



**ABN AMRO BANK N.V.**

(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Chamber of Commerce under number 34334259)

**€40,000,000,000 Covered Bond Programme**

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

(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Chamber of Commerce under number 34229351)

Under this €40,000,000,000 covered bond programme (the "**Programme**"), ABN AMRO Bank N.V. acting through its head office (the "**Issuer**") may from time to time issue bonds with or without an extendable maturity date in global or definitive and in bearer or registered form (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

ABN AMRO 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 issued under the Trust Deed (as defined below) and will pledge to the Trustee the Transferred Assets (as defined below) and certain other assets as security therefor. Recourse against the CBC under its guarantee will be limited to the Transferred Assets and such other assets.

The aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €40,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to any increase as described herein.

The Covered Bonds may be issued on a continuing basis to purchasers thereof, which may include any Dealer(s) 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. The Dealer(s) who (intend to) subscribe an issue of any Covered Bonds, is or are collectively referred to as the "**relevant Dealer(s)**" in respect of those Covered Bonds.

The minimum denomination of Covered Bonds offered by the Issuer will be (i) such denomination 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 (as defined below) and (ii) in respect of Covered Bonds which will be offered to the public within a member state of the European Economic Area or for which the Issuer will seek their admission to trading on a regulated market situated or operating within such a member state, in each case in circumstances which would require the approval of a prospectus under the Prospectus Directive (as defined below), €100,000 (or its equivalent in any other currency at the date of issue of the Covered Bonds).

This Base Prospectus has been approved by the Dutch Stichting Autoriteit Financiële Markten ("**AFM**") as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), implementing Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU (the "**Prospectus Directive**"). This Base Prospectus is issued in replacement of a base prospectus dated 13 December 2017 in respect of a €40,000,000,000 Covered Bond Programme as subsequently supplemented on 16 February 2018, 16 March 2018, 15 May 2018, 6 July 2018, 9 August 2018 and 8 November 2018 and, accordingly, supersedes that earlier base prospectus (as so supplemented). Application has been made for Covered Bonds issued under the Programme to be admitted to listing on Euronext in Amsterdam ("**Euronext Amsterdam**"), which is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MIFID II**"), during the period of 12 months from the date of this Base Prospectus (such date, the "**2018 Programme Update**"). The Covered Bonds may be listed on such other or further stock exchange(s) or market as may be agreed between the Issuer, the CBC, the Trustee (as defined under "*Section 1.3 Terms and Conditions of Covered Bonds*" below) and the relevant Dealer(s) and specified in the applicable Final Terms. The Issuer may also issue unlisted and/or privately placed 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 or such other or further stock exchange(s) or market which may be agreed between the Issuer, the CBC, any Dealer and the Trustee.

Notice of the aggregate nominal amount of the relevant 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 (as defined under "*Section 1.3 Terms and Conditions of Covered Bonds*" below) of such Covered Bonds will be set out in the final terms (the "**Final Terms**") in the form, or substantially in the form, as set out herein, 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.

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

The Covered Bonds of each Tranche shall be either in bearer form or in registered form. Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Covered Bond. Global Covered Bonds will be deposited on or about the issue date thereof either (i) with a common safekeeper of Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or with a safekeeper or depository for any other agreed clearing system or (ii) with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**"). Registered Covered Bonds will be issued to each holder by way of a registered Covered Bonds deed or, in respect of any Series which contains one or more Tranches offered or sold in reliance on Rule 144A, by way of a Registered Global Covered Bond (all as defined herein). See "*Section 1.1 Form of Covered Bonds*" below.

The Covered Bonds are expected on issue to be assigned a 'Aaa' rating by Moody's Investors Service Ltd. ("**Moody's**") and a 'AAA' rating by Fitch Ratings Limited ("**Fitch**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency (as defined in *Section 2. Asset Backed Guarantee* below). Moody's and Fitch are established in the European Economic Area and registered under the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

This Base Prospectus is to be read in conjunction with any supplement hereto and any Final Terms and with all documents which are deemed to be incorporated in it by reference (see "*Section D.1 Incorporation by reference*" below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated into, and form part of, this Base Prospectus.

Investing in Covered Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the CBC to fulfil their respective obligations under the Covered Bonds are discussed under "*Section B. Risk Factors*" below.

**Arranger**  
**ABN AMRO**

**Dealer**  
**ABN AMRO**

The date of this Base Prospectus is 20 December 2018.

## CONTENTS

|  | <b>Page</b> |
|--|-------------|
| IMPORTANT NOTICES.....   | 1           |
| A. KEY FEATURES OF THE PROGRAMME .....   | 4           |
| B. RISK FACTORS .....  | 16          |
| C. STRUCTURE DIAGRAM; PRINCIPAL TRANSACTION PARTIES .....  | 72          |
| D. INCORPORATION BY REFERENCE; DEFINITIONS & INTERPRETATION; FINAL TERMS AND DRAWDOWN PROSPECTUSES ..... | 74          |
| 1. COVERED BONDS.....  | 78          |
| 2. ASSET-BACKED GUARANTEE.....   | 146         |
| 3. GUARANTEE SUPPORT .....   | 153         |
| 4. ASSET MONITORING .....  | 187         |
| 5. SERVICING AND CUSTODY .....   | 199         |
| 6. SWAPS.....  | 204         |
| 7. CASHFLOWS.....  | 210         |
| 8. GENERAL INFORMATION .....   | 228         |
| INDEX OF DEFINED TERMS .....   | 232         |

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and the CBC accepts responsibility for the information relating to the CBC contained in this Base Prospectus. To the best of the knowledge of the Issuer and the CBC (which have taken all reasonable care to ensure that such is the case) the information (in the case of the CBC, as such information relates to it) 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, the Dealer(s) (except for ABN AMRO Bank in its capacity as Issuer) nor the Trustee nor any of their respective affiliates 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 Dealer(s) or the Trustee or any of their respective affiliates 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 Dealer(s) (except for ABN AMRO Bank in its capacity as Issuer) nor the Trustee nor any of their respective affiliates 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 should be considered as a recommendation by the Issuer, the CBC, the Originators (as defined in *Section C.2 Principal Transaction Parties* 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 shall be taken to have made its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the CBC. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer, the CBC, the Originators, 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 or any Final Terms nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the CBC since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealer(s) and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the CBC or the Originators during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Neither the Issuer nor the CBC has any obligation to update this Base Prospectus, except when required by and in accordance with 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 any Final Terms and the offering, sale and delivery of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the CBC, the Originators, the Arranger, the Dealer(s) and the Trustee do not represent that this Base Prospectus or any Final Terms 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 Originators, the Arranger, the Dealer(s) or the Trustee which would permit a public offering of any Covered Bonds or distribution of this Base Prospectus or any Final Terms 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 Final Terms 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, any Final Terms or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and any Final Terms and the offering and sale of Covered Bonds. In particular, there are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom, France, Italy and The Netherlands) and Japan and such other restrictions as may apply, see "*Section 1.5 Subscription and Sale*" below.

The Covered Bonds and the Guarantee (as defined under "*Section 1.3 Terms and Conditions of Covered Bonds*" 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**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Bearer Covered Bonds in bearer form for U.S. federal income tax purposes are 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, or for the account or benefit of, U.S. persons. Covered Bonds may be distributed (i) outside the United States to persons other than U.S. persons or (ii) within the United States to "qualified institutional buyers" within the meaning of, and in reliance on, Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act see "*Section 1.5 Subscription and Sale*" below for more information.

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of Covered Bonds which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer, the CBC or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, **provided that** any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms or drawdown prospectus, as applicable. Neither the Issuer, the CBC nor any Dealer have authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer, the CBC or any Dealer to publish or supplement a prospectus for such offer.

**BENCHMARK REGULATION** - Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

Amounts payable under the Covered Bonds may, inter alia, be calculated by reference to the Euro-zone inter-bank offered rate ("**EURIBOR**") which is provided by the European Money Markets Institute (the "**EMMI**"). As at 2018 Programme Date, EMMI does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

Amounts payable under the Covered Bonds may, inter alia, be calculated by reference to London inter-bank offered rate ("**LIBOR**"), which is provided by ICE Benchmark Administration Limited. As at the 2018 Programme Date, ICE Benchmark Administration Limited appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the EMMI is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Covered Bonds will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU ("IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

All references in this document to "EUR", "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "Sterling" are to pounds sterling and references to "U.S. Dollars" are to United States dollars.

**In connection with the issue and distribution of any Tranche of Covered Bonds, the Dealer(s) (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds of the Series (as defined under "Section 1.3 Terms and Conditions of Covered Bonds" below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## A. KEY FEATURES OF THE PROGRAMME

*The following description of the key features of the Programme 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 Registration Document and the information incorporated by reference herein (as defined in Section D.1 Incorporation by Reference below) 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.*

*Any decision to invest in the Covered Bonds should be based on a consideration of this Base Prospectus and the Registration Document as a whole, including any amendment and supplement hereto and the documents incorporated herein by reference.*

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

*The following description of the key features of the Programme is not a summary as referred to in Article 5:14 of the Dutch Financial Supervision Act (Wet op het financieel toezicht, and its subordinate and implementing decrees and regulations: the "Wft").*

### 1. COVERED BONDS

**Issuer:** ABN AMRO Bank N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its statutory seat (*statutaire zetel*) at Amsterdam, The Netherlands and its registered and head office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 34334259, acting through its head office ("**ABN AMRO Bank**"). Further information on the Issuer can be found in the Registration Document (see "*Section D.1 Incorporation by Reference*" below).

**Guarantor:** CBC. See "*Section 2.3 CBC*" below.

**Risk factors:** There are certain factors that may affect the Issuer's and/or CBC's ability to fulfil its obligations under Covered Bonds issued under the Programme or the Guarantee, as the case may be. These include the fact that the Issuer's results can be adversely affected by (i) general economic conditions and other business conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risk. See "*Section B. Risk Factors*" below and the risk factors in the Registration Document (see "*Section D.1 Incorporation by Reference*" below).

There are certain factors which are material for the purpose of assessing the market risks and other risks associated with Covered Bonds issued under the Programme. These include, amongst other things, risks related to (a) suitability for investors, (b) the structure of a particular issue of Covered Bonds, (c) the Guarantee, (d) the CBC, (e) the Covered Bonds generally, (f) the market generally, (g) asset monitoring, (h) servicing and custody of assets, (i) underlying swaps and (j) Transferred Assets (see "*Section B. 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 €40,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) of Covered Bonds 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 (i) outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act) or (ii) within the United States to "qualified institutional buyers" within the meaning of, and in reliance on, Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in each case on a syndicated or non-syndicated basis.
- Selling restrictions:** There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom, France, Italy and The Netherlands) and Japan and such other restrictions as may apply in connection with the offering and sale of a particular Tranche or Series. See "*Section 1.5 Subscription and Sale*" below.
- Specified Currencies:** 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 2018 Programme Update.
- 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 (as defined in the applicable Final Terms) (the "**Specified Currency**") subject to a maximum maturity for each Series of 30 years.
- Amortisation:** All Covered Bonds, at the option of the Issuer, will have either soft bullet maturities (allowing payment by the CBC of Guaranteed Final Redemption Amounts to be extended to the relevant Extended Due for Payment Date) or hard bullet maturities (such Covered Bonds to be issued without an Extended Due for Payment Date). All Tranches within the same Series will have only hard bullet maturities or soft bullet maturities (as the case may be).
- Issue Price:** Covered Bonds shall be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
- Interest Payment Dates:** Interest (in respect of Covered Bonds other than Zero Coupon Covered Bonds) shall be payable on the Covered Bonds of each Series on the Interest Payment Dates agreed by the Issuer and the relevant Dealer(s) and up to and including the Final Maturity Date or Extended Due for Payment Date (if applicable), as specified in and subject to the applicable Final Terms. The Issuer and the relevant Dealer(s) may agree that interest shall be payable monthly, bi-monthly, quarterly, semi-annually, annually or upon redemption of the relevant Covered Bonds, unless otherwise provided for in the applicable Final Terms.

**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**"). Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds.

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 or (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 Euroclear Netherlands and/or with (a safekeeper or depository 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 *Section 1.1 Form of Covered Bonds* below, in accordance with the terms of the Permanent Global Covered Bond. 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 "*Section 1.1 Form of Covered Bonds*" below.

Upon the occurrence of an Exchange Event, in the case of Bearer Covered Bonds, the relevant Permanent Global Covered Bond will become exchangeable for Definitive Covered Bonds or, in the case of Registered Covered Bonds, the relevant Registered Global Covered Bond will become exchangeable for Registered Definitive Covered Bonds, except that in each case a Covered Bond which forms part of a securities deposit (*girodepot*) with Euroclear Netherlands shall only be exchangeable within the limited circumstances as described in the Dutch Giro Securities Transfer Act (*Wet giraal effectenverkeer*, the "**Wge**") and such exchange will be made in accordance with the Wge, with the terms and conditions of Euroclear Netherlands and with its operational documents. If any Permanent Global Covered Bond or, as the case may be, Registered Global Covered Bond is not duly exchanged, the terms of such Permanent Global Covered Bond or Registered Global Covered Bond, as the case may be, will provide a mechanism for relevant account holders with Euroclear, Clearstream, Luxembourg, Euroclear Netherlands or DTC (as defined below) and/or any other agreed clearing system(s) to whose securities account(s) with such clearing system(s) the beneficial interests in such Permanent Global Covered Bond or Registered Global Covered Bond, as the case may be, are credited to be able to enforce rights directly against the Issuer.

