its statutory seat in Amsterdam, the Netherlands)

This supplement (the "**Supplement**") is the second supplemental to the base prospectus dated 21 December 2015 (the "**Base Prospectus**") of the € 15,000,000,000 Covered Bond Programme (the "**Programme**") of SNS Bank N.V. (the "**Issuer**") and is prepared to update and amend the Base Prospectus as updated and supplemented following the first supplemental prospectus dated 23 May 2016 and is supplemental to, forms part of and should be read in conjunction with the Base Prospectus. Terms defined in the Base Prospectus shall have the same meaning in this Supplement, unless specified otherwise.

This document is an amendment and a supplement to the Base Prospectus within the meaning of article 16 of Directive 2003/71/EC including Directive 2010/73/EU (the "**PD Amending Directive**") (the "**Prospectus Directive**") This Supplement has been approved by the Netherlands Authority for the Financial Markets ("**Stichting Autoriteit Financiële Markten**", the "**AFM**"), which is the Netherlands competent authority for the purpose of the Prospectus Directive and relevant implementing measures in the Netherlands, as a supplemental prospectus issued in compliance with the Prospectus Directive, Commission Regulation EC No. 809/2004 (the "**Prospectus Regulation**") and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of Covered Bonds under the Programme.

Subscribers for any Covered Bonds to be issued have the right to withdraw such subscription within two (2) business days following the publication of this Supplement.

The Issuer has requested the AFM to provide the competent authorities in Luxembourg with a certificate of approval, attesting that this Supplement has been drawn up in accordance with the Prospectus Directive, the Prospectus Regulation and relevant implementing measures in the Netherlands.

The Base Prospectus and this Supplement are available on the website of the Issuer at www.snsbanknv.nl/investor-relations/debt-informatie/covered-bond-programma as of 16 August 2016 and are available for viewing at the specified office of the Agent (69 Route d'Esch, L-2953 Luxembourg, Luxembourg), the Security Trustee (Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands) and the Utrecht office of the Issuer at Croeselaan 1, 3521 BJ Utrecht, the Netherlands, where copies of the Base Prospectus and this Supplement and any documents incorporated by reference may also be obtained free of charge. The Base Prospectus and this Supplement in the form made available on the website of the Issuer at www.snsbanknv.nl contain hyperlinks to the documents incorporated by reference.

The date of this Supplement is 16 August 2016.

IMPORTANT INFORMATION

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

Neither the Arranger, the Dealers (other than the Issuer) nor the Security Trustee has 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 (other than the Issuer) or the Security Trustee as to the accuracy or completeness of the information contained or referred to in this Supplement or any other information provided by the Issuer and the CBC in connection with the Programme. Neither the Arranger, the Dealers (other than the Issuer) nor the Security Trustee accepts any liability in relation to the information contained in this Supplement or any other information provided by the Issuer and the CBC in connection with the Programme.

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

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

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

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

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

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

Base Prospectus.

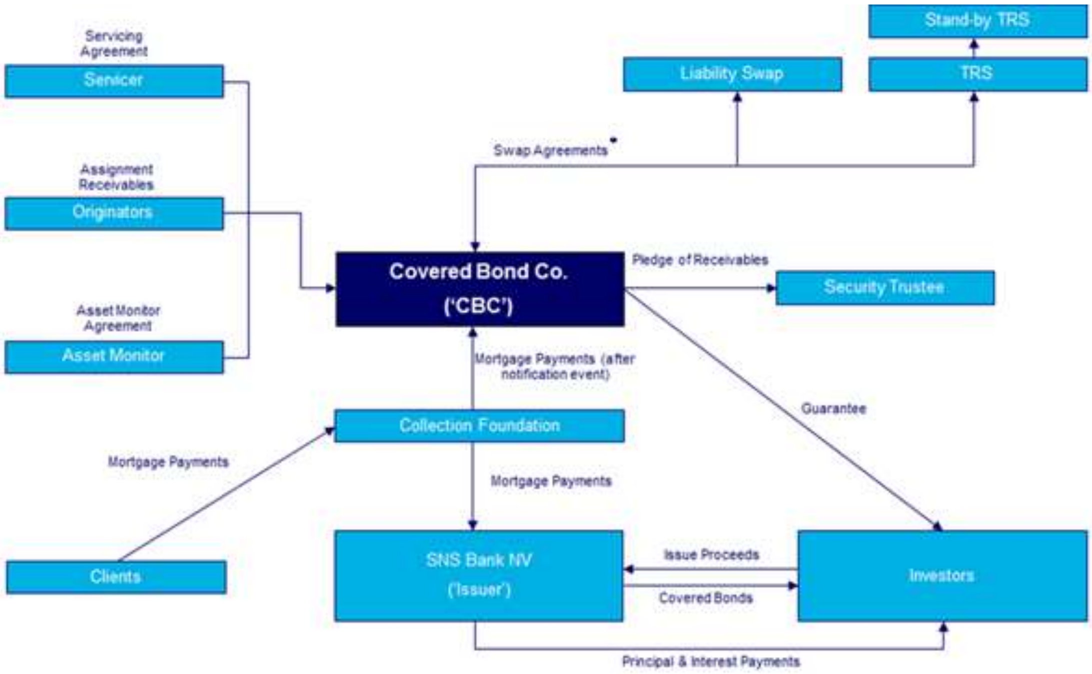
The Covered Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the securities laws or any state of the U.S. or other jurisdiction. The securities may not be offered or sold within the U.S. or to, or for the account or benefit of U.S.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

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any statement in the First Supplemental Prospectus and any other statement in or incorporated by reference in the Base Prospectus, the statements under (a) above will prevail.

CERTAIN MODIFICATIONS TO THE BASE PROSPECTUS

The following are amendments to the text of the Base Prospectus.

1. In Chapter 1., STRUCTURE DIAGRAM, page 7, the structure diagram will be deleted and shall be replaced with the following structure diagram and the text below the structure diagram will be inserted:



***** The CBC may, but is not required to, enter into Swap Agreements, in order to hedge mismatches between the interest and principal and the currency thereof to be received on the Transferred Assets and the GIC Accounts and the amounts payable under the Covered Bonds.

2. In Chapter 2., OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMMA, page 18, Under "Swaps", the following first paragraph shall be deleted:

"There will be certain mismatches between the interest and principal and the currency thereof to be received on the Transferred Assets and the GIC Accounts and the amounts payable under the Covered Bonds. In order to mitigate these mismatches, the CBC may be required to enter into appropriate hedging arrangements. The CBC will swap the interest received on the Transferred Assets and the GIC Accounts to EURIBOR under the Total Return Swap."

and shall be replaced with:

"There will be certain mismatches between the interest and principal and the currency thereof to be received on the Transferred Assets and the GIC Accounts and the amounts payable under the Covered Bonds. In order to mitigate these mismatches, the CBC may, but is not required, to enter into appropriate hedging arrangements, which may be in the form of a swap transaction which may include transactions whereby the interest on the Covered Bonds will be exchanged with the income of an equivalent part of the Total Pool Assets.