Registered Covered Bonds will (unless otherwise specified in the applicable Final Terms) be either (i) issued to each holder by way of a deed of issuance (a "**Registered Covered Bonds Deed**") or (ii) with respect to any Series which contain one or more Tranches of Covered Bonds being offered or sold in reliance on Rule 144A, issued in the form of a Registered Global Covered Bond.



|   |  |
|---|--|
| <b>Fixed Rate Covered Bonds:</b>                                    | Fixed Rate Covered Bonds 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).  |
| <b>Floating Rate Covered Bonds:</b>                                 | <p>Floating Rate Covered Bonds will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series); or</li> <li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.</li> </ul> <p>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).</p> |
| <b>Other provisions in relation to Floating Rate Covered Bonds:</b> | Floating Rate Covered Bonds may also have a maximum interest rate (" <b>Cap</b> "), a minimum interest rate (" <b>Floor</b> ") or both (" <b>Collar</b> "). Interest on Floating Rate 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).   |
| <b>Zero Coupon Covered Bonds:</b>                                   | Zero Coupon 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.   |
| <b>Redemption:</b>  | The applicable Final Terms will indicate either (a) that the relevant Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified events, 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 out in the applicable Final Terms).   |
| <b>Denomination of Covered Bonds:</b>                               | Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms save that (i) 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 (ii) the minimum denomination of each Covered Bond which will be offered to the public within a member state of the European Economic Area (" <b>EEA</b> ") or which will be admitted to trading on a regulated market situated or operating within such a member state, in each case in circumstances which would require the approval of a prospectus under the Prospectus Directive, will be at least              |

€100,000 (or its equivalent in any other currency at the date of issue of the Covered Bonds).

**Taxation:**

All payments in respect of the Covered Bonds will be made without withholding or deduction 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.

The Issuer and the CBC shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or the CBC (as the case may be) not being entitled to receive payments free of FATCA Withholding. The Issuer and the CBC will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the CBC, a Paying Agent, the Registrar or any other party.

**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 following a failure to pay (subject to applicable grace periods) by the Issuer or the CBC in respect of any Series (or any other Issuer Event of Default or CBC Event of Default) if (a) the Trustee exercises its discretion to accelerate or (b) the Trustee accelerates following an instruction to accelerate by a Programme Resolution (as defined in Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*)).

**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 at least *pari passu* 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.

**Ratings:**

As at the 2018 Programme Update, the Issuer has a senior debt rating from Standard & Poor's Credit Market Services Europe Limited of 'A' (long-term) and 'A-1' (short-term) and from Fitch of 'A+' (long-term) and 'F1' (short-term), a counterparty risk assessment from Moody's of 'Aa3(cr)' (long-term) and 'P-1(cr)' (short-term) and a bank deposit rating of 'A1' (long-term) and 'P-1' (short-term). The Covered Bonds are expected to be assigned a rating from Moody's of 'Aaa' and a rating from Fitch of 'AAA', respectively, to the extent each such agency is a Rating Agency at the time of the issue of the Covered Bonds. Other Tranches of Covered Bonds issued under the Programme may be rated or unrated. Where a Tranche of Covered Bonds is rated, such rating will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be

subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**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, during the period of 12 months from the 2018 Programme Update. 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 quotation 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 and/or Euroclear Netherlands and/or The Depository Trust Company ("DTC") and/or any other agreed clearing system.

**Governing law:**

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

**2. ASSET-BACKED GUARANTEE**

**Guarantee, Security, CBC:**

Pursuant to the Guarantee issued under the Trust Deed, the CBC will as an independent obligation irrevocably undertake to pay scheduled interest and principal payable under the Covered Bonds. The obligations of the CBC under the Guarantee will constitute unsubordinated and unguaranteed obligations of the CBC, secured (indirectly through a parallel debt) by a pledge of the CBC's Secured Property to the Trustee. Recourse under the Guarantee will be limited to the Secured Property from time to time. Payments made by the CBC under the Guarantee will be made subject to, and in accordance with, the Post-Notice-to-Pay Priority of Payments or the Post-CBC-Acceleration-Notice Priority of Payments, as applicable.

Principal Transaction Documents: Trust Deed, Master Receivables Pledge Agreement, Accounts Pledge and CBC Rights Pledge.

**Extendable obligations under the Guarantee (with respect to SB Covered Bonds only):**

If a Covered Bond forms part of a Series of SB Covered Bonds, an Extended Due for Payment Date shall be specified in the applicable Final Terms. In respect of each such Series of SB Covered Bonds, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then:

- (a) the obligation of the CBC to pay such Guaranteed Final Redemption Amount in respect of such Series of SB Covered Bonds 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 monies are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher and *pari passu* ranking amounts, (2) all Guaranteed Final Redemption

Amounts pertaining to any Series of HB Covered Bonds with a Final Maturity Date falling in or prior to the CBC Payment Period in which the Extended Due for Payment Date for such Series of SB Covered Bonds falls and (3) all Guaranteed Final Redemption Amounts pertaining to any Series of SB Covered Bonds with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for such Series of SB Covered Bonds falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the SB Covered Bonds (in accordance with Condition 13 (*Notices; Provision of Information*)), 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 at least two Business Days prior to the Extension Date and/or such Interest Payment Date, respectively, and (ii) apply such remaining available monies in payment, in whole or in part, of such Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series of SB Covered Bonds with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for the relevant Series of SB Covered Bonds falls (and to such extent such 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 such 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 of such Series of SB Covered Bonds 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.

If the CBC is obliged under the Guarantee to pay a Guaranteed Amount in respect of any Series of HB Covered Bonds on the Final Maturity Date of such Series, such Guaranteed Final Redemption Amount shall be payable on such Final Maturity Date (and therefore no deferral to any Extended Due for Payment Date shall apply to any Series of HB Covered Bonds).

Principal Transaction Document: Trust Deed.

### 3. GUARANTEE SUPPORT

#### **Transfers, Retransfers, Eligible Assets, Originators:**

As consideration for the CBC assuming the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Initial Originators have transferred and will transfer (to the extent they are an Originator) Eligible Assets to the CBC in accordance with the Guarantee Support Agreement. At the option of the Issuer and subject always to Rating Agency Confirmation, New

Originators may accede to the Guarantee Support Agreement. The Originators are obliged, and the CBC will use reasonable endeavours, to ensure, amongst other things, that the Asset Cover Test is satisfied as at the end of each calendar month, as calculated on the immediately succeeding Calculation Date.

Principal Transaction Document: Guarantee Support Agreement.

#### 4. ASSET MONITORING

##### **Tests, Sale of Selected Receivables, Asset Monitor:**

Up to three different types of tests for HB Covered Bonds and two tests for SB Covered Bonds will be carried out so as to monitor the CBC's assets from time to time. The Pre-Maturity Test will only apply to each Series of HB Covered Bonds and is intended to procure liquidity for the CBC in respect of principal due on the Final Maturity Date of such Series of HB Covered Bonds in case the ratings of the Issuer fall below the Pre-Maturity Minimum Ratings. The Asset Cover Test is intended to ensure that the ratio of the Transferred Assets to the Covered Bonds is maintained at a certain level. A Breach of the Pre-Maturity Test or the Asset Cover Test will entitle the Trustee to serve a Notice to Pay on the CBC. The Amortisation Test is only carried out following service of a Notice to Pay, and is like the Asset Cover Test intended to ensure that the ratio of the Transferred Assets to the Covered Bonds is maintained at a certain level. A Breach of the Amortisation Test will entitle the Trustee to serve a CBC Acceleration Notice.

In addition, under the 2015 CB Legislation the Issuer will, among other things, be required to ensure that (i) a statutory minimum level of overcollateralisation of eligible cover assets is maintained, (ii) the value of the Transferred Assets (subject to certain deductions in accordance with the 2015 CB Legislation) is at all times at least equal to the Principal Amount Outstanding of the Covered Bonds and (iii) at all times sufficient liquidity is maintained or generated by the CBC to cover for the following 6 month-period interest and (except in relation to Covered Bonds which have an extendable maturity date of at least six months) principal payments on the Covered Bonds and certain higher and *pari passu* ranking payments, in each case as calculated and determined in accordance with the 2015 CB Legislation. Among other things, the Asset Cover Test, the Pre-Maturity Test (to be implemented if any Series of HB Covered Bonds is issued) and the Mandatory Liquidity Fund (as the case may be) are used to comply with such statutory overcollateralisation, minimum value and liquidity requirements under the 2015 CB Legislation. Furthermore, the Issuer will procure that a Mandatory Asset Quantity Test will be performed in order to comply with its obligations under the 2015 CB Legislation

Principal Transaction Documents: Asset Monitor Agreement and Administration Agreement.

#### 5. SERVICING AND CUSTODY

##### **Servicing, Servicers, Custody:**

The Initial Servicer has entered into the Initial Servicing Agreement with the CBC and the Trustee, pursuant to which it provides administrative services in respect of the Portfolio. The Initial Servicer also services any New Receivables, unless it is agreed between the CBC, the Trustee and the Initial Servicer that the Originator transferring such New Receivables (or an eligible third party servicer) shall act as Servicer in relation to such New

Receivables. The Initial Servicer is, and each New Servicer will be, permitted to sub-contract its servicing role to a third party servicer subject to any applicable conditions in the relevant Servicing Agreement. If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets.

Principal Transaction Document: Initial Servicing Agreement.

## 6. SWAPS

### **Total Return, Interest Rate, Structured Swaps:**

There may be certain mismatches between the currency in which interest and principal are received on the Transferred Assets, the Authorised Investments, the Substitution Assets and the balance of the AIC Account and in which interest and principal are payable under the Covered Bonds. In order to address these mismatches, the CBC will be required to enter into hedging arrangements which may be in the form of a swap transaction.

In addition, mismatches are possible in the rates of interest payable on the Transferred 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) or the rates of interest or revenue payable on the other Transferred Assets, the Authorised Investments, the Substitution Assets and the balance of the AIC Account and the rate of interest payable on the outstanding Covered Bonds. In order to address these mismatches, the CBC may, but is not required to, enter into hedging arrangements.

The CBC may, to a certain extent, hedge the interest received on the Transferred Assets, the Authorised Investments, the Substitution Assets and the balance of the AIC Account to a floating rate for a fixed period as determined by the Issuer from time to time, being as at the 2018 Programme Update, EURIBOR for one month deposits (the "**Agreed Base Reference Rate**") under the Total Return Swap or elect to implement an alternative hedging methodology **provided that** Rating Agency Confirmation has been obtained for such alternative methodology. The CBC is not required to enter into such Total Return Swap or to implement an alternative hedging methodology.

Pursuant to the Swap Undertaking Letter, ABN AMRO Bank undertakes to, or to procure an Eligible Swap Provider to, enter into one or more (as agreed between the CBC and such Eligible Swap Provider) Swap Agreements with the CBC governing (a) Structured Swap(s) for each Series if (i) a Notification Event occurs, (ii) a Notice to Pay or CBC Acceleration Notice is served, (iii) the rating(s) of ABN AMRO Bank are, or fall, below the minimum rating(s) set for an Eligible Swap Provider for Structured Swaps (iv) the unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank are rated lower than 'F1+' (short-term) or 'AA-' (long-term) from Fitch (or any other minimum rating as determined to be applicable or agreed by Fitch from time to time) (in which case Structured Swaps will be required) and/or (b) one or more Total Return Swap(s) and/or one of more Interest Rate Swap(s) for any Series if so requested by the CBC.

The Structured Swaps are entered into to hedge certain interest rate and/or currency risks of any possible mismatch between (i) the Agreed Base Reference Rate and the rate of interest payable under any Series and/or (ii) euro denominated Principal Receipts and

amounts of principal payable under any non-euro denominated Series.

The Interest Rate Swaps may be entered into to hedge the risk (and **provided that** there is such a risk) of any possible mismatch between the Agreed Base Reference Rate and the rate of interest payable under any euro denominated Series. The CBC is not required to enter into any Interest Rate Swap.

Principal Transaction Documents: Swap Agreement(s) and the Swap Undertaking Letter.

## 7. CASHFLOWS

### **Ledgers, Priority of Payments, CBC Accounts:**

For as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served on the CBC, no cashflows will run through the CBC. In those circumstances the Originators will be entitled to receive and retain the proceeds from the Transferred Assets for their own benefit. In addition, the Issuer will, as consideration for the CBC assuming the Guarantee, pay all costs and expenses of the CBC and make and receive all payments to be made or received by the CBC under any Swap Agreement (except that any collateral to be provided by a Swap Provider following its downgrade will be delivered to the CBC irrespective of whether any Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time). Upon the earlier to occur of a Notification Event and service of a Notice to Pay or CBC Acceleration Notice on the CBC, cashflows will run through the CBC and will be applied in accordance with the relevant Priority of Payments.

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 (public holidays excepted) from the registered office of the Issuer, the specified office of the Principal Paying Agent for the time being in Breda or the specified office of the Listing Agent.

## 9. DUTCH COVERED BOND LEGISLATION

### **Regulated Covered Bonds:**

On 14 August 2009, the Issuer and the Covered Bonds (including those Covered Bonds issued prior to the date of admission) were admitted to the register maintained by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**") (which register is maintained by DNB after 1 January 2015 in accordance with the 2015 CB Legislation) (the "**DNB-register**"). On the 2018 Programme Update, the Covered Bonds comply with article 52(4) UCITS.

### **Compliance with Article 129 CRR:**

On the 2018 Programme Update, the Covered Bonds are in the DNB-register registered as being compliant with Article 129 CRR.

### **Hard Bullet Maturities:**

As specified in the applicable Final Terms.

### **Extendable Maturities:**

As specified in the applicable Final Terms.

|   |   |
|---|---|
| <b>Extendable Due for Payment Date in respect of each Series of SB Covered Bonds:</b> | The date falling twelve (12) calendar months after the Final Maturity Date of the relevant Series of SB Covered Bonds, as specified in the applicable Final Terms.  |
| <b>Primary Cover Assets:</b>  | For the purpose of the 2015 CB Legislation, the primary cover assets ( <i>primaire dekkingsactiva</i> ) under the Programme solely comprise loans backed by residential real estate as referred to in Article 129 CRR, paragraph 1(d)(i). |
| <b>Residence of Debtors of Transferred Receivables:</b>                               | The Netherlands.  |
| <b>Governing Law of Transferred Receivables:</b>                                      | Dutch law.  |
| <b>Location of Mortgaged Properties:</b>  | The Netherlands.  |

## 10. OVERVIEW OF RATING THRESHOLDS

*The following overview of rating thresholds does not purport to be complete and is qualified in all respects by the remainder of this Base Prospectus and the Transaction Documents. A specific rating or period in the following overview shall be deemed a reference to such other rating or period as may be determined to be applicable or agreed from time to time by the relevant credit rating agency. References in this overview to "LT" mean the relevant long-term rating, references to "ST" mean the relevant short-term rating and "BDR" mean bank deposit rating.*

| <b>Transaction Party</b>                               | <b>Fitch</b>         | <b>Moody's</b>               | <b>Event/Action if below rating threshold</b>   | <b>Section in Base Prospectus</b>                |
|--|----------------------|------------------------------|---|--|
| ABN AMRO Bank, as party to the Swap Undertaking Letter | F1+ (ST) or AA- (LT) | P-2(cr) (ST) and A3(cr) (LT) | In relation to any non-euro denominated Series of Covered Bonds, Structured Swaps to be entered into with the CBC                 | A. Key Features of the Programme, under 6. Swaps |
| Account Bank   | A (LT) and F1 (ST)   | P-1(BDR) (ST)                | Replacement of Account Bank, Account Bank to obtain guarantee or other remedy   | 7.4 CBC Accounts                                 |
| CBTF Provider  | F1+ (ST)             | P-1(cr) (ST)                 | CBC to draw CBTF Standby Loan (only relevant for HB Covered Bonds)  | 4.2 Pre-Maturity Test                            |
| Issuer   | BBB+                 | Baa1(cr)                     | Notification Event  | 3.1 Transfers                                    |
|  |                      | A3(cr) (LT)                  | Unless rating is regained within 12 months or other appropriate remedy is found, Originators to pledge Residual Claims to the CBC | 3.1 Transfers                                    |
|  | A (LT)               | Baa1(cr) (LT)                | Unless other appropriate remedy is found, Originators to pledge Residual Claims to the CBC  | 3.1 Transfers                                    |



| <b>Transaction Party</b> | <b>Fitch</b>  | <b>Moody's</b>  | <b>Event/Action if below rating threshold</b>   | <b>Section in Base Prospectus</b>                 |
|--------------------------|---|---|---|---|
|                          | A (LT) and F1 (ST)                                      | P-1(cr) (ST)  | Item "Y" of Asset Cover Test is activated   | 4.1 <i>Asset Cover Test</i>                       |
|                          | F1+ (ST)  | P-1(cr) (ST)  | Triggers on a Pre-Maturity Test Date, failure of the Pre-Maturity Test (only relevant for HB Covered Bonds)   | 4.2 <i>Pre-Maturity Test</i>                      |
|                          | F1 (ST) and A (LT)                                      | P-2(cr) (ST)  | For the definition of "Authorised Investments", investments to have a remaining maturity date of 30 days or less and to mature on or before next following CBC Payment Date | 4.3 <i>Amortisation Test</i>                      |
|                          |   | P-2(cr) (ST)  | CBC to sell all Substitution Assets   | 4.4 <i>Sale or Refinancing of Selected Assets</i> |
|                          | A (LT) and F1 (ST)                                      | P-1(cr) (ST)  | CBC to establish a Reserve Fund and Issuer to fund such Reserve Fund  | 7. <i>Cashflows</i>                               |
|                          | A (LT) and F1(ST)                                       | P-1(cr) (ST)  | CBC to establish an Interest Cover Reserve Fund and the Issuer to fund such Interest Cover Reserve Fund   | 7. <i>Cashflows</i>                               |
| Issuer or Administrator  | BBB-  | Baa3(cr)  | Increase frequency of verification by Asset Monitor of Asset Cover Test or Amortisation Test calculations, as applicable  | 4.5 <i>Asset Monitor</i>                          |
| Servicer                 | BBB-  | Baa3(cr)  | Replacement of Initial Servicer   | 5.1 <i>Servicing</i>                              |
| Swap Provider            | Minimum rating specified in the relevant Swap Agreement | Minimum rating specified in the relevant Swap Agreement | Replacement of Swap Provider or other remedy  | 6. <i>Swaps</i>                                   |

## **B. RISK FACTORS**

*The Issuer believes that the following factors, and the risk factors relating to the Issuer contained in the Registration Document, may affect its ability to fulfil its obligations under Covered Bonds issued under the Programme and/or the CBC's ability to fulfil its obligations under the Guarantee. 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, and the risk factors relating to the Issuer contained in the Registration Document, represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the inability of the Issuer and the CBC to pay interest, principal or other amounts on or in connection with any Covered Bonds or the Guarantee, as applicable, may occur for other reasons and the Issuer does not represent that the statements below, and the risk factors relating to the Issuer contained in the Registration Document, regarding the risks of holding any Covered Bonds are exhaustive. Additional risks not currently known to the Issuer or that the Issuer now views as immaterial may also have a material adverse effect on the Issuer's future business, operating results or financial condition and affect an investment in Covered Bonds issued under the Programme. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and in the Registration Document, and reach their own views prior to making any investment decision.*

*Before making an investment decision with respect to any Covered Bonds, prospective investors should form their own opinions, 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.*

*The subsequent numbers and capital headings used in the text below correspond to the numbers and headings of the subsequent chapters as contained 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 the below risk factors description. An index of certain defined terms is contained at the end of this Base Prospectus.*

### **B.1 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 should refer to the Risk Factors section of the Registration Document for a description of those factors which may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme. See "*Section D.1 Incorporation by Reference*" below.

#### **Factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme**

##### ***The Covered Bonds may not be a suitable investment for all investors***

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 or Final Terms;
- (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 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.

The 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 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 (and form part thereof) 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 be guaranteed by the Guarantee. 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. 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.

Different types 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 risks related to such features.

#### ***Covered Bonds may be 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.

#### ***Floating Rate Covered Bonds with Caps, Floors or Collars may lead to volatile market values of the Covered Bonds.***

Covered Bonds with variable interest rates can be volatile investments. If they are structured to include Caps, Floors or Collars (or any combination of those features or other similar related features), their market values may be even more volatile than those for securities that do not include those features.

#### ***The interest basis of Fixed/Floating Rate Covered Bonds may be converted at the discretion of the Issuer.***

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.

*The regulation and reform of "benchmarks" (including LIBOR and EURIBOR) may adversely affect the liquidity and value of, and return on, Floating Rate Covered Bonds linked to or referencing such "benchmarks"*

The London inter-bank offered rate ("**LIBOR**"), the Euro-zone inter-bank offered rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences, including those which cannot be predicted. For example, on 27 July 2017, the United Kingdom's Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Additionally, in March 2017, the EMMI (formerly EURIBOR-EBF) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmarks Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

The potential elimination of, or the potential changes in the manner of administration of, the LIBOR or EURIBOR benchmark or any other benchmark could require an adjustment to the terms and conditions to reference an alternative benchmark, or result in other consequences, including those which cannot be predicted, in respect of any Covered Bonds linked to such benchmark (including but not limited to Covered Bonds whose interest rates are linked to LIBOR or EURIBOR).

Investors should be aware that, if LIBOR, EURIBOR or any other benchmark were discontinued or otherwise unavailable, the rate of interest on Covered Bonds which reference any such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Covered Bonds. Depending on the manner in which the relevant benchmark rate is to be determined under the Conditions of the Covered Bonds, this may (i) be reliant upon the provision by reference banks of offered quotations for such rate which, depending on market circumstances, may not be available at the relevant time, (ii) be reliant on the Independent Advisor or the Issuer or, following an Issuer Event of Default, the CBC being able to determine a Successor Reference Rate or an Alternative Reference Rate (each as defined in the Conditions of the Covered Bonds) or (iii) result in the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available. It is possible that the Issuer or, following an Issuer Event of Default, the CBC (as applicable) may itself determine a fall-back interest rate. In such case, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) will make such determinations and adjustments as it deems appropriate, in accordance with the Conditions of the Covered Bonds. In making such determinations and adjustments, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) may be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

Uncertainty as to the continuation of a benchmark, the availability of quotes from reference banks to allow for the continuation of the floating rate on any Covered Bonds, the ability of any agent, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) to establish a fall-back interest rate for any Covered Bonds (including the possibility that a license or registration may be required for such agent, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) under the relevant legislation), and the rate that would be applicable if the relevant benchmark is discontinued may adversely affect the trading market and the value of the Covered Bonds and the determination of any successor rate could lead to economic prejudice or benefit (as applicable) to investors. At this time, it is not possible to predict what the effect of these developments will be or what the impact on the value of the Covered Bonds will be. More generally, any of the above changes or any other consequential changes to LIBOR, EURIBOR or any other "benchmark" as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such

changes, could have a material adverse effect on the liquidity and value of, and return on, any Covered Bonds based on or linked to a "benchmark".

*Volatility of Covered Bonds issued at a substantial discount or premium.*

The market values of Covered Bonds 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 Covered Bonds. Generally, the longer the remaining term of the Covered Bonds, the greater the price volatility as compared to conventional interest-bearing Covered Bonds with comparable maturities.

*Actions taken by the Calculation Agent may affect the value of Covered Bonds.*

The Calculation Agent for an issue of Covered Bonds is the agent of the Issuer and not the agent of the Covered Bondholders. It is possible that the Issuer will itself be the Calculation Agent for certain issues of Covered Bonds. The Calculation Agent will make such determinations and adjustments as it deems appropriate, in accordance with the terms and conditions of the specific issue of Covered Bonds. In making its determinations and adjustments, the Calculation Agent will be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

### ***Risks related to Covered Bonds generally***

*As certain decisions of Covered Bondholders are taken at the Programme level, holders of the Covered Bonds may be dependent on the votes of the holders of other outstanding Covered Bonds.*

A resolution to direct the Trustee to (i) accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default and Enforcement*), (ii) take any enforcement action, or (iii) remove or replace the Trustee's Director, must be passed by a Programme Resolution, as set out in more detail in Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*), and cannot be decided upon at a meeting of Covered Bondholders of a single Series. A validly adopted Programme Resolution will be binding on all Covered Bondholders and Couponholders including Covered Bondholders and Couponholders who did not attend or vote at the relevant meeting and Covered Bondholders who voted against such Programme Resolution at the relevant meeting or, as applicable, did not participate in the relevant written resolution. Thus, with respect to the actions described above, holders of the Covered Bonds may be dependent on the votes of the holders of other outstanding Covered Bonds.