The CBC has in respect of certain Covered Bonds entered into Total Return Swaps, Interest Rate Swaps and Structured Swaps and may, but is not required to, in relation to Covered Bonds to be issued, increase the amounts exchanged under the Total Return Swap Agreement to swap an equivalent part of the interest received on the Transferred Assets and the GIC Accounts to EURIBOR and may enter into Interest Rate

Swaps and Structured Swaps as further described below. The Issuer may also issue new Covered Bonds which are not hedged by the CBC under any Swap Agreement, except for its obligation to enter into a Structured Swap Agreement if any Series is denominated in a currency other than euro.

The Total Return Swap Agreement has provided and will only provide a hedge in relation to the Covered Bonds that have been issued under the Programme and that have been designated as "TRS Hedged Covered Bonds" by the Total Return Swap Counterparty (such bonds referred to as the "**TRS Hedged Covered Bonds**") under the Total Return Swap Agreement.

Therefore in case a new Series is issued which has not been accepted as TRS Hedged Covered Bonds and therefore has not been hedged under the Total Return Swap Agreement, the income of an equivalent part of the Total Pool Assets will not be exchanged with the interest on the Covered Bonds (unless such part of the Total Pool Assets is hedged under an Interest Rate Swap Agreement) and only a *pro rata* part of the Total Pool Assets, equal to the TRS Hedged Covered Bonds Ratio multiplied by all Total Pool Assets, will be hedged. The "**TRS Hedged Covered Bonds Ratio**" will be equal to (i) the aggregate Principal Amount Outstanding of all TRS Hedged Covered Bonds divided by (ii) the aggregate Principal Amount Outstanding of all Covered Bonds."

3. In Chapter 2., OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMMA, page 18, Under "Swaps", the following second paragraph shall be deleted:

"In order to avoid any adverse rating action in relation to the Covered Bonds, the Issuer and the CBC entered into the Novation Agreements with each Standby Total Return Swap Provider to establish certain standby swap arrangements in relation to the Total Return Swap Agreement. Pursuant to the terms of the Novation Agreement, with effect from and including the Novation Trigger Date, the Total Return Swap Counterparty will transfer by novation to each Total Return Standby Swap Provider all of its rights and obligations under and in respect of a portion of the Total Return Swap Agreement, with the effect that the CBC, each Standby Total Return Swap Provider and the Security Trustee shall be deemed to enter into a new transaction and the rights and obligations of the CBC and the Total Return Swap Provider under the Total Return Swap Agreement will be released and discharged to the extent that the CBC and the relevant Standby Total Return Swap Provider have undertaken corresponding obligations to each other pursuant to the terms of the Standby Total Return Swap Agreements."

and shall be replaced with:

"In order to avoid any adverse rating action in relation to the Covered Bonds, the Issuer and the CBC have entered into the Novation Agreements with each Standby Total Return Swap Provider to establish certain standby swap arrangements in relation to the Total Return Swap Agreement. Pursuant to the terms of the Novation Agreement, with effect from and including the Novation Trigger Date, the Total Return Swap Counterparty will transfer by novation to each Total Return Standby Swap Provider all of its rights and obligations under and in respect of a portion of the Total Return Swap Agreement, with the effect that the CBC, each Standby Total Return Swap Provider and the Security Trustee shall be deemed to enter into a new transaction and the rights and obligations of the CBC and the Total Return Swap Counterparty under the Total Return Swap Agreement will be released and discharged to the extent that the CBC and the relevant Standby Total Return Swap Provider have undertaken corresponding obligations to each other pursuant to the terms of the Standby Total Return Swap Agreements."

4. In Chapter 2., OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMMA, page 18-19, Under "Swaps", the following third paragraph shall be deleted:

"Payments under the Total Return Swap Agreement will be conditional upon the occurrence of an Assignment Notification Event or a Notice to Pay having been served. If Portfolio Tests are implemented as an alternative to the Total Return Swap Agreement or any Standby Total Return Swap Agreement, then the Total Return Swap Agreement and the relevant Standby Total Return Swap Agreement may 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. To enable the CBC to hedge its exposure arising from any Series (a) denominated in a currency other than euro or (b) denominated in euro but bearing non-EURIBOR interest SNS Bank will pursuant to the Swap Undertaking Letter be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Interest Rate Swaps and Structured Swaps with the CBC in respect of such Series of Covered Bonds and the CBC has in relation to Series of Covered Bonds issued entered into Interest Rate Swap Agreements."

and shall be replaced with:

"Payments under the Total Return Swap Agreement will be and under the Interest Rate Swap Agreement and Structured Swap Agreement may be made conditional upon the occurrence of an Assignment Notification Event or a Notice to Pay having been served. If Portfolio Tests are implemented as an alternative to the Total Return Swap Agreement or any Standby Total Return Swap Agreement, then the Total Return Swap Agreement and the relevant Standby Total Return Swap Agreement may 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.

To enable the CBC to hedge its exposure arising from any Series denominated in a currency other than euro SNS Bank will pursuant to the Swap Undertaking Letter be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Structured Swaps with the CBC in respect of such Series of Covered Bonds. The CBC may also hedge its exposure arising from any Series denominated in euro and enter into Interest Rate Swaps with SNS Bank or a third party, provided that (i) prior to the occurrence of an Issuer Event of Default SNS Bank has consented thereto, (ii) Rating Agency Confirmation has been given and (iii) the Security Trustee has given its prior consent thereto. SNS Bank is not obliged to enter into any Interest Rate Swap or, prior to the occurrence of an Issuer Event of Default, to agree to the CBC entering into such Interest Rate Swap with a third party."

5. In Chapter 3., RISK FACTORS, page 37, section "Different Capacities", the following first sentence will be deleted:

"SNS Bank acts or may act in different capacities under the Relevant Documents, including as Issuer, Originator, Servicer, Foundation Administrator, a Foundation Account Provider and Total Return Swap Counterparty."

and shall be replaced with:

"SNS Bank acts or may act in different capacities under the Relevant Documents, including as Issuer, Originator, Servicer, Foundation Administrator, a Foundation Account Provider, Total Return Swap Counterparty and Swap Counterparty."

6. In Chapter 3., RISK FACTORS, page 60, section "Risk that interest rate reset rights will not follow Mortgage Receivables", the section title shall be substituted by "Risk that interest rate reset rights will not follow Mortgage Receivables and Minimum Mortgage Interest Rates", and the following text shall be inserted after the first paragraph:

"The Servicing Agreement provides that following notification to the relevant Borrowers of the assignment of the Receivables, the Servicer, acting on behalf of the CBC, will only offer the relevant Borrowers an interest rate of at least the Minimum Mortgage Interest Rate, subject to the relevant mortgage loan agreement and applicable law (including but not limited to principles of reasonableness and fairness and applicable duties of care). The Minimum Mortgage Interest Rate may be amended by the CBC and the Issuer, subject to Rating Agency Confirmation and prior consent of the Security Trustee.

Accordingly, the ability of the CBC to reset the interest on Mortgage Loans (or relevant loan part thereof) may be limited, which might adversely affect the CBC's ability to influence the interest rates applicable to the Mortgage Loans, which could limit the CBC's ability to meet fully and/or timely its obligations under the Guarantee. In addition, if the Servicer does not comply with its obligation to set such interest rates at or above the Minimum Mortgage Interest Rate, the CBC may not receive sufficient interest to meet its obligations under the Guarantee in full and/or in time."