*The Trustee may agree to, and in certain circumstances is obliged to concur with the Issuer and/or the CBC in making, certain modifications to the Transaction Documents and the Covered Bonds without the Covered Bondholders' or other Secured Creditors' prior consent.*

Pursuant to the terms of the Trust Deed:

- (i) the Trustee may from time to time and at any time without any consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors (other than the Trustee (where applicable)):
  - (A) agree to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Covered Bonds of any Series or any Transaction Document, 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, **provided that** such waiver or authorisation does not relate to a Series Reserved Matter, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of any of the Secured Creditors (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) and **provided further that** the Trustee shall not exercise any powers conferred upon it in contravention of any express direction by a Programme Resolution (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any such breach

or proposed breach relating to any of the matters the subject of the Series Reserved Matters;

- (B) concur with the Issuer and the CBC and agree on 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 (including without limitation designating further creditors as Secured Creditors), if (a) (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 Creditors (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) such modification of the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document 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.
- (C) the Trustee is obliged, without the consent of the Covered Bondholders of any Series and/or Couponholders of such Series of Covered Bonds issued after 8 December 2014 or any of the other Secured Creditors (other than any Secured Creditor party to the relevant Transaction Document to be amended), to concur with the Issuer and/or the CBC in making and agreeing on any modifications to the Transaction Documents and/or the Covered Bonds of one or more Series that are requested in writing by the Issuer and/or the CBC in order to enable the Issuer and/or the CBC to comply with any requirements which apply to it under Regulation (EU) 648/2012 (as amended from time to time, "EMIR") irrespective of whether or not such modifications might otherwise constitute a Series Reserved Matter (which the Trustee shall not be required to investigate), subject to receipt by the Trustee of a certificate of the Issuer, or of the CBC, if applicable, (which certificate the Trustee shall be entitled to rely on without further investigation) certifying to the Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer and/or the CBC to satisfy any requirements which apply to either of them under EMIR. For the avoidance of doubt, in relation to any Series issued prior to 8 December 2014, such modifications must be made pursuant to other applicable provisions of the Trust Deed;
- (ii) the Trustee is obliged, without the consent of the Covered Bondholders of any Series and/or Couponholders of such Series of Covered Bonds issued after 16 December 2015 or any other Secured Creditor (other than any Secured Creditor party to the relevant Transaction Document to be amended) to concur with the Issuer and/or the CBC in making any modifications to the Transaction Documents and/or the Covered Bonds of one or more Series that are requested in writing by the Issuer which are required or necessary in connection with any change, after the issue date of the relevant Covered Bonds, to any laws or regulations (including without limitation the laws and regulations of the Netherlands and the European Union) applicable or relevant with respect to covered bonds (*gedekte obligaties*) to ensure that the Covered Bonds (continue) to meet the requirements for registered covered bonds (*geregistreerde gedekte obligaties*) within the meaning of the Wft, irrespective of whether or not such modifications might otherwise constitute a Series Reserved Matter (which the Trustee shall not be required to investigate) subject to receipt by the Trustee of a legal opinion from a reputable law firm confirming that the requested modifications are necessary for the Covered Bonds (to continue) to meet the requirements for registered covered bonds (*geregistreerde gedekte obligaties*) within the meaning of the Wft and in each case such modifications are not materially prejudicial to the interest of the Covered Bondholders or any of the other Secured Creditors.

The Trustee shall not be obliged to agree to any modification contemplated pursuant to paragraph (ii) and the paragraph below which, in the sole opinion of the Trustee would have the effect of (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Trustee in the Transaction Documents and/or the Covered Bonds.

In addition, pursuant to the terms of the Trust Deed, the Trustee is obliged from time to time and at any time without any consent or sanction of the Covered Bondholders, Receipholders or Couponholders of any Series and without the consent of the other Secured Creditors (save where any Secured Creditor is a party to the relevant Transaction Document which is proposed to be amended) to concur with the Issuer and/or the CBC (and for this purpose the Trustee may disregard whether any such modification relates to a Series Reserved Matter) and agree to make any modification in the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document as requested by the Issuer, or following an Issuer Event of Default, the CBC, which are required or necessary in connection with the cessation of the publication of the original Reference Rate in accordance with Condition 4(d) (*Reference Rate Replacement*) and Condition 14A (*Reference Rate Modification*) subject as provided further pursuant to the terms of the Trust Deed.

Accordingly, holders of the Covered Bonds may not be able to prevent the Trustee from making certain modifications to the Transaction Documents and the Covered Bonds as described above.

*Since the Covered Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples, a holder of a Covered Bond may have to purchase additional Covered Bonds in order to be able to transfer its holdings or to receive a definitive Covered Bond.*

In relation to the Covered Bonds which have a denomination consisting of the minimum Specified Denomination (as defined in the applicable Final Terms) (the "**Specified Denomination**") plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. 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 in its account with the relevant clearing system at the relevant time (i) may not be able to transfer such Covered Bond(s) and (ii) 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 to a Specified Denomination. Thus, a holder of a Covered Bond that intends to transfer its holding or receive a definitive Covered Bond may have to make additional purchases of Covered Bonds.

*Tax consequences of holding the Covered Bonds may be complex and would depend on the individual tax situation of the holders of 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. See "*Taxation in The Netherlands*". Thus, holders of the Covered Bonds may suffer unexpected tax consequences.

*Covered Bondholders may be subject to withholding tax under FATCA.*

Under FATCA the Issuer and other non-US financial institutions ("**FFI**") through which payments on Covered Bonds (including original issue discount ("**OID**")), if any, principal and redemption proceeds) are made may be required to withhold US tax in certain circumstances. Payments on Covered Bonds might become subject to US withholding tax under FATCA if the payments were considered (in whole or in part) to be "foreign pass-thru payments" within the meaning of the FATCA rules. Payments on or with respect to the Covered Bonds will not become subject to FATCA withholding sooner than 1 January 2019. Furthermore, Covered Bonds that are issued on or before the date that is six months after regulations defining the term "foreign pass thru payment" are filed with the Federal Register (the "**grandfathering period**") will not be subject to FATCA withholding in 2019 or later unless the Covered Bonds are considered to be equity for US federal income tax purposes or the Covered Bonds are "materially modified" for U.S. federal income tax purposes after the end of the grandfathering period. No withholding would be required on payments made directly to an investor that is not an FFI to the extent an investor provides information to the Issuer (or other FFI through which payments on the Covered Bonds are made) sufficient for the Issuer (and any other FFI through which payments on the Covered Bonds are made) to determine whether the investor is a US person or should otherwise be treated as holding a "United States Account" under FATCA (and consents, where necessary, to the disclosure of its information to the Internal Revenue Service) and, in the case of an investor that is a non-US entity, provides certifications or information regarding its US ownership.

On 18 December 2013 The Netherlands and the United States signed an intergovernmental agreement ("**IGA**") for the automatic exchange of data between the tax authorities of both countries in relation to the implementation of FATCA. The Issuer and CBC have obtained a Global Intermediary Identification

Number (GIIN) with the Internal Revenue Service and based on the IGA should qualify as registered deemed compliant FFIs. As a deemed compliant FFI, the Issuer will not be subject to 30% FATCA withholding. The obligations of the Issuer under the IGA include obtaining information from its account holders, which may include investors in the Covered Bonds. Certain investors that do not provide to the Issuer the information required under FATCA to establish that the investor is eligible to receive payments free of FATCA withholding may be subject to 30% U.S. withholding on certain payments it receives in respect of the Covered Bonds.

Where Covered Bonds are in global form and held by Euroclear, Clearstream, Luxembourg, Euroclear Netherlands, DTC or any other agreed clearing system, as the case may be (together, the "ICSDs") in all but the most remote circumstances it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA withholding, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.

If an amount in respect of FATCA withholding tax were to be deducted or withheld from any payments on the Covered Bonds, neither the Issuer nor the CBC nor any paying agent would be required to pay any additional amounts as a result of the deduction or withholding of such tax. As a result, investors who are FFIs that have not entered into an FFI agreement, investors that hold Covered Bonds through such FFIs or investors that are not FFIs but have failed to provide required information to an FFI that has entered into an FFI agreement may be subject to withholding tax for which no additional amount will be paid by the Issuer or the CBC. Holders of Covered Bonds should consult their own tax advisers on how these rules may apply to payments they receive under the Covered Bonds.

*The proposed financial transactions tax ("FTT") may apply to certain dealings in the Covered Bonds.*

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating EU Member States may decide to withdraw. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

*Because Covered Bonds may be held in global form and, therefore, by or on behalf of Euroclear, Clearstream, Luxembourg, Euroclear Netherlands, DTC or any other agreed clearing system, as the case may be, investors will have to rely on the procedures of these organisations for transfers, payments and communications with the Issuer. Further, the ability of Covered Bondholders in global form to pledge their*



*holdings will be limited to the extent that the party demanding the pledge requires securities in physical 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 Euroclear Netherlands, or in either case by 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 *Section 1.1 Form of Covered Bonds* below.

Except in the circumstances described in the relevant Covered Bond held in global form, investors will not be entitled to receive Definitive Covered Bonds. Euroclear, Clearstream, Luxembourg, Euroclear Netherlands, DTC or any other agreed clearing system, as the case may be, will maintain records of the beneficial interests in the Covered Bonds held in global form. While the Covered Bonds are represented by one or more Global Covered Bonds, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg, Euroclear Netherlands, DTC or such other agreed clearing system, as the case may be.

The holder of the relevant Covered Bond held in global form, being the common depositary or common safekeeper (as the case may be) for Euroclear, Clearstream, Luxembourg, DTC or Euroclear Netherlands 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. Therefore, while the Covered Bonds are represented by one or more Covered Bonds held in global form the Issuer will discharge its payment obligations under the Covered Bonds by making payments to the common depositary or, as the case may be, custodian for Euroclear, Clearstream, Luxembourg, Euroclear Netherlands, DTC or such other agreed clearing system, as the case may be, for distribution to their account holders. A holder of a beneficial interest in a Covered Bond must rely on the procedures of the relevant clearing system(s) to receive payments under the relevant Covered Bonds.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Covered Bonds held in global form.

Holders of beneficial interests in the Covered Bonds held in global form will not have a direct right to vote in respect of the relevant Covered Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg, Euroclear Netherlands, DTC or any other agreed clearing system, as the case may be, to appoint appropriate proxies.

Because transactions in any Rule 144A Global Covered Bonds will be effected only through DTC, direct or indirect participants in DTC's book-entry system and certain banks, the ability of a holder to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

The lack of the bearer Covered Bonds in definitive form could also make it difficult for a Covered Bondholder to pledge the relevant Covered Bonds if Covered Bonds in definitive form are required by the party demanding the pledge and hinder the ability of the Covered Bondholder to recall such Covered Bonds because some investors may be unwilling to buy Covered Bonds that are not in definitive form.

Certain transfers of Covered Bonds or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements. Covered Bonds, which are represented by a Covered Bond held in global form will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, Euroclear Netherlands, DTC or any other agreed clearing system, as the case may be.

Accordingly, Covered Bondholders are dependent on the depositaries' procedures for transfers, payments and communications with the Issuer and may also be limited in their ability to pledge Covered Bonds.

*Holders of Registered Global Covered Bonds, Registered Definitive Covered Bonds and Registered Covered Bonds issued pursuant to a Registered Covered Bonds Deed are responsible for the timely and properly effectuated transfer (pursuant to Dutch law) of Registered Covered Bonds.*

Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount, or part thereof, as the case may be, at the opening of business on the second Business Day falling prior to the due date of such payments. If any Registered Covered Bondholder transfers any Registered Covered Bonds in accordance with Condition 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 Registered Covered Bonds*). The Registrar shall fulfil certain obligations of the Principal Paying Agent in relation to payments in respect of the relevant Series of Registered Covered Bonds.

To the extent that Dutch law is applicable to a transfer of a Covered Bond, one of the requirements for a valid transfer of a Covered Bond is a valid delivery (*levering*). Also, to the extent that Dutch law is applicable to a transfer of a Covered Bond, investors should be aware that delivery of a Registered Covered Bond requires the execution of an assignment deed (*akte van cessie*) between the assignor and the assignee and notification thereof by the assignor or the assignee to the Issuer and the CBC, if it concerns a notified assignment. The forms of transfer annexed to the forms of Registered Covered Bonds scheduled to the Trust Deed comprise such an assignment deed.

Therefore, the holder of a Registered Global Covered Bond, Registered Definitive Covered Bond and Registered Covered Bonds issued pursuant to a Registered Covered Bonds Deed may bear the risk associated with improper transfer of a Registered Covered Bond pursuant to Dutch law.

*Covered Bonds may not be recognised as eligible collateral for Eurosystem purposes.*

Covered Bonds may be issued with the intention to be held in a manner which will allow Eurosystem eligibility. If such is the intention this means that such Covered Bonds are intended upon issue to be deposited with one of the international central securities depositories and/or central securities depositories that fulfil the minimum standard established by the European Central Bank, as common safekeeper. However, it does not necessarily mean that each Covered Bond will be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However such recognition will, as in any particular case, depend upon satisfaction of all Eurosystem eligibility criteria at the relevant time and there can be no assurance that such Covered Bonds will be recognised as such.

*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 under this Base Prospectus. The full terms and conditions applicable to each Tranche of Covered Bonds that may be issued under this Base Prospectus can be reviewed by reading the Conditions as set out in full or incorporated, as applicable, 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 applies and/or disappplies, supplements and/or amends the Conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Tranche. Copies of the legal documentation relating to the Programme and copies of the Final Terms relating to each issue of Covered Bonds are available for inspection as described in *Section 8 General Information* below.