7. In Chapter 3., RISK FACTORS, page 67, Section "Risk related to the mismatches between income and liabilities and termination of a Swap Agreement", the section title shall be substituted by "Risk related to the mismatches between income and liabilities", and the following wording shall be deleted:

"Variances are possible in (i) the rates of interest and/or the currency of the interest and/or principal payable on the Mortgage Receivables (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the GIC Accounts and (ii) the rate of interest and/or the currency of the interest and/or principal payable on the outstanding Covered Bonds. The CBC will provide, to a certain extent, a hedge against these variances (and certain other variances) by entering into the Total Return Swap Agreement, the Standby Total Return Swap Agreements and, where applicable, Interest Rate Swap Agreements and Structured Swap Agreements."

and shall be replaced with:

"Variances are possible in (i) the rates of interest and/or the currency of the interest and/or principal payable on the Mortgage Receivables (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the GIC Accounts and (ii) the rate of interest and/or the currency of the interest and/or principal payable on the outstanding Covered Bonds. The CBC has with respect to certain Series issued, to a certain extent, provided for a hedge against these variances (and certain other variances) by entering into the Total Return Swap Agreement, the Standby Total Return Swap Agreements and, where applicable, Interest Rate Swap Agreements and Structured Swap Agreements. The CBC may, but is not required, to enter into appropriate hedging arrangements except for the obligation of the CBC to enter into Structured Swap Agreements in case Covered Bonds are issued in another currency than euro, as further set out below.

The Issuer may issue new Covered Bonds without increasing the Total Pool Assets hedged under the Total Return Swap or the Standby Total Return Swap and which are not hedged by means of an Interest Rate Swap Agreement or Structured Swap Agreement (except, with respect to the Structured Swap Agreement, if the new Covered Bonds are issued in another currency than euro, in which case a Structured Swap may be mandatory). The Total Return Swap Agreement will only hedge a portion of the Total Pool Assets, equal to the TRS Hedged Covered Bonds Ratio multiplied by all Total Pool Assets. The Total Pool Assets hedged under the Total Return Swap will not automatically increase to reflect any new issuance of Covered Bonds or any addition of Mortgage Receivables and/or Transferred Collateral to the cover pool. If the CBC would request to increase the Total Pool Assets hedged under the Total Return Swap, the Total Return Swap Counterparty would have to agree to such increase. Neither the Total Return Swap Counterparty nor the CBC has an obligation to increase the Total Pool Assets hedged under the Total Return Swap and/or implement adequate portfolio tests in connection with any such new issuance and/or addition of Mortgage Receivables and/or Transferred Collateral. Any risks not hedged or not catered for in respect of any portion of the Total Pool Assets will be borne by all the Covered Bondholders (including the holders of the TRS Hedged Covered Bonds).

The notional amount of the Standby Total Return Swaps will not automatically increase to reflect any new issuance of TRS Hedged Covered Bonds or any addition of Mortgage Receivables and/or Transferred Collateral after the Novation Trigger Date. Each Standby Total Return Swap Provider would have to agree to any increase of the notional amount of the relevant Standby Total Return Swap in connection with an issue of TRS Hedged Covered Bonds and/or to agree to an existing or a new Standby Total Return Swap Provider hedging such new TRS Hedged Covered Bonds, in order to hedge the increase in the notional amount. There can be no guarantee that the CBC will be able to agree with the existing Standby Total Return Swap Provider to increase the notional amount of the relevant Standby Total Return Swap or to enter into additional standby total return swap arrangements and/or implement adequate portfolio tests in connection with any such new issuance and/or addition of Mortgage Receivables and/or Transferred Collateral. Even if additional standby total return swap arrangements and/or portfolio tests are implemented, there can be no guarantee that all of the Total Pool Assets will be hedged pursuant to a standby total return swap (or similar) or be otherwise catered for by way of Portfolio Tests. Any risks not hedged or not catered for in respect of any portion of the Total Pool Assets will be borne by all the Covered Bondholders (including the holders of the Specified Bonds).

To enable the CBC to hedge its exposure arising from any Series denominated in a currency other than euro SNS Bank will, pursuant to the Swap Undertaking Letter, be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Structured Swaps with the CBC in respect of such Series of Covered Bonds. The CBC may also hedge its exposure arising from any Series denominated in euro and enter into Interest Rate Swaps with SNS Bank or a third party, provided that (i) prior to the occurrence of an Issuer Event of Default SNS Bank has consented thereto, (ii) Rating Agency Confirmation has been given and (iii) the Security Trustee has given its prior consent thereto. SNS Bank is not obliged to enter into any Interest Rate Swaps or, prior to the occurrence of an Issuer Event of Default, to agree to the CBC entering into such Interest Rate Swap with a third party. Any risks not hedged or not catered for in respect of any interest of the Covered Bonds will be borne by all the Covered Bondholders (including the holders of the Series of Covered Bonds hedged under an Interest Rate Swap or an Structured Swap)."

8. In Chapter 3., RISK FACTORS, page 67, Section "Risk related to the mismatches between income and liabilities and termination of a Swap Agreement", the following wording shall be deleted:

   "If Portfolio Tests are implemented as an alternative to the Total Return Swap Agreement or any Standby Total Return Swap Agreement, then the Total Return Swap Agreement and the relevant Standby Total Return Swap Agreement may be terminated. If an alternative hedging strategy is put in place, then the Total Return Swap Agreement and the Standby Total Return Swap Agreements may be terminated and the CBC will be required to enter into derivatives transactions to comply with such alternative hedging strategy."

   and shall be replaced with:

   "If Portfolio Tests are implemented as an alternative to the Total Return Swap Agreement or any Standby Total Return Swap Agreement, then the Total Return Swap Agreement and the relevant Standby Total Return Swap Agreement may be terminated. If an alternative hedging strategy is put in place, then the Total Return Swap Agreement and the Standby Total Return Swap Agreements may be terminated and the CBC may be required to enter into derivatives transactions to comply with such alternative hedging strategy.

   In order to mitigate these mismatches to a certain extent an amount equal to the Interest Cover Required Amount will be deducted from the Asset Cover Test."

9. In Chapter 3., RISK FACTORS, page 67, Section "Risk related to the mismatches between income and liabilities and termination of a Swap Agreement", the following wording shall be deleted:

   "The CBC will not provide a hedge against all variances in income and liabilities. The CBC will receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement or the Standby Total Return Swap Agreements, as the case may be, whilst it may be required to pay a rate equal to EURIBOR for deposits with a term other than one month under a Series or an Interest Rate Swap Agreement or a Structured Swap Agreement. This follows from the CBC not being obliged to enter into nor SNS Bank being obliged to procure that the CBC enters into an Interest Rate Swap Agreement (nor a Structured Swap Agreement), if a Series denominated in Euro bears an interest rate equal to EURIBOR for one month deposits, three month deposits, six month deposits or deposits with another floating term (if applicable). If the CBC enters into an Interest Rate Swap Agreement or a Structured Swap Agreement, the CBC has a choice to set the rate payable by it under the Interest Rate Swap Agreement or the Structured Swap Agreement, as applicable, at EURIBOR for one month deposits or EURIBOR for three month deposits. Therefore there may be a risk that the CBC has to pay a higher rate on a Series or to a Swap Counterparty, than the rate it receives under the Total Return Swap Agreement or the Standby Total Return Swap Agreements, as the case may be."

   and shall be replaced with the following new section:

   "The Interest Cover Required Amount may not be sufficient to cover any shortfall between the amounts of interest received by the CBC and the rate of interest payable on the Covered Bonds.
   The CBC is required, among other things, to deduct an amount equal to the Interest Cover Required Amount from the Asset Cover Test to cater for certain interest rate risks. The Interest Cover Required Amount is calculated by reference to the interest received on Transferred Collateral up to the relevant final maturity date taking into account the respective contractual amortisation profile and the interest payable on the Covered Bonds up to the relevant Maturity Date. In order to calculate such amount, the Issuer will need to make certain assumptions and estimates.

The amounts deducted may be insufficient to cater for any shortfall between the actual rates of interest and revenue on the Mortgage Receivables or the rates of interest or revenue payable on the other Transferred Assets and the balance of the GIC Accounts and the actual rate of interest payable on the outstanding Covered Bonds, as well as other mismatches which may adversely affect the CBC's ability to fulfil its obligations under the Guarantee.

Thus, payments due to Covered Bondholders by the CBC may be affected by the assumptions made by the Issuer and the actual receipts of amounts of interest by the CBC and the actual amounts of interest payable by the CBC on the outstanding Covered Bonds."

10. In Chapter 3., RISK FACTORS, pages 67-68, after the section "Risk related to the mismatches between income and liabilities and termination of a Swap Agreement", a new section title "Risk related to Tax Event and termination of a Swap Agreement" shall be inserted before the following paragraph:

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

Thereby the sub title "RISKS FACTORS REGARDING SWAPS" on page 67 shall move to the top of this section, and the following wording on p. 68 shall be deleted:

"To enable the CBC to hedge its exposure arising from any Series (x) denominated in a currency other than euro or (y) denominated in euro but bearing non-EURIBOR interest, SNS Bank will in accordance with the Swap Undertaking Letter be required to enter into (where applicable complying with appropriate collateralisation requirements) or procure a third party that is an Eligible Swap Counterparty to enter into Interest Rate Swaps and Structured Swaps with the CBC in respect of such Series of Covered Bonds."

11. In Chapter 3., RISK FACTORS, pages 68-69, Section "Risks relating to the Standby Total Return Swap Agreement", the following wording shall be deleted:

"The notional amount of the Standby Total Return Swaps is capped by reference to the Standby TRS Calculation Amount in respect of each CBC Payment Date. Accordingly, a portion of the Total Pool Assets may be left unhedged by the Standby Total Return Swaps (should novation occur). Furthermore, as the Standby TRS Calculation Amount may be reduced (but may not be increased without the consent of the relevant Standby Swap Provider) following the Novation Trigger Date, the portion of the Total Pool Assets left unhedged by the combined Standby Total Return Swaps may increase over time. Any risks left unhedged or uncatered for in respect of any portion of the Total Pool Assets will be borne by all the Covered Bondholders (including the holders of the Specified Bonds)."

and shall be replaced with:

"The notional amount of the Standby Total Return Swaps is capped by reference to the Standby TRS Calculation Amount in respect of each CBC Payment Date. Accordingly, a portion of the Total Pool Assets may not be hedged by the Standby Total Return Swaps (should novation occur). Furthermore, as the Standby TRS Calculation Amount may be reduced (but may not be increased without the consent of the relevant

Standby Swap Provider), following the Novation Trigger Date the portion of the Total Pool Assets not hedged by the combined Standby Total Return Swaps may increase over time. Also, as the Issuer may decide that no hedge will be provided in respect of a new Series, the portion of the Total Pool Assets not hedged by the combined Standby Total Return Swaps may also increase over time. Any risks not hedged or not catered for in respect of any portion of the Total Pool Assets will be borne by all the Covered Bondholders (including the holders of the Specified Bonds)."

12. In Chapter 3., RISK FACTORS, page 69, Section "Risks relating to the Novation Agreements", the reference in the second sentence to "Total Return Swap Provider" shall be deleted and shall be replaced with a reference to "Total Return Swap Counterparty".

13. In Chapter 3., RISK FACTORS, page 69, The Section "Risks relating to new issuances of Covered Bonds", shall be deleted. The scope of this section shall be transferred to the section "'Risk related to the mismatches between income an liabilities and termination of a Swap Agreement" on pages 67-68 (see also point 5 of this Supplement).

14. In Chapter 7., COVERED BONDS, subsection "FORM OF FINAL TERMS", page 99, the reference to the date of the Base Prospectus "10 December 2015" shall be deleted and shall be replaced with a reference to "21 December 2015".

15. In Chapter 10., GUARANTEE SUPPORT, page 163, Section "RETRANSFERS", the following wording shall be deleted:

    "1. 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 a Mortgage Receivable to the relevant Originator if (i) a material breach of the Mortgage Receivables Warranties occurs as of the relevant Transfer Date in respect of such Mortgage Receivable or (ii) if the Administrator identifies a Defaulted Receivable, subject to applicable grace periods.
    2. Prior to the occurrence of a CBC Event of Default (1) the Issuer may from time to time request a retransfer from the CBC to an Originator of any Transferred Asset, and (2) the Issuer may from time to time request a retransfer from the CBC to the relevant Originator of other assets that did not comply with the definition of Eligible Assets, but were transferred as Eligible Assets and (3) the Issuer shall request a retransfer of a Mortgage Receivable from the CBC to an Originator if (i) such Originator makes a Further Advance, such Further Advance is secured by the same Mortgage that secures the Mortgage Receivable and such Further Advance does not result in an Eligible Receivable, and/or (ii) a Mortgage Receivable transferred by such Originator to the CBC no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the relevant Originator, the Administrator or the Servicer and, as a consequence thereof, such Mortgage Receivable would not qualify as an Eligible Receivable if it were tested against the Eligibility Criteria at that time. The CBC shall comply with such request so long as the Asset Cover Test is not breached upon such retransfer."

    and shall be replaced with:

    "1. Prior to the service of a Notice to Pay and provided that the Asset Cover Test shall not be breached upon or continues to be breached after such retransfer:
    a. the CBC will retransfer a Mortgage Receivable to the relevant Originator if (i) a material breach of the Mortgage Receivables Warranties occurs as of the relevant Transfer Date in respect of such Mortgage Receivable or (ii) if the Administrator identifies a Defaulted Receivable, subject to applicable grace periods; or
    b. the CBC will retransfer a Mortgage Receivable to the relevant Originator if the rate of interest in respect of a Mortgage Loan (or relevant loan part thereof) falls below the Minimum Mortgage Interest Rate, provided that no such repurchase is required if the CBC has been informed by the Administrator or any other relevant person that the Asset Cover Test provides that the Current Balance is adjusted in relation thereto.
    2. Prior to the occurrence of a CBC Event of Default (1) the Issuer may from time to time request a retransfer from the CBC to an Originator of any Transferred Asset, and (2) the Issuer may from time to time

request a retransfer from the CBC to the relevant Originator of other assets that did not comply with the definition of Eligible Assets, but were transferred as Eligible Assets and (3) the Issuer shall request a retransfer of a Mortgage Receivable from the CBC to an Originator if (i) such Originator makes a Further Advance, such Further Advance is secured by the same Mortgage that secures the Mortgage Receivable and such Further Advance does not result in an Eligible Receivable, and/or (ii) a Mortgage Receivable transferred by such Originator to the CBC no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the relevant Originator, the Administrator or the Servicer and, as a consequence thereof, such Mortgage Receivable would not qualify as an Eligible Receivable if it were tested against the Eligibility Criteria at that time. The CBC shall comply with such request so long as the Asset Cover Test is not breached upon or continues to be breached after such retransfer."