*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 the same terms and conditions 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 ("**Further Issue Covered Bonds**") and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series. The terms and conditions of the Further Issue Covered Bonds may differ from the Conditions set out in this Base Prospectus.

*The Covered Bondholders may be subject to legal risks resulting from legal and regulatory changes.*

The structure 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 2018 Programme Update. 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 2018 Programme Update. The Covered Bondholders may bear the risks associated with any such changes.

In addition, on 12 March 2018 the European Commission adopted a legislative proposal for an EU-framework consisting of a directive on the issue of covered bonds and covered bond public supervision and a regulation on amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds, as part of the EU Capital Markets Union project. The legislative proposal aims to foster the development of covered bonds across the European Union. The proposed directive (i) provides a common definition of covered bonds, which will represent a consistent reference for prudential regulation purposes, (ii) defines the structural features of covered bonds, (iii) defines the tasks and responsibilities for the supervision of covered bonds and (iv) sets out the rules allowing the use of the 'European Covered Bonds' label. The legislative proposals build on the analysis and the advice of the European Banking Authority. Following the publication of the legislative proposals, the EU legislative process will need to be followed. Until the EU legislative process has been finalised and the proposals are available in their final form, it is uncertain if or how the proposals will affect the Issuer, the CBC, the market for covered bonds in general and/or the Covered Bonds.

*New legislation dealing with ailing financial institutions gives regulators resolution powers which, if relevant to ABN AMRO Bank, may result in losses for, or otherwise affect rights of, Covered Bondholders and/or may affect the ratings assigned to the Covered Bonds.*

#### *Dutch Special Measures Financial Institutions Act*

On 13 June 2012, the Dutch Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*) came into force, amending the Wft with retroactive application as from 20 January 2012 and giving DNB and the Dutch Minister of Finance additional powers to deal with ailing banks.

#### *RRD and SRM*

On 12 June 2014, a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU, "**RRD**") was published in the Official Journal of the European Union. The RRD is currently in force and EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the RRD by 31 December 2014. The majority of the measures set out in the RRD should have been implemented in national law with effect from 1 January 2015, with the bail-in power for other eligible liabilities to apply from 1 January 2016, at the latest. The RRD and the SRM (as defined below) have been implemented in The Netherlands by way of an amendment to the Wft as per 26 November 2015.

The RRD is complemented by the directly binding regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 ("**SRM**"). The SRM complements the Single Supervisory Mechanism ("**SSM**") and ensures that, if a bank subject to the SSM faces serious difficulties, its resolution can be managed efficiently with minimal costs to taxpayers and the real economy. The primary scope of the SRM is the euro area and the SRM will be applied to the Issuer as a primary recovery and resolution code. The SRM establishes a single European resolution board (the "**Resolution Board**") having resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national authorities within the euro area. The Resolution Board will draw up and adopt a resolution plan for the entities subject to its powers, including the Issuer. It will also determine, after consultation with competent authorities, a minimum requirement for own funds and

eligible liabilities ("**MREL**"). MREL is designed to be available to the resolution authorities for write down, write off or conversion to equity of capital instruments in order to absorb losses and recapitalise a failing institution in the event of resolution action being taken, and before more senior-ranking creditors suffer losses. The amount of MREL the Issuer is required to maintain over time will be based on the expected required capacity to resolve and, if appropriate, recapitalise the Issuer in the event of its failure. The Resolution Board may also use the powers of early intervention as set forth in the SRM, including the power to require an institution to contact potential purchasers in order to prepare for resolution of the institution. The Resolution Board has the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the RRD. The resolution tools available for the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the bail-in tool as further specified in the SRM. The use of one or more of these tools will be included in a resolution plan to be adopted by the Resolution Board. The Resolution Board may apply interpretations of the RRD or recovery and resolution strategies that differ from those applied by the relevant national resolution authority. Any change in the interpretation or strategy may affect the resolution plans for the Issuer, as prepared by the relevant national resolution authority.

#### *Resolution measures*

Pursuant to the Dutch Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*), the RRD and the SRM, substantial powers are granted to DNB, the Resolution Board and the Dutch Minister of Finance, enabling them to take certain measures in respect of struggling Dutch banks prior to insolvency. These powers will allow the relevant authorities to take measures in respect of such a financial institution which may result in: (a) the transfer of all or part of the business of the bank or insurance company to a private sector purchaser, (b) the transfer of all or part of the business of the bank or insurance company to a "bridge entity" and (iii) the transfer of shares in the bank or insurance company to a private sector purchaser or a "bridge entity". In addition, if circumstances arise which are not yet provided for under the RRD or the SRM or for which the RRD or the SRM do not provide sufficient instrument, the Dutch Minister of Finance may take the following measures pursuant to the Dutch Special Measures Financial Institutions Act (i) immediate interventions by the Minister of Finance with regard to the financial institution and (ii) public ownership (nationalisation) of all or part of the business of the financial institution or of all or part of the shares or other securities issued by that financial institution.

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by DNB, the Resolution Board or, as applicable, the Dutch Minister of Finance, a counterparty of the relevant bank or insurance company is prohibited from invoking or enforcing certain contractual rights (for example, contractual rights to terminate a contract or to demand payment, performance or security) pursuant to (contemplated or actual) action undertaken by DNB, the Resolution Board or the Dutch Minister of Finance under the Wft or the SRM. However, subject to applicable insolvency laws, the CBC's right to invoke or enforce provisions of the relevant Transaction Documents or the Covered Bondholders' rights under the Covered Bonds, respectively, against such contracting parties would in principle not be affected by the Wft or the SRM if the exercise of those CBC's rights is based on grounds other than the intervention by DNB, the Resolution Board or the Minister of Finance under the Wft or the SRM (but, for example, on the basis of a payment default or a ratings downgrade not related to or resulting from an intervention pursuant to the Wft or the SRM).

Furthermore, within the context of the resolution tools provided in the Wft and the SRM, holders of debt securities of a bank (including, if relevant to the Issuer, Covered Bondholders) subject to resolution could be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings.

Also, pursuant to the RRD and the SRM, the regulators have the power to write down debt of a failing bank (or to convert such debt into equity). Such bail-in tool may be applied to recapitalise an institution to restore its ability to comply with the licensing conditions and to sustain market confidence in the institution or to convert claims or debts to equity or reduce their principal amount. The bail-in tool covers bonds and notes issued by the institution subject to resolution measures, but certain defined instruments are excluded from the scope. Pursuant to article 27 paragraph 3 of the SRM Regulation and article 44 paragraph 2 of the RRD, covered bonds are in principle excluded from the applicability of the write-down and conversion powers laid down in the SRM Regulation and the RRD. This means that, in principle, Covered Bonds cannot be written down following a bail-in intervention of the national authorities in relation to the Issuer. However, such write-down powers could be used in relation to the Covered Bonds if and to the extent the aggregate Principal Amount Outstanding of the Covered Bonds would exceed the value of the collateral available to

secure such Covered Bonds. Although the Guarantee itself cannot be written down following bail-in intervention of the relevant resolution authority in relation to the Issuer, it is uncertain what would constitute collateral for such purpose in the context of the Covered Bonds and how and when during any such bail-in intervention the value of such collateral (and possibly the Guarantee) would be determined.

If at any time any resolution powers would be used by DNB, the Resolution Board or, as applicable, the Minister of Finance, the Resolution Board or any other relevant authority in relation to the Issuer or the Covered Bonds pursuant to the Wft, the RRD, the SRM or otherwise, this could result in losses to, or otherwise affect the rights of, Covered Bondholders and/or could affect the ratings assigned to the Covered Bonds.

*Implementation of and/or changes to the Basel II Framework may affect the capital requirements and/or liquidity associated with a holding of the Covered Bonds for certain investors.*

The regulatory capital framework published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in 2006 (the "**Basel II Framework**") has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Covered Bonds for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II Framework is implemented in the European Union by the Capital Requirements Directive (as defined below). Certain amendments have been made to the Capital Requirements Directive, including by Directive 2010/76/EU (the so-called CRD III), which was required to be implemented by Member States by the end of 2011 and which introduced (amongst other things) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that the Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as "**Basel III**") and on 1 June 2011 issued its final capital guidance. The accompanying liquidity standards have subsequently revised and a further version was issued on 7 January 2013. The final standards envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and minimum leverage ratio for financial institutions. In particular the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Covered Bonds and/or on incentives to hold the Covered Bonds for investors that are subject to requirements that follow the revised framework and, as a result they may affect the liquidity and/or value of the Covered Bonds.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 26 June 2013, a legislative package of proposals implemented the changes through the replacement of the existing Capital Requirements Directive with a new Directive (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as amended, "**CRD IV**") and Regulation (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended, "**CRR**"). Both CRD IV and CRR entered into force as of 1 January 2014, with full implementation by January 2019; however, CRD IV allows individual Member States to implement a stricter definition and/or level of capital more quickly than is envisaged under Basel III. CRD IV was implemented into Dutch legislation on 1 August 2014 and, in respect of certain liquidity requirements relating to investment firms, on 1 January 2015. The Net Stable Funding Ratio will apply from 1 January 2018 while the Liquidity Coverage Ratio will be phased in between 2015 and 2018.

In general, investors should consult their own advisers as to the regulatory capital and liquidity requirements in respect of the Covered Bonds and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

"**Capital Requirements Directive**" means Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions (each as amended from time to time).

***Risks related to the market generally may adversely affect the value of the Covered Bonds***

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

*There can be no assurance that a secondary market for the Covered Bonds will develop or provide efficient liquidity. The holders of the Covered Bonds may bear the risk of limited liquidity and its effect on the value of the Covered Bonds. Further, Covered Bonds may not be freely transferred within the United States, as they are not registered under the Securities Act.*

Even though application is made for Covered Bonds to be admitted to listing on Euronext Amsterdam, any other regulated or unregulated market within the EEA or any further or other stock exchange(s), there can be no assurance that a secondary market for any of the Covered Bonds will develop, or, if a secondary market does develop, that it will provide the holders of the Covered Bonds with liquidity or that any such liquidity will continue for the life of the Covered Bonds. The Covered Bonds have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Section 1.5 Subscription and Sale*" below and in the relevant Final Terms. A decrease in the liquidity of Covered Bonds may cause, in turn, an increase in the volatility associated with the price of such Covered Bonds. 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 which 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. Any investor in the Covered Bonds must be prepared to hold such Covered Bonds for an indefinite period of time or until redemption of the Covered Bonds. If any person begins making a market for the Covered Bonds, it is under no obligation to continue to do so and may stop making a market at any time. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

*Illiquidity in the markets for mortgage loans and mortgage-backed securities may limit the ability of holders to sell Covered Bonds and/or to receive full payments from the CBC in the event of an Issuer Event of Default or a CBC Event of Default.*

The secondary mortgage markets have been experiencing disruption, as a result of reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirement for those loans and securities. Consequently, the secondary market for mortgage-backed securities has been experiencing limited liquidity. These conditions may continue or worsen in the future. The developments in the market for mortgage-backed securities and liquidity constraints in general have also had an impact on the market for covered bonds. An investor in the Covered Bonds may not be able to sell its Covered Bonds readily. The market values of the Covered Bonds are likely to fluctuate and may be difficult to determine. Any of such fluctuations could be significant.

Therefore, due to limited liquidity in the secondary market for mortgage loans, mortgage-backed securities and related securities (including covered bonds), holders may be unable to re-sell Covered Bonds readily and will bear a credit risk to the extent that the CBC and/or the Trustee experiences difficulties in fulfilling completely and/or timely their respective obligations to the Covered Bondholders in the event of an Issuer Event of Default or a CBC Event of Default.

*The Covered Bondholders whose financial activities are denominated principally in a currency unit other than the Specified Currency will be subject to exchange rate risks and, potentially, exchange controls.*

The Issuer will pay principal and interest on the Covered Bonds in 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 of the Covered Bonds may receive less interest or principal than expected, or no interest or principal.

*Changes in prevailing bond interest rates may adversely affect the value of Fixed Rate Covered Bonds.*

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.

*Ratings may not reflect all of the risks and may not properly reflect the value of the Covered Bonds and rating downgrades or withdrawals may reduce the market value of the Covered Bonds.*

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 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 Fitch, reflect Fitch's assessment of the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each Interest Payment Date. The ratings assigned Fitch also reflect Fitch's assessment of the likelihood of timely payment of principal in relation to the HB Covered Bonds on the Final Maturity Date and in relation to the SB Covered Bonds on the Extended Due for Payment Date thereof. The ratings assigned by Fitch provide an indication of the probability of default and of the recovery given a default of the debt instrument. The ratings assigned by Moody's address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have significant effect on yield to investors.

The expected ratings of the Covered Bonds, if rated individually, will be 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.

In general, European regulated investors are restricted under the CRA Regulation from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain cases whilst the registration application is pending. Such general restriction will also apply in the case of ratings issued by non-EU credit rating agencies, unless the relevant ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out in *Section A. Key Features of the Programme – Ratings* above and will be disclosed in the applicable Final Terms if the relevant Tranche of Covered Bonds are to be rated specifically.