16. In Chapter 10., GUARANTEE SUPPORT, pages 164-166, Section "ELIGIBLE ASSETS", a new item "(o)" shall be inserted after item "(n)" on p. 165 under the definition of Eligible Receivable and the following items will be renumbered:

    "(o) each mortgage loan (or relevant loan part thereof) bears a rate of interest equal to or exceeding the Minimum Mortgage Interest Rate, provided that the interest rate for a mortgage loan may be lower than the Minimum Mortgage Interest Rate, if the Asset Cover Test provides for an adjustment of the Current Balance of such Mortgage Receivables;"

17. In Chapter 15., SERVICING, ADMINISTRATION AND CUSTODY, page 185, a new section shall be inserted after the Section titled "Servicing":

    ''Minimum Mortgage Interest Rate
    The Servicing Agreement provides that following notification to the relevant Borrowers of the assignment of the Mortgage Receivables, the Servicer, acting on behalf of the CBC, will only offer the relevant Borrowers in respect of Mortgage Loans (or relevant loan part thereof) an interest rate upon an interest reset of at least 1.50 per cent. per annum, subject to the relevant mortgage loan agreement and applicable law (including but not limited to principles of reasonableness and fairness) (the "**Minimum Mortgage Interest Rate**"), which Minimum Mortgage Interest Rate may be amended by the CBC and the Issuer, subject to Rating Agency Confirmation and prior consent of the Security Trustee."

18. In Chapter 16., ASSET MONITORING, page 188, Section "ASSET COVER TEST", under the definition of "'α" a new item (vi) shall be inserted after item (v):

    "(vi) if it is a Mortgage Receivable with an interest rate below the Minimum Mortgage Interest Rate, an amount equal to the Minimum Mortgage Interest Rate Reduction;"

    After the new item (vi) the following definition shall be inserted:

    "**Minimum Mortgage Interest Rate Reduction**" means, if the related Mortgage Loan (or a relevant loan part thereof) has a fixed interest rate or a floating interest rate which is lower than the Minimum Mortgage Interest Rate, an amount equal to: the product of (i) the difference between 1.50 per cent. and the actual interest rate of such Mortgage Loan (or the relevant loan part thereof); and (ii) the Current Balance of such Mortgage Loan (or the relevant loan part thereof); and (iii) the remaining (fixed) interest period in years (rounded if necessary to the first decimal, with 0.05 being rounded upwards) or, in case of a floating interest rate where no (fixed) interest period exists, the remaining maturity of such Mortgage Loan."

19. In Chapter 16., ASSET MONITORING, page 189, Section "ASSET COVER TEST", the following wording shall be deleted:

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

    and shall be replaced with:

""**C**" means the aggregate amount of all Transferred Collateral in cash which has not been applied in accordance with the Trust Deed plus the amount deposited in the Reserve Fund and the Liquidity Reserve Fund."

20. In Chapter 16., ASSET MONITORING, page 189, Section "ASSET COVER TEST", the following wording shall be deleted:

""**Z**" means (i) zero as long as the Total Return Swap is, or, after the Novation Trigger Date, the Standby Total Return Swaps are, as the case may be, in place and (ii) if a Portfolio Test is implemented as an alternative or supplement to the Total Return Swap or the Standby Total Return Swap or an alternative hedging methodology is put in place, is equal to the weighted average maturity in years of all outstanding Covered Bonds multiplied by the euro equivalent of the aggregate Principal Amount Outstanding of such Covered Bonds (and in respect of those Covered Bonds not denominated in euro, converted into euro at the respective Structured Swap Rate) multiplied by P per cent., where "P" means the weighted average margin of all outstanding Covered Bonds taken into consideration the remaining life of the relevant Series minus the GIC Margin agreed in the GIC."

and shall be replaced with:

"**"Z"** means an amount equal to the Interest Cover Required Amount."

After the definition of "Z" the following definition shall be inserted:

""**Interest Cover Required Amount**" means an amount equal to the positive difference, if any, between:

a) the aggregate amount of Scheduled Interest for all Series outstanding; and

b) the aggregate amount of interest to be received under the Transferred Assets up to the relevant final maturity date taking into account their respective contractual amortisation profile less in respect of each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction;

and, in each case, (i) taking into account any amount (to be) received or (to be) paid by the CBC in connection with any Swap Agreement and (ii) assuming that for any floating or fixed rate interest, that up to and including the latest Final Maturity Date, of any Covered Bond outstanding, such rates remain at the same level as at the relevant Calculation Date preceding the relevant CBC Payment Date."

21. In Chapter 16., ASSET MONITORING, page 194, Section "AMORTISATION TEST", the following wording shall be deleted:

""**C**" means the outstanding principal balance of any Substitution Assets."

and shall be replaced with:

""**C**" means the outstanding principal balance of any Substitution Assets plus the amount deposited in the Reserve Fund and the Liquidity Reserve Fund."

22. In Chapter 16., ASSET MONITORING, page 194, Section "AMORTISATION TEST", the following wording shall be deleted:

""**Z**" means (i) zero as long as the Total Return Swap is, or, after the Novation Trigger Date, the Standby Total Return Swap Agreements are, as the case may be, in place, and (ii) if a Portfolio Test is implemented as an alternative or supplement to the Total Return Swap or the Standby Total Return Swap or an alternative hedging methodology is put in place, is equal to the weighted average maturity in years of all outstanding Covered Bonds multiplied by the euro equivalent of the aggregate Principal Amount Outstanding of such Covered Bonds (and in respect of those Covered Bonds not denominated in euro, converted into euro at the

Structured Swap Rate) multiplied by P per cent., where "P" means the weighted average margin of all outstanding Covered Bonds taken into consideration the remaining life of the relevant Series minus the GIC Margin agreed in the GIC."

and shall be replaced with:

""**Z**" means an amount equal to the Interest Cover Required Amount."

After the definition of "Z" the following definition shall be inserted:

""**Interest Cover Required Amount**" means an amount equal to the positive difference, if any, between:

a) the aggregate amount of Scheduled Interest for all Series outstanding; and

b) the aggregate amount of interest to be received under the Transferred Assets up to the relevant final maturity date taking into account their respective contractual amortisation profile less in respect of each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction;

and, in each case, (i) taking into account any amount (to be) received or (to be) paid by the CBC in connection with any Swap Agreement and (ii) assuming that for any floating or fixed rate interest, that up to and including the latest Final Maturity Date, of any Covered Bond outstanding, such rates remain at the same level as at the relevant Calculation Date preceding the relevant CBC Payment Date."