*An investor's investment in the Covered Bonds may be subject to restrictions and qualifications.*

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by any nominee service provider through which it holds its Covered Bonds 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 in the Covered Bonds.*

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Covered Bonds are 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.

*An investor may be unable to enforce US civil judgments against the Issuer.*

The Issuer and the CBC are companies incorporated under the laws of The Netherlands. A substantial part of the assets of the Issuer and the CBC are located outside the United States. In addition, substantially all of the Issuer's and CBC's officers and directors reside outside the United States and a substantial part of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, CBC or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

*Changes to ECB asset purchase programme could affect market value and liquidity*

In September 2014, the ECB initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the euro area and, also, to help enterprises across Europe to enjoy better access to credit, boost investments, create jobs and thus support the overall economic growth. The expanded asset purchase programme will encompass the earlier announced asset-backed securities purchase programme and the covered bond purchase programme. On 25 October 2018, the ECB announced that it will continue to make net purchases at the monthly pace of the EUR 15 billion until the end of December 2018 and, that subject to incoming data confirming the medium-term inflation outlook, net purchases will then end. As of 2019, the ECB will, however, maintain its policy to reinvest the principal payments from maturing securities under these programmes as long as deemed necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation. However, if the economic outlook becomes less favourable, or if financial conditions become inconsistent with further progress towards a sustained adjustment in the path of inflation, the asset purchase programme may be adjusted in terms of size and/or duration. It remains to be seen what the effect of these purchase programmes ultimately will be on the volatility in the financial markets and economy generally. In addition, the continuation, the amendments to or the termination of these purchase programmes could have an adverse effect on the secondary market value of the Covered Bonds and the liquidity in the secondary market for Covered Bonds.

### **Dutch tax risks related to the Dutch government's Tax Plan 2019**

On 10 October 2017, the new Dutch government released its coalition agreement (*Regeerakkoord*) 2017-2021, which includes, among others, certain policy intentions for tax reform. On 23 February 2018, the Dutch State Secretary for Finance published a letter with an annex containing further details on the government's policy intentions against tax avoidance and tax evasion. On 23 February 2018, the Dutch State Secretary for Finance sent a letter to the Dutch Parliament providing further guidance on tax measures in the form of policy intentions the Dutch government plans to introduce to combat tax avoidance and tax evasion. The Dutch government released its Tax Plan 2019 as part of Budget Day 2018 on 18 September 2018 and made certain amendments to the Tax Plan 2019 in memoranda of amendments published on 26 October 2018, which include, among others, certain legislative proposals based on the policy intentions as mentioned in the coalition agreement and letter on tax avoidance and tax evasion. Two policy intentions (for which no legislative proposals have been published yet) in particular may become relevant within the context of the Dutch tax treatment of the Issuer, the CBC and/or (payments under) the Covered Bonds.

The first policy intention relates to the introduction of a "thin capitalisation rule" as of 2020 that would limit the deduction of interest on debt exceeding 92% of the commercial balance sheet total. The heading in the coalition agreement, the annex to the letter on tax avoidance and tax evasion and the legislative proposal on the conditional withholding tax on dividends suggest that this thin capitalisation rule will apply solely to banks and insurers. It cannot be ruled out that it will have a generic application and, as such, it could potentially be applicable to other taxpayers (including the CBC).

The second policy intention relates to the introduction of a conditional "interest withholding tax" on interest paid to creditors in low tax jurisdictions or non-cooperative jurisdictions as of 2021. A legislative proposal introducing a similar conditional withholding tax on dividends and the supporting parliamentary documents



thereto mention that, like the conditional dividend withholding tax, this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group or related entity (as defined in the legislative proposal on the conditional dividend withholding tax) in a low tax or non-cooperative jurisdiction. However, it cannot be ruled out that the conditional withholding tax on interest will have a wider application and, as such, it could potentially be applicable to payments under the Covered Bonds.

On 26 October 2018, the Dutch government published certain memoranda of amendments in which it is announced that, among others, the introduction of the conditional withholding tax on dividends will be postponed (and the current Dutch dividend withholding tax will not be abolished). The introduction of the conditional withholding tax on interest and royalties will not be postponed. A legislative proposal is still expected to be published in 2019.

Many aspects of these policy intentions remain unclear. However, if the policy intentions are implemented they may have an adverse effect on the Issuer and/or the CBC and their financial position in which case the Issuer may redeem the Series affected pursuant to its option under, and in accordance with and subject to the conditions set out in, Condition 6(b) (*Redemption for tax reasons*).

## **B.2 ASSET-BACKED GUARANTEE**

**Covered Bondholders will receive payments from the CBC on any Guaranteed Amounts only when such payments are due and only in accordance with the provisions of the Transaction Documents. If a CBC Event of Default occurs, amounts owed by the CBC to holders of the Covered Bonds may be paid later than provided in the Transaction Documents, only partially or not at all.**

The CBC has no obligation to pay the Guaranteed Amounts payable under the Guarantee until service by the Trustee:

- on the Issuer of an Issuer Acceleration Notice and on the CBC of a Notice to Pay; or
- if earlier, on the Issuer and the CBC of a CBC Acceleration Notice.

A Notice to Pay can only be served if (a) an Issuer Event of Default occurs and results in service by the Trustee of an Issuer Acceleration Notice on the Issuer or (b) a Breach of the Asset Cover Test or Breach of the Pre-Maturity Test occurs. A CBC Acceleration Notice can only be served if a CBC Event of Default occurs.

Following service of an Issuer Acceleration Notice on the Issuer, a Notice to Pay 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 (i) default is made by the Issuer for a period of 7 calendar days or more in the payment of principal or a redemption amount or for a period of 14 calendar days or more in the payment of any interest, or if the Issuer is adjudged bankrupt or emergency regulations (*noodregeling*) are imposed on it, or (ii) requested or directed by a Programme Resolution of the Covered Bondholders of all Series then outstanding.

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

Following service of a Notice to Pay on the CBC (provided (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served and (b) no CBC Acceleration Notice has been served) under the terms of the Guarantee the CBC will be obliged to pay Guaranteed Amounts as and when the same are Due for Payment. Such payments will be subject to and will be made in accordance with the Post-Notice-to-Pay 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 (to the extent not yet accelerated) by service of a CBC Acceleration Notice, whereupon the CBC will under

the Guarantee owe the Early Redemption Amount of each Covered Bond, together with accrued interest and certain other amounts then due under the Covered Bonds. Following service of a CBC Acceleration Notice, the Trustee may enforce the Security over the Secured Property. 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 then the Covered Bonds may be repaid sooner or later than expected and they may be repaid, only partially or not at all.

**The Covered Bondholders may not receive any payments from the CBC to compensate for any tax withheld by the CBC on behalf of a Dutch taxing authority.**

Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction on 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. Therefore, the Covered Bondholders may not expect that the CBC will compensate them for any tax withheld by the CBC on behalf of a Dutch tax authority.

**The CBC's obligation to pay Guaranteed Final Redemption Amounts in respect of a Series of SB Covered Bonds shall automatically be deferred to the relevant Extended Due for Payment Date if the CBC has insufficient funds available to make payments in respect of such Series at the relevant Extension Date.**

If the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount in respect of a Series of SB Covered Bonds and has insufficient monies available under the relevant Priority of Payments to pay the Guaranteed Final Redemption Amount in respect of such Series of SB Covered Bonds on the Extension Date, then the obligation of the CBC to pay such Guaranteed Amount shall automatically be deferred to the relevant Extended Due for Payment Date. However, to the extent the CBC has sufficient monies available to pay in part the Guaranteed Final Redemption Amount in respect of such Series of SB Covered Bonds, the CBC shall make such partial payment in accordance with the relevant Priority of Payments, as described in, and subject to, 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 under such Series of SB Covered Bonds shall be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date will fall twelve (12) calendar months after the Final Maturity Date. Interest will continue to accrue and be payable on the unpaid Guaranteed Final Redemption Amount in respect of such Series of SB Covered Bonds 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 monies 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 in respect of such Series of SB Covered Bonds 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 such 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.

**The Pre-Maturity Test only intends to procure liquidity for HB Covered Bonds whilst the liquidity buffer required pursuant to the 2015 CB Legislation is applicable to both HB Covered Bonds and SB Covered Bonds.**

The Issuer may issue Series of HB Covered Bond from time to time under the Programme. Any obligation of the CBC to pay the Guaranteed Final Redemption Amount in respect of a Series of HB Covered Bonds will not be extended and will be due at the relevant Final Maturity Date (subject to any applicable grace period).

As a result, the Guaranteed Final Redemption Amount in respect of a Series of HB Covered Bonds with a certain Final Maturity Date, may become due (and be paid) by the CBC (a) up to twelve (12) calendar months prior to the Guaranteed Final Redemption Amount in respect of a Series of SB Covered Bonds having the same Final Maturity Date as such Series of HB Covered Bonds and (b) prior to the Guaranteed Final Redemption Amount in respect of any Series of SB Covered Bonds with an up to twelve (12) calendar

months earlier Final Maturity Date. The Pre-Maturity Test will only apply to each Series of HB Covered Bonds and is intended to procure liquidity for the CBC in respect of principal due on the Final Maturity Date of such Series of HB Covered Bonds in case the ratings of the Issuer fall below the Pre-Maturity Minimum Ratings.

Under the 2015 CB Legislation the Issuer will be required to ensure that, amongst other things, at all times sufficient liquidity is maintained or generated by the CBC to cover for the following 6 month-period interest and (except in relation to Covered Bonds which have an extendable maturity date of at least six months) principal payments on the Covered Bonds and certain higher and *pari passu* ranking payments, in each case as calculated and determined in accordance with the 2015 CB Legislation. In determining such liquidity buffer to be maintained or generated in compliance with the 2015 CB Legislation, amongst other things, the proceeds of the Transferred Assets expected to be received in the relevant period and certain amounts (if any) standing to the credit of the AIC Account (including, without limitation, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger (to the extent relating to the relevant Series and period), the Mandatory Liquidity Revenue Ledger, the Mandatory Liquidity Principal Ledger, the Reserve Fund Ledger and the Interest Cover Reserve Fund Ledger) may be taken into account.

The Mandatory Liquidity Revenue Ledger and the Mandatory Liquidity Principal Ledger are used to administer the Mandatory Liquidity Fund. Pursuant to the Trust Deed, the Issuer is required to credit the Mandatory Liquidity Fund with Mandatory Liquidity Required Amounts which amounts are determined at the relevant time as the amount by which at such time the proceeds of the Transferred Assets expected to be received in the relevant period and the relevant amounts standing to the credit of the AIC Account (including, without limitation, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger, the Reserve Fund Ledger and the Interest Cover Reserve Fund Ledger) and such other amounts permitted to be taken into account pursuant to the 2015 CB Legislation, fall short of the amount which is at such time required to be held by the CBC to ensure compliance with such mandatory liquidity buffer. However, there is no assurance that there will not be a liquidity shortfall.

**The CBC has limited resources the value of which depends on a number of factors and may be insufficient to meet the CBC's obligations under the Guarantee. In the event of a CBC Event of Default, the Covered Bondholders may not receive the full amounts due to them from the CBC or the Issuer.**

The CBC's ability to meet its obligations under the Guarantee will depend on the realisable value of Transferred Assets (net of, without limitation, amounts due to any Participants in the case of Participation Receivables), the amount of principal and revenue proceeds generated by the Transferred Assets (net of, without limitation, amounts due to any Participants in the case of Participation Receivables) and Authorised Investments and the timing thereof and amounts received from the Swap Providers (if any), any Participants and the Account Bank and, in respect of HB Covered Bonds only, prior to a CBC Event of Default and following a Breach of the Pre Maturity Test only, any amounts available under a CBT Facility. 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 Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders. Upon the occurrence of any Issuer Event of Default or a CBC Event of Default, the CBC or the Trustee, as the case may be, could experience difficulty with any sale of the relevant Transferred Receivables, particularly with respect to the price achievable and the timing of such sale. If, following enforcement of the Security constituted by or pursuant to the Security Documents, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may 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. Also, under the 2015 CB Legislation the Issuer will be required to ensure that, in addition to the mandatory liquidity buffer required to be maintained or generated by the CBC (see also the risk factor entitled "*The Pre-Maturity Test only intends to procure liquidity for HB Covered Bonds whilst the liquidity buffer required pursuant to the 2015 CB Legislation is applicable to both HB Covered Bonds and SB Covered Bonds*"), (i) a statutory minimum level of overcollateralisation of eligible cover assets is maintained and (ii) the value of the Transferred Assets (subject to certain deductions in accordance with the 2015 CB

Legislation) is at all times at least equal to the Principal Amount Outstanding of the Covered Bonds, in each case as calculated and determined in accordance with the 2015 CB Legislation. The Asset Cover Test is, amongst other things, used to comply with such statutory overcollateralisation and minimum value requirements under the 2015 CB Legislation. However, there is no assurance that there will not be a shortfall. The holders of the Covered Bonds will bear the risk of such a shortfall on payments due under the Transaction Documents as there may be insufficiency of resources of the Issuer or the CBC.