23. In Chapter 17., SWAPS, page 200, the first paragraph shall be deleted:

"There will be differences between the amounts and/or currency of interest and/or principal (as applicable) (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the GIC Accounts and (ii) payable in respect of the outstanding Covered Bonds. The CBC will enter into the Total Return Swap Agreement, the Standby Total Return Swap Agreements and/or, where applicable, Interest Rate Swap Agreements and Structured Swap Agreements (such agreements together the "**Swap Agreements**") in order to hedge these mismatches."

and shall be replaced with:

"There will be differences between the amounts and/or currency of interest and/or principal (as applicable) (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the GIC Accounts and (ii) payable in respect of the outstanding Covered Bonds. The CBC may, but is not obliged to, enter into the Total Return Swap Agreement, the Standby Total Return Swap Agreements and/or, where applicable, Interest Rate Swap Agreements (such agreements together with the Structured Swap Agreements, the "**Swap Agreements**") in order to hedge these mismatches. However, the CBC is, pursuant to the Swap Undertaking Letter, required to enter into Structured Swap Agreements in case Covered Bonds are issued in another currency than euro."

24. In Chapter 17., SWAPS, page 200, the second paragraph shall be deleted:

"The CBC is only permitted to enter into swap agreements with (a) SNS Bank (with appropriate collateralisation requirements if at such time SNS Bank is no longer an Eligible Swap Counterparty) or (b) third party Eligible Swap Counterparties, as the case may be. The Security Trustee shall be a party to such Swap Agreements only for the purposes of taking certain benefits and assuming certain obligations with respect to making determinations on behalf of the CBC. An Issuer Event of Default will not constitute an event of default or a termination event under any Swap Agreement."

and shall be replaced with:

"The CBC is only permitted to enter into swap agreements with (a) SNS Bank (with appropriate collateralisation requirements if at such time SNS Bank is no longer an Eligible Swap Counterparty) or (b) a third party Eligible Swap Counterparty, provided that other than in respect of Structured Swaps (i) prior to the occurrence of an Issuer Event of Default SNS Bank has consented thereto, (ii) Rating Agency Confirmation has been given and (iii) the Security Trustee has given its prior consent thereto. The Security Trustee shall be a party to such Swap Agreements only for the purposes of taking certain benefits and assuming certain obligations with respect to making determinations on behalf of the CBC. An Issuer Event of Default will not as such constitute an event of default or a termination event under any Swap Agreement for the CBC, it being noted that an event which constitutes an Issuer Event of Default may at the same time also constitute an event of default or termination event with respect to the Swap Counterparty in case SNS Bank is the Swap Counterparty."

25. In Chapter 17., SWAPS, page 200, the third paragraph shall be deleted:

"On the Programme Date, the CBC entered into the Total Return Swap Agreement with the Issuer and the Security Trustee pursuant to which various amounts of interest received by the CBC on the Transferred Assets and the GIC Accounts are exchanged for an amount calculated with respect to EURIBOR for one month deposits (as further described in *Total Return Swap* below) and a letter pursuant to which the Issuer, the Security Trustee and the CBC agree that the CBC shall enter into Interest Rate Swaps and Structured Swaps with an Eligible Swap Counterparty (the "**Swap Undertaking Letter**"). Payments under the Total Return Swap will, and under the Interest Rate Swaps and Structured Swaps (except if the relevant Series of Covered Bonds to which such Structured Swap relate is denominated in a currency other than euro) may, be conditional upon the occurrence of an Assignment Notification Event or a Notice to Pay having been served."

and shall be replaced with:

"On the Programme Date, the CBC entered into the Total Return Swap Agreement with the Issuer and the Security Trustee pursuant to which various amounts of interest received by the CBC on the Transferred Assets and the GIC Accounts are exchanged for an amount calculated with respect to EURIBOR for one month deposits (as further described in *Total Return Swap* below). In relation to certain existing Series of Covered Bonds, the CBC has entered into Interest Rate Swaps and Structured Swaps. Pursuant to a letter in which the Issuer, the Security Trustee and the CBC agree that the CBC will be required to enter into Structured Swaps with an Eligible Swap Counterparty (the "**Swap Undertaking Letter**"), SNS Bank will, to enable the CBC to continue to hedge its exposure arising from any Series denominated in a currency other than euro, be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Structured Swaps with the CBC in respect of such Series of Covered Bonds. The CBC may also hedge its exposure arising from any Series denominated in euro and may enter into Interest Rate Swaps with SNS Bank or a third party in order to hedge this exposure, provided that (i) prior to the occurrence of an Issuer Event of Default SNS Bank has consented thereto, (ii) Rating Agency Confirmation has been given and (iii) the Security Trustee has given its prior consent thereto. SNS Bank is not obliged to enter into any Interest Rate Swaps or, prior to the occurrence of an Issuer Event of Default, to agree to the CBC entering into such Interest Rate Swap with a third party. Payments under the Total Return Swap will, and the Interest Rate Swaps and Structured Swaps (except if the relevant Series of Covered Bonds to which such Structured Swap relate is denominated in a currency other than euro) may, be conditional upon the occurrence of an Assignment Notification Event or a Notice to Pay having been served."

26. In Chapter 17., SWAPS, page 200, in the sixth paragraph the reference to "Total Return Swap Provider" shall be deleted and shall be replaced with "Total Return Swap Counterparty".

27. In Chapter 17., SWAPS, page 201, the following wording shall be deleted:

"If Portfolio Tests are implemented as an alternative or supplement to the Total Return Swap or the Standby Total Return Swap then the Total Return Swap Agreement and the Standby Total Return Swap Agreements may be terminated. Further, if an alternative hedging methodology is put in place and Rating Agency Confirmation is obtained, then the Total Return Swap Agreement and the Standby Total Return Swap

Agreements may 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 or (b) denominated in euro but bearing non-EURIBOR interest, SNS Bank will, in accordance with the Swap Undertaking Letter, be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Interest Rate Swap Agreements and Structured Swap Agreements with the CBC in respect of such Series of Covered Bonds. In relation to existing Series of Covered Bonds, the CBC has entered into several Interest Rate Swap Agreements."

and shall be replaced with:

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

Other than with respect to the Structured Swaps, the CBC has no obligation to enter into new Swap Agreements, and therefore the mismatches set out above may apply for any new Series issued. In order to mitigate these mismatches to a certain extent an amount equal to the Interest Cover Required Amount will be deducted from the Asset Cover Test."

28. In Chapter 17., SWAPS, pages 201-203, Section "TOTAL RETURN SWAP", the following wording shall be inserted on p. 202 after the definition of "Total Return Swap Agreement" in the first paragraph:

"Neither the CBC nor the Issuer has an obligation to provide a hedge with respect to new Series issued and an equivalent increase in the Total Pool Assets. If new Series are issued the Issuer may decide to provide a hedge with respect to new Series issued, in which case the CBC will increase the Total Pool Assets hedged under the Total Return Swap. If the Issuer decides that no such hedge will be provided with respect to a new Series issued, an equivalent part of the Total Pool Assets will not be included in the Total Return Swap."

29. In Chapter 17., SWAPS, page 202, Section "TOTAL RETURN SWAP", the following wording shall be deleted:

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

30. In Chapter 17., SWAPS, page 202, Section "TOTAL RETURN SWAP", the following wording shall be deleted:

"On the CBC Payment Date following the effective date of the Total Return Swap and on each CBC Payment Date thereafter, the following payments will be made under the Total Return Swap in respect of the immediately preceding Calculation Period:

(a) the Total Return Swap Counterparty will pay to the CBC an amount equal to (i) the sum of then Net Outstanding Principal Amount of all Mortgage Receivables (other than Defaulted Receivables) plus the balance of the GIC Accounts and (without double counting) other Transferred Assets, as calculated at the first day of the related Calculation Period (the "**Total Pool Assets**") multiplied by (ii) EURIBOR for one month deposits (the "**TRS Calculation Amount**"); and

(b) the CBC will pay to the Total Return Swap Counterparty an amount equal to (i) the sum of all Interest Receipts received in respect of Mortgage Receivables during the related Calculation Period, plus (ii) the accrued interest on the GIC Accounts and the revenue proceeds from the Transferred Assets received by the CBC during the related Calculation Period, minus (iii) an amount equal to the product of the swap margin of

90 basis points (or such other margin that may be agreed by the CBC and the Total Return Swap Provider under the Total Return Swap from time to time, subject to Rating Agency Confirmation), the Total Pool Assets and the relevant day count fraction, and minus (iv) an amount equal to the costs and fees paid by the CBC (or the Issuer on its behalf) to the Servicer during the related Calculation Period."

and shall be replaced with:

"On the CBC Payment Date following the effective date of the Total Return Swap and on each CBC Payment Date thereafter, the following payments will be made under the Total Return Swap in respect of the immediately preceding Calculation Period:

(a) the Total Return Swap Counterparty will pay to the CBC an amount equal to (i) the sum of then Net Outstanding Principal Amount of all Mortgage Receivables (other than Defaulted Receivables) plus the balance of the GIC Accounts and (without double counting) other Transferred Assets, as calculated at the first day of the related Calculation Period (the "**Total Pool Assets**") multiplied by the TRS Hedged Covered Bonds Ratio multiplied by (ii) EURIBOR for one month deposits (the "**TRS Calculation Amount**"); and

(b) the CBC will pay to the Total Return Swap Counterparty an amount equal to (i) the sum of all Interest Receipts received in respect of Mortgage Receivables during the related Calculation Period, plus (ii) the accrued interest on the GIC Accounts and the revenue proceeds from the Transferred Assets received by the CBC during the related Calculation Period, minus (iii) an amount equal to the product of the swap margin of 90 basis points (or such other margin that may be agreed by the CBC and the Total Return Swap Counterparty under the Total Return Swap from time to time, subject to Rating Agency Confirmation), the Total Pool Assets and the relevant day count fraction, and minus (iv) an amount equal to the costs and fees paid by the CBC (or the Issuer on its behalf) to the Servicer during the related Calculation Period, (item (i) up to and including (iv) referred to as the "**Total Pool Income**") in each case multiplied by the TRS Hedged Covered Bonds Ratio.

For the purpose hereof:
The "**TRS Hedged Covered Bonds Ratio**" means (i) the aggregate Principal Amount Outstanding of the TRS Hedged Covered Bonds divided by (ii) the aggregate Principal Amount Outstanding of all Covered Bonds.

"**TRS Hedged Covered Bonds**" shall mean the Covered Bonds that have been issued under the Programme and that have been designated as "TRS Hedged Covered Bonds" by the Total Return Swap Counterparty."

31. In Chapter 17., SWAPS, page 203, Section "STANDBY TOTAL RETURN SWAP", the reference to "Total Return Swap Provider" in the first and the second paragraph of this Section, shall be deleted and shall be replaced with "Total Return Swap Counterparty"

32. In Chapter 17., SWAPS, page 203, Section "STANDBY TOTAL RETURN SWAP", the following wording shall be deleted:

"Each Standby Total Return Swap Provider may, at its discretion, (but is not obliged to) extend the scope of the Standby Total Return Swap and/or enter into additional standby total return swap(s) or similar arrangements with the CBC in order to cover any new issuances of Covered Bonds. Alternatively, the CBC may (i) enter into additional standby total return swap(s) or similar arrangements with other standby total return swap providers (subject to obtaining the prior written consent of the Standby Total Return Swap Provider), or (ii) implement portfolio tests as an alternative to standby total return swap arrangements, or (iii) put in place a combination of standby total return swaps and portfolio tests."

and shall be replaced with:

"Each Standby Total Return Swap Provider may, at its discretion, (but is not obliged to) extend the scope of the Standby Total Return Swap and/or enter into additional standby total return swap(s) or similar arrangements with the CBC in order to cover any new issuances of Covered Bonds. The CBC has no obligation to provide a hedge with respect to new Series issued and an equivalent increase in the Total Pool Assets. Alternatively, the CBC may (i) enter into additional standby total return swap(s) or similar arrangements with other standby total return swap providers (subject to obtaining the prior written consent of the Standby Total Return Swap Provider), or (ii) implement portfolio tests as an alternative to standby total return swap arrangements, or (iii) put in place a combination of standby total return swaps and portfolio tests."

33. In Chapter 17., SWAPS, page 204, Section "STANDBY TOTAL RETURN SWAP", subsection "Termination of the Novation Agreements", all references to "Total Return Swap Provider" on p. 204-206 shall be replaced with a reference to "Total Return Swap Counterparty".

34. In Chapter 17., SWAPS, page 207, Section "STANDBY TOTAL RETURN SWAP", subsection "Standby Total Return Swap Providers", the following wording shall be deleted:

    "RBS Group had total assets of £965 billion and owners' equity of £56 billion as at 30 June 2015. RBS Group's capital ratios on the end-point CRR basis as at 30 June 2015 were a total capital ratio of 14.8 per cent., a CET1 capital ratio of 12.3 per cent. and a Tier 1 capital ratio of 12.3 per cent. RBS Group's capital ratios on the PRA transitional basis as at 30 June 2015 were a total capital ratio of 18.5 per cent., a CET1 capital ratio of 12.3 per cent. and a Tier 1 capital ratio of 14.3 per cent."

    and shall be replaced with:

    "RBS Group had total assets of £815 billion and owners' equity of £53 billion as at 31 December 2015. RBS Group's capital ratios on the end-point CRR basis as at 31 December 2015 were a total capital ratio of 19.6 per cent., a CET1 capital ratio of 15.5 per cent. and a Tier 1 capital ratio of 16.3 per cent. RBS Group's capital ratios on the PRA transitional basis as at 31 December 2015 were a total capital ratio of 24.7 per cent., a CET1 capital ratio of 15.5 per cent. and a Tier 1 capital ratio of 16.3 per cent.

    The Group had total assets of £961 billion and owners' equity of £45 billion as at 30 June 2015. The Group's capital ratios on the end-point CRR basis as at 30 June 2015 were a total capital ratio of 16.4 per cent., a CET1 capital ratio of 10.8 per cent. and a Tier 1 capital ratio of 10.8 per cent."

35. In Chapter 17., SWAPS, page 209, Section "INTEREST RATE SWAPS", the following wording shall be deleted:

    "Interest Rate Swaps are used to hedge mismatches between EURIBOR and the interest guaranteed by the CBC with respect to the Covered Bonds in the following manner.