**The ability of the CBC to make full and timely payments pursuant to its obligations under the Guarantee may depend on the performance of third parties on which the CBC relies, such as the Servicers or the Administrator, of their obligations to the CBC.**

The CBC has entered into agreements with a number of third parties, which have agreed to perform services for the CBC. In particular, but without limitation, the Initial Servicer has been (and New Servicers may be) appointed to service the Transferred Receivables, the Administrator has been appointed to monitor compliance with the Asset Cover Test, the Pre-Maturity Test in respect of each Series of HB Covered Bonds and the Amortisation Test and to provide administration services to the CBC and the Asset Monitor has been appointed to conduct tests on the arithmetic accuracy of the calculations performed by the Administrator annually and in certain circumstances more frequently in respect of the Asset Cover Test and monthly in respect of the Amortisation Test with a view to confirming the accuracy of such calculations. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Transferred Assets or any part thereof may be affected, or, pending such realisation (if the Transferred Assets or any part thereof cannot be sold), the ability of the CBC to make payments under the Guarantee may be affected. For instance, if a Servicer has failed to adequately administer the Transferred Receivables, this may lead to higher incidences of non-payment or default by Borrowers. The CBC is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Guarantee.

If a Servicer Event of Default occurs pursuant to the terms of a Servicing Agreement, then the CBC and/or the Trustee will be entitled to terminate the appointment of the relevant Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Transferred Receivables on the terms of the Servicing Agreement. The ability of a substitute servicer to perform fully the required services would depend, amongst other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Transferred Receivables or any part thereof, and/or the ability of the CBC to make payments under the Guarantee. However, if a Servicer ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least 'Baa3(cr)' or by Fitch of at least 'BBB-', the CBC will use reasonable efforts to enter into a master servicing agreement with a third party.

None of the Servicers have (or will have, as applicable) any obligation themselves to advance payments that Borrowers fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by a Servicer under a Servicing Agreement.

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

Thus, payments due to Covered Bondholders by the CBC may be affected by the performance of third parties such as the Servicers, the Administrator and the Issuer.

**The Interest Cover Reserve Fund 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 outstanding Covered Bonds.**

If any of the Issuer's ratings falls below the minimum ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, the CBC is required to, among other things, establish an Interest Cover Reserve Fund and the Issuer is required to fund and maintain such Interest Cover Reserve Fund. The amounts to be paid by the Issuer in order to fund and maintain the Interest Cover Reserve Fund are calculated by reference to the rate of interest received on Transferred Collateral up to the date on which the last outstanding Covered Bond matures. In order to calculate such amount, the Issuer will need make certain assumptions and estimates. The Interest Cover Reserve Fund may only be debited if on any CBC Payment

Date there is a shortfall between the Scheduled Interest payable on such date and any amounts otherwise available to the CBC for such purpose. An amount standing to the credit of the Interest Cover Reserve Fund equal to such shortfall shall form part of the Available Revenue Receipts on any CBC Payment Date.

The amounts standing to the credit of the Interest Cover Reserve Fund may be insufficient to cover any shortfall between the actual rates of interest and revenue on the Transferred Receivables or the rates of interest or revenue payable on the other Transferred Assets, the Substitution Assets, the Authorised Investments and the balance of the AIC Account and the actual rate of interest payable on the outstanding Covered Bonds, as well as other mismatches which may adversely affect the realisation value of the Transferred Receivables, and/or 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, its performance to fund the relevant amount 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.

**The Trustee may face limitations in enforcing the CBC's pledges in the event of a bankruptcy proceeding against the CBC under Dutch law.**

Under or pursuant to the Security Documents, various Dutch law pledges are 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 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. Firstly, 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*), even if such petition was presented in breach of a non-petition covenant. Secondly, recourse by any person who is a party to a Transaction Document to the CBC has been limited to the Transferred Assets and any other assets the CBC may have (excluding for the avoidance of doubt amounts standing to the credit of the Capital Account). It is therefore unlikely that the CBC becomes subject to a bankruptcy (*faillissement*), suspension of payments (*surséance 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 Wft (the "**Dutch Insolvency Proceedings**"). Should the CBC nevertheless be subjected to Dutch Insolvency Proceedings, the Trustee as pledgee can exercise the rights afforded by Dutch law to pledgees as if there were no Dutch Insolvency Proceedings. However, Dutch Insolvency Proceedings involving the CBC would affect the position of the Trustee as pledgee in some respects.

*Firstly*, if and to the extent that assets purported to be pledged by the CBC 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 Dutch Insolvency Proceedings take effect (i.e. at 0:00 hours on the date Dutch Insolvency Proceedings are declared), such assets are no longer capable of being pledged by the CBC (unless the liquidator would agree). This would for example apply with respect to amounts that are paid to the CBC Accounts following the CBC's Dutch Insolvency Proceedings taking effect. As such crediting of the relevant CBC Account would not yet have occurred when the Dutch Insolvency Proceedings take effect, the resulting receivable of the CBC *vis-à-vis* the Account Bank would qualify as a future asset. However, if following Dutch Insolvency Proceedings taking effect, amounts are due to be paid under receivables that have been pledged to the Trustee prior to such Dutch Insolvency Proceedings taking effect, the Trustee as pledgee could through notification to the relevant debtors prevent that such pledged receivables are discharged through payment to the CBC Accounts. The Trustee as pledgee is entitled itself to collect such receivables, in other words by requesting the relevant amounts be transferred into its own bank account, following notification of the assignment and pledge to the relevant debtor. Notification of the pledge may occur following the occurrence of a Notification Event. As long as no notification of the assignment has taken place in respect of pledged Transferred Receivables, the relevant debtor must continue to pay to the relevant Originator. Under "*Section B.3 Guarantee Support - No Notification of Assignment of Eligible Receivables to CBC*" below, the position of the CBC is described in respect of payments so made to the relevant Originator prior to or after such Originator's possible Dutch Insolvency Proceedings taking effect. In respect of payments under pledged Transferred Receivables made to the CBC following notification of the assignment but prior to notification of the pledge and prior to Dutch Insolvency Proceedings of the CBC 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*). In respect of post-insolvency payments, the

Trustee will be a preferred creditor having an insolvency claim (*voor verificatie vatbare vordering*). Creditors of insolvency claims have to share in the general insolvency costs and have to await finalisation of a (provisional) distribution list (*voorlopige uitdelingslijst*).

Furthermore, the following mandatory rules of Dutch insolvency law may affect the enforcement of the Trustee's pledges:

- a statutory stay of execution ('cooling-off period') of up to two months - with a possible extension by up to two more months - may be imposed during each type of Dutch Insolvency Proceedings by court order. Such stay of execution does not prevent the Trustee from giving notice to the debtors of any pledged receivables 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 liquidator in bankruptcy can force the Trustee to enforce its security right within a reasonable period of time, failing which the liquidator in bankruptcy will be entitled to sell the pledged assets and distribute the proceeds. In such case, the Trustee will receive payment prior to ordinary, non-preferred creditors having an insolvency claim but after creditors of the estate (*boedelschuldeisers*). It should be noted, however, that this power of the liquidator in bankruptcy only aims to prevent a secured creditor from delaying the enforcement of the security without good reason; and
- excess proceeds of enforcement must be returned to the CBC in its Dutch Insolvency Proceedings; they may not be set-off against an unsecured claim (if any) of the Trustee on the CBC. Such set-off is in principle allowed prior to the Dutch Insolvency Proceedings.

Similar or different restrictions may apply in the event of any proceeding equivalent or analogous to Dutch Insolvency Proceedings under the laws of any other jurisdiction (together with the Dutch Insolvency Proceedings, the "**Insolvency Proceedings**"). Accordingly, even though the CBC has been set up as a bankruptcy remote entity, if Dutch Insolvency Proceedings are nevertheless commenced against the CBC, the Trustee's enforcement rights of the pledges by the CBC may be adversely affected. As a result, the Trustee may be unable to enforce the CBC's pledges in full or in time, in turn affecting the amounts available for payments due to the holders of the Covered Bonds.

**As a result of the use of the "parallel debt" structure, if the Trustee becomes subject to a Dutch Insolvency Proceeding, payments made to it pursuant to the CBC's pledges and any proceeds of the Security will be part of the Trustee's assets, which may adversely impact the timely and/or full payment to the holders of the Covered Bonds from such CBC's pledges and any proceeds of the Security.**

It is intended that the CBC grants pledges to the Trustee for the benefit of the Secured Creditors. However, under Dutch law there is no concept of trust and it is uncertain whether a pledge can be granted to a party other than the creditors of the receivables purported to be secured by such pledge. The Issuer has been advised that under Dutch law a 'parallel debt' structure can be used to give a trustee its own, separate, independent right of claim on identical terms as the relevant creditors. For this purpose, the Trust Deed creates a parallel debt of the CBC to the Trustee, equal to the corresponding Principal Obligations, so that the Security can be granted to the Trustee in its own capacity as creditor of the parallel debt. In the Trust Deed it is agreed that obligations of the CBC to the Trustee under the parallel debt shall be decreased to the extent that the corresponding principal obligations to the Secured Creditors are reduced (and *vice versa*). In the Trust Deed the Trustee agrees to act as trustee as abovementioned and agrees:

- to act for the benefit of the Secured Creditors 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.

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 case the Trustee becomes subject to Dutch Insolvency Proceedings not separated from the Trustee's other assets, so the Secured Creditors accept a credit risk on the Trustee. However, the Trustee is a special purpose entity and is therefore unlikely to become subject to an Insolvency Proceeding. If an Insolvency Proceeding is nevertheless commenced against the Trustee, the holders of the

Covered Bonds may not receive full or timely payments due to them from the enforcement of the CBC's pledges and any proceeds of the Security.

**Holders of beneficial interests in Global Covered Bonds or holders of Registered Covered Bonds transferred to them may not have the benefit of the Guarantee unless the Guarantee has been properly assigned and transferred to them under Dutch law.**

Under Dutch law an independent guarantee like the Guarantee is in general 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 under Dutch law, in the case of Bearer Covered Bonds, 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 Covered Bondholder only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The Issuer has been advised that as a result, in case of a physical transfer of a Bearer Covered Bond, such transfer includes the corresponding rights under the Guarantee. In case of a transfer of a beneficial interest in a Global Covered Bond to a transferee by way of book-entry transfer (*girale overboeking*), such transfer includes the corresponding rights under the Guarantee subject to and in accordance with any applicable laws, rules and regulations of the relevant clearing system. For Registered Global Covered Bonds and Registered Definitive Covered Bonds (including Registered Definitive Covered Bonds issued pursuant to a Registered Covered Bonds Deed), the rights under the Guarantee are to be separately assigned, together with the corresponding rights under the relevant Registered Covered Bonds. Thus, under Dutch law transferees of beneficial interests in Global Covered Bonds or holders of Registered Covered Bonds may not have the benefit of the Guarantee unless the rights under such Guarantee have been properly transferred to them.

### **B.3 GUARANTEE SUPPORT**

**In the event of a Dutch Insolvency Proceeding against an Originator, prior to the notification of the transfer of the Transferred Receivables to the debtors, the CBC's claims to payments by such Originator under such Transferred Receivables may rank in priority behind the claims of other creditors of the Originator, in turn adversely affecting the ability of the CBC to collect fully and/or timely payments under the Transferred Receivables and subsequently meet its obligations fully and/or timely to Covered Bondholders.**

The Guarantee Support Agreement provides that the transfer of the Eligible Receivables will be effected through a silent assignment (*stille cessie*) by the relevant Originator to the CBC. This means that legal ownership of the Eligible Receivables will be transferred to the CBC by registration of a duly executed deed of assignment with the tax authorities (*Belastingdienst*), without notifying the debtors of such Eligible Receivables. The assignment will only be notified to the debtors if a Notification Event occurs. Notification is only necessary to achieve that the debtors can no longer discharge their obligations by paying to the relevant Originator.

As long as no notification of the assignment has taken place, the debtors under the Transferred Receivables must continue to make payments to the relevant Originator or its nominee. In respect of payments made to an Originator prior to a Dutch Insolvency Proceeding of the relevant Originator taking effect and not on-paid to the CBC, the CBC will in the relevant Originator's Dutch Insolvency Proceedings be an ordinary, non-preferred creditor, having an insolvency claim. In respect of post-insolvency payments made by debtors to an insolvent Originator, the CBC will be a creditor of the estate (*boedelschuldeiser*), and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate. Therefore, the CBC may be unable to collect fully and/or timely on payments due from an Originator under the Transferred Receivables in the event of a Dutch Insolvency Proceeding against such Originator, in turn adversely affecting the full and/or timely payments to the holders of the Covered Bonds.