    The interest rate guaranteed 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) EURIBOR for one month deposits or EURIBOR for three month deposits, as the case may be; and
    (b) the rate of interest payable by the CBC under the euro denominated Series,

    (a) the CBC and (b) SNS Bank (where applicable with the appropriate collateralisation requirements) or a third party Eligible Swap Counterparty, as the case may be, (each an "**Interest Rate Swap Counterparty**") will enter into interest rate swap transactions (the "**Interest Rate Swaps**") with (c) the Security 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 an non EURIBOR interest.

    Notwithstanding that the CBC will receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement, if the CBC elects to or is obliged to enter into and/or SNS Bank is obliged to procure that the CBC enters into an Interest Rate Swap Agreement, the CBC has a choice to set the rate payable by it under the Interest Rate Swap Agreement at EURIBOR for one month deposits or EURIBOR for three month deposits. It should be noted that the CBC may, but is not obliged to, enter into nor is SNS Bank obliged to procure that the CBC enters into an Interest Rate Swap Agreement, if a Series denominated in Euro bears an interest rate equal to EURIBOR for one month deposits, three month deposits, six month deposits or deposits with another term (if applicable)."

and shall be replaced with:

"Interest Rate Swaps may be used to hedge mismatches between the interest received on the Transferred Assets and/or under the Total Return Swap and the GIC Accounts and the interest guaranteed by the CBC with respect to the Covered Bonds in the following manner. The CBC has entered into several Interest Rate Swaps with SNS Bank and other third parties with respect to certain Series.

The interest rate guaranteed by the CBC with respect to a Series denominated in euro may bear a rate of interest that is different from the interest received by the CBC on the Transferred Assets and/or under the Total Return Swap and the GIC Accounts. To provide a hedge against the possible variance between:

(i) the interest received on the Transferred Assets and/or under the Total Return Swap and GIC Accounts, and
(ii) the rate of interest payable by the CBC under the euro denominated Series,

(a) the CBC and (b) SNS Bank (where applicable with the appropriate collateralisation requirements) or a third party Eligible Swap Counterparty, provided that prior to the occurrence of an Issuer Event of Default only if SNS Bank has consented thereto, as the case may be, (each an "**Interest Rate Swap Counterparty**") may, but are not obliged to, enter into interest rate swap transactions (the "**Interest Rate Swaps**") with (c) the Security 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."

36. In Chapter 17., SWAPS, page 209, Section "INTEREST RATE SWAPS", the following wording shall be deleted:

"Although the relevant Interest Rate Swap may be entered into on or before the date on which the relevant Series of Covered Bonds are issued, the effective date of such swap may be the date on which (i) an Assignment Notice Event and/or (ii) a Notice to Pay has been served and in such case, the CBC will not be obliged to make any payments (and the Issuer will not be obliged to make any payments on its behalf) until such effective date under the Interest Rate Swap.

The following payments will be made under each Interest Rate Swap entered into in respect of a Series:

(a) on each Interest Payment Date (or such other date falling earlier than the relevant Interest Payment Date as agreed between the parties), the relevant Interest Rate Swap Counterparty will pay the CBC an amount equal to the outstanding principal amount of such Series as at the preceding Interest Payment Date multiplied by the relevant swap rate which will correspond to the rate of interest payable pursuant to the terms of such Series; and
(b) on each CBC Payment Date (or such other date as agreed between the parties), the CBC will pay to the Interest Rate Swap Counterparty an amount equal to the outstanding principal amount of such Series as at the preceding Interest Payment Date multiplied by EURIBOR for one month deposits or EURIBOR for three month deposits, as the CBC may elect, plus any spread (if any) as further specified in the relevant Interest Rate Swap.

If Portfolio Tests are implemented and the Total Return Swap is terminated, Interest Rate Swaps will be used to comply with the Portfolio Tests."

and shall be replaced with:

"Although the relevant Interest Rate Swap may be entered into on or before the date on which the relevant Series of Covered Bonds are issued, the effective date of such swap may be the date on which (i) an Assignment Notification Event and/or (ii) a Notice to Pay has been served and in such case, the CBC will not be obliged to make any payments (and the Issuer will not be obliged to make any payments on its behalf) until such effective date under the Interest Rate Swap.

The following payments will be made under each Interest Rate Swap entered into in respect of a Series:

(a) on each Interest Payment Date (or such other date falling earlier than the relevant Interest Payment Date as agreed between the parties), the relevant Interest Rate Swap Counterparty will pay the CBC an amount equal to the outstanding principal amount of such Series as at the preceding Interest Payment Date multiplied by the relevant swap rate which will correspond to the rate of interest payable pursuant to the terms of such Series; and
(b) on each CBC Payment Date (or such other date as agreed between the parties), the CBC will pay to the Interest Rate Swap Counterparty an amount equal to (i) the Outstanding Principal Amount of such Series as at the preceding Interest Payment Date multiplied by EURIBOR for one month deposits or EURIBOR for three month deposits, as the CBC may elect, plus any spread (if any) as further specified in the relevant Interest Rate Swap, or (ii) a part of the interest received on the Transferred Assets and GIC Accounts with a maximum of the interest received on the Transferred Assets and GIC Accounts multiplied by the Outstanding Principal Amount of the relevant Series divided by the Outstanding Principal Amount of all Series.

If Portfolio Tests are implemented and the Total Return Swap is terminated, Interest Rate Swaps may be used to comply with the Portfolio Tests."

37. In Chapter 17., SWAPS, page 210, Section "STRUCTURED SWAPS", the following wording shall be deleted:

"Notwithstanding that the CBC will receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement, the CBC has a choice to set the rate payable by it under the Structured Swap Agreement at EURIBOR for one month deposits or EURIBOR for three month deposits."

and shall be replaced with:

"Notwithstanding that the CBC will with respect to the TRS Hedged Covered Bonds Ratio of the Total Pool Assets receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement, the CBC has a choice to set the rate payable by it under the Structured Swap Agreement at EURIBOR for one month deposits or EURIBOR for three month deposits."

38. In Chapter 18., CASHFLOWS, page 213, Section "Liquidity Reserve Fund", the following wording shall be deleted:

"Pursuant to the Trust Deed the CBC will be required to establish a liquidity reserve fund ("**Liquidity Reserve Fund**") on the GIC Account which will be credited by the Issuer with an amount equal to the Liquidity Reserve Required Amount and such further amounts as are necessary from time to time to ensure that an amount required by the CB Regulations is credited to the Liquidity Reserve Fund taking into account the amount deposited in the Reserve Fund (if any)."

and shall be replaced with:

"Pursuant to the Trust Deed the CBC will be required to establish a liquidity reserve fund ("**Liquidity Reserve Fund**") on the GIC Account which shall be credited by the Issuer with an amount equal to the Liquidity Reserve Required Amount and such further amounts as are necessary from time to time to ensure that an amount required by the CB Regulations is credited to the Liquidity Reserve Fund taking into account the amount deposited in the Reserve Fund (if any). After a Notice to Pay has been served on the CBC, all amounts credited to the Liquidity Reserve Fund will be available on any CBC Payment Date to meet items (a) to (f) inclusive of the Post Issuer Acceleration Notice Priority of Payments and will be released accordingly."