**The CBC may be unable, as a matter of Dutch law, to enforce mortgages or pledges in respect of Transferred Receivables, which, in turn, could adversely affect its ability to meet fully and/or timely its obligations to the Covered Bondholders under the Guarantee.**

Under Dutch law mortgages and pledges are in principle accessory rights (*afhankelijke rechten*) which pursuant to articles 3:7, 3:82 and 6:142 of the Dutch Civil Code automatically follow the receivables they

secure, for example if such receivables are transferred to a third party. The mortgages and pledges securing the Eligible Receivables qualify as either:

- 'fixed' security, securing only (i) one or more specified receivables of the relevant initial pledgee or mortgagee against the relevant debtor or (ii) receivables arising from one or more specified contractual relationships (*rechtsverhoudingen*) between the relevant initial pledgee or mortgagee and the relevant debtor ("**Fixed Security**"); or
- 'all-monies' security, securing all present and future receivables of the relevant initial pledgee or mortgagee against the relevant debtor, whether in general (*bankzekerheidsrecht*) or under any and all present and future credit agreements (*kredietzekerheidsrecht*) ("**All-monies Security**").

In the past a considerable degree of uncertainty existed in Dutch legal writing as to whether a transfer of a receivable secured by All-monies Security, results in a transfer of the All-monies Security, or a share therein, to the transferee.

The Issuer has been advised that like any other mortgage or pledge, an all-monies mortgage or pledge under Dutch law is in principle an accessory right (*afhankelijk recht*) and that, therefore, upon a transfer of a receivable secured by All-monies Security, the transferee will in principle become entitled to a share in the All-monies Security by operation of law. The Issuer has been advised that the above is confirmed by the *Onderdrecht v. FGH and PHP* decision of the Dutch Supreme Court (HR 16 September 1988, NJ 1989, 10). In this decision, the Dutch Supreme Court ruled that the main rule is that a mortgage as an accessory right transfers together with the receivable it secures. The Dutch Supreme Court also held that it is a question of interpreting the relevant clause in the mortgage deed whether the definition of the secured receivables entails that the mortgage exclusively vests in the original mortgagee, in deviation of said main rule. The Issuer has been advised that where the mortgage or pledge deed contains no specific intention regarding the transfer of the mortgage or pledge, the abovementioned main rule applies, so that following a transfer of a secured receivable, the relevant receivable will continue to be secured by the mortgage or pledge.

The Originators have under or pursuant to the Guarantee Support Agreement warranted and represented that the relevant mortgage and pledge deeds contain either (i) no specific wording regarding the transfer of any right of mortgage or pledge securing the Eligible Receivables or (ii) an express confirmation to the effect that upon a transfer of the relevant Eligible Receivable, the Eligible Receivable will following the transfer continue to be secured by the mortgage or pledge. However, if the *Onderdrecht v. FGH and PHP* decision or its interpretation is revisited, the CBC may be unable to enforce mortgages or pledges in respect of Transferred Receivables, which, in turn, may adversely affect its ability to meet fully and/or timely its obligations to the holders of the Covered Bonds under the Guarantee.

**Certain security rights attached to the Eligible Receivables transferred to the CBC may become part of a joint estate between the CBC and the Originators, which could reduce or delay the amount which the CBC may recover under the relevant mortgage and which could adversely affect the ability of the CBC to meet fully and/or timely its obligations under the Guarantee.**

As a consequence of the transfer to the CBC of Eligible Receivables secured by All-monies Security (or, if not all receivables which are secured, or if not the entire contractual relationship (*rechtsverhouding*) from which receivables may arise which will be secured, by the relevant security right are or is, respectively, transferred to the CBC, Fixed Security), the relevant All-monies Security (or where applicable Fixed Security) will become part of a joint estate (*gemeenschap*) of the CBC and the original mortgagee or pledgee, as the case may be, governed by articles 3:166 *et seq.* of the Dutch Civil Code. This means, amongst other things, that in the event of foreclosure of the All-monies Security (or where applicable Fixed Security), the relevant original mortgagee or pledgee and the CBC in principle need to act jointly and share the proceeds *pro rata* on the basis of their respective shares in the joint estate.

For this purpose, the Guarantee Support Agreement contains an intercreditor arrangement granting the CBC the right to (i) foreclose on the All-monies Security (or where applicable Fixed Security) without involvement of the relevant Originator and (ii) take recourse to the foreclosure proceeds prior to the relevant Originator. The Issuer has been advised that it is uncertain whether said arrangement is binding on the relevant Originator's liquidator or administrator in Dutch Insolvency Proceedings. However, the Issuer has also been advised that on the basis of articles 3:166, 168, 170 and 172 of the Dutch Civil Code there are good arguments to state that such arrangement is binding. Moreover, generally the above only becomes relevant in the event that each of the following conditions is met:



- the Borrower does not meet his secured obligations in full to either the Originator or the CBC, in particular because he is insolvent;
- the Originator is subject to a Dutch Insolvency Proceeding; and
- the proceeds of the Secured Property are insufficient to fully satisfy the secured receivables of the relevant Originator and the CBC.

The abovementioned intercreditor arrangement will be supported by an undertaking of each relevant Originator to pledge to the CBC its Residual Claims forthwith *vis-à-vis* the relevant Borrowers which are secured by the relevant All-monies Security (or where applicable Fixed Security), unless an appropriate remedy to the satisfaction of the Trustee is found after having received Rating Agency Confirmation, (A) upon the occurrence of the Issuer's long-term rating from Moody's ceasing to be at least 'A3(cr)' (or such other minimum rating as determined to be applicable or agreed from time to time by Moody's) and such downgrade is continuing for a period of twelve months (or such other period as determined to be applicable or agreed from time to time by Moody's) after the date of such downgrade, or (B) upon the occurrence of the Issuer's long-term rating from (i) Moody's ceasing to be at least 'Baa1(cr)' (or such other minimum rating as determined to be applicable or agreed from time to time by Moody's) or any such rating is withdrawn or (ii) Fitch ceasing to be at least 'A' (or such other minimum rating as determined to be applicable or agreed from time to time by Fitch) or any such rating is withdrawn (each such rating downgrade or withdrawal event, a "**RC Pledge Trigger Event**").

The pledge (if implemented) of such Residual Claims will secure a special indemnity created in the Guarantee Support Agreement for this purpose, under which each relevant Originator undertakes to pay to the CBC an amount equal to its share in the foreclosure proceeds. Recourse in respect of the indemnity is limited to the relevant Originator's share in the foreclosure proceeds. The indemnity will be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Transferred Receivable or the receivable(s) he owes to the relevant Originator. If and to the extent the pledge is implemented and any foreclosure proceeds are applied in discharge of the indemnity, the relevant Originator's pledged receivables *vis-à-vis* the relevant Borrower would be discharged. For this reason, the CBC undertakes in the Guarantee Support Agreement to in that case retransfer to the relevant Originator a part of the unsatisfied part of the relevant Transferred Receivable for a principal amount corresponding to the principal amount of the Residual Claims so applied.

If, after the pledge of the Residual Claims, the Issuer regains a long-term rating from Moody's of at least 'A3(cr)' and from Fitch of at least 'A' (or, in each case, such other minimum rating as determined to be applicable or agreed from time to time by the relevant Rating Agency) and retains such ratings for a consecutive period of twelve months (in the case of a downgrade by Moody's, or such other period as determined to be applicable or agreed from time to time by Moody's), as the case may be (each such rating uplift event, a "**RC Pledge Release Trigger Event**"), the CBC and the Trustee will be obliged to release the rights of pledge vested on the Residual Claims. In addition, each of the CBC and the Trustee undertakes to release such right of pledge on any Residual Claims if (i) the principal amount outstanding in respect of the relevant Transferred Receivable secured by the same Related Security has been repaid in full together with all accrued interest and other secured amounts due under or in connection with the related Loan or (ii) all Transferred Receivables that are secured by the same Related Security as such Residual Claims have been retransferred to the relevant Originator in accordance with the terms of the Guarantee Support Agreement.

The Guarantee Support Agreement provides that:

- (A) the Originators warrant and represent that:
- (i) the relevant Receivable was originated by the relevant Originator (which includes origination by an originator (i) which has Merged into the relevant Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the relevant Originator pursuant to a Demerger) and the relevant Originator has not (nor has any such relevant Merged Originator or Demerged Originator (as the case may be)) transferred any receivable (including but not limited to any Residual Claim) secured by the Related Security to any party other than (a) the CBC (or in the case of a Merged Originator or Demerged Originator (as the case may be), the relevant Originator) and/or (b) an insurer pursuant to a Master Transfer Agreement in relation to an MTA Receivable; or

- (ii) the relevant Receivable is secured by Related Security which does not include All-monies Security and that any and all present and future receivables which are secured by such Fixed Security forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security, have, together with all Related Security, been transferred to (i) such Originator (or an originator (a) which has Merged into the relevant Originator or (b) whose Relevant Assets and Liabilities have been acquired by the relevant Originator pursuant to a Demerger) or (ii) an insurer pursuant to a Master Transfer Agreement in relation to an MTA Receivable;
- (B) where the Originators cannot give the representations and warranties set out in (A) above, an intercreditor arrangement as abovementioned will be entered into with the relevant originator to deal with the joint security and such other representations and warranties as may be required by the CBC and the Trustee in relation to the transfer of the relevant Eligible Receivable by such originator to the relevant Originator;
- (C) if (i) the relevant Originator will transfer any Residual Claims *vis-à-vis* the relevant Borrowers which are secured by the relevant All-monies Security (or where applicable Fixed Security), it will simultaneously transfer its corresponding obligations and rights under the intercreditor arrangement to the relevant transferee (other than an insurer pursuant to a Master Transfer Agreement in relation to an MTA Receivable) and (ii) the CBC transfers a Transferred Receivable to any transferee other than the relevant Originator or insurer, it is entitled to transfer its corresponding rights and obligations under the intercreditor arrangement to the relevant transferee; and
- (D) if (i) an Originator makes any Further Advance under any Loan Agreement relating to a Transferred Receivable, (ii) such Further Advance is secured by the same Related Security and (iii) such Further Advance results in an Eligible Receivable, then it will transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date.

Accordingly, if an Originator becomes subject to a Dutch Insolvency Proceeding and, as a result, the All-monies Security in respect of Loans transferred by that Originator becomes part of a joint estate between the CBC and the relevant Originator, the CBC would have to rely, in the first instance, on an intercreditor arrangement to ensure its priority, relative to the relevant Originator, in such All-monies Security. If the intercreditor arrangement is not binding in the insolvency of the relevant Originator, the CBC would need to rely on its rights under a pledge of the Residual Claims or an alternative arrangement, to the extent in place as described above. If the CBC is unable to rely on the intercreditor arrangement, having to rely on a pledge or other alternative arrangement, or if the CBC is unable to rely on such pledge or alternative arrangement, this may reduce or delay the amount which the CBC may recover under the relevant mortgage which, in turn, could adversely affect the ability of the CBC to meet its obligations under the Guarantee fully and/or timely.

**In the event of a foreclosure of certain security, the CBC may have to act jointly with RBS N.V. and share with RBS N.V. the foreclosure proceeds pro rata, limiting the CBC's ability to recover fully and/or timely on such security and consequently, adversely affecting the CBC's ability to meet its obligations to Covered Bondholders fully and/or timely under the Guarantee.**

Effective as from 6 February 2010, being the date on which the demerger of the relevant Dutch State acquired business with The Royal Bank of Scotland N.V. as demerging party and ABN AMRO Bank N.V. as acquiring party became effective in accordance with article 2:334n of the Dutch Civil Code (the "**Legal Demerger**"), it is possible that a joint estate as described in the previous risk factor exists between the CBC and The Royal Bank of Scotland N.V. (previously named ABN AMRO Bank N.V. (including its successors and assigns, "**RBS N.V.**")) (and, if an Originator, ABN AMRO Bank). The Issuer has been advised that if the entire contractual relationship pertaining to the relevant Borrower is included in full in the Legal Demerger, it is highly likely that the associated All-monies Security (or Fixed Security) has transferred along to ABN AMRO as part of the Legal Demerger, in which case no such joint estate would arise between RBS N.V. and the CBC (and if an Originator, ABN AMRO Bank). Under a master amendment agreement entered into on or around the Legal Demerger pertaining to the Programme, ABN AMRO Bank has represented and warranted to the CBC and the Trustee as of the date of such master amendment agreement and as of the moment the Legal Demerger takes effect, in relation to each Transferred Receivable that the

entire contractual relationship pertaining to the relevant Borrower is included in full in the Legal Demerger. Nevertheless, the Issuer has been advised in relation to Transferred Receivables secured by All-monies Security that the risk cannot be excluded that a residual All-monies Security has remained with RBS N.V. following the Legal Demerger and that a joint estate exists between RBS N.V. and the CBC (and if an Originator, ABN AMRO Bank). Such risk is mitigated (i) as between the CBC and ABN AMRO Bank in the manner set out in the previous risk factor and (ii) as between the CBC and RBS N.V. in a security rights agreement dated on or about the Legal Demerger (as supplemented on 29 September 2011) in which RBS N.V. has, among other things, undertaken to, in the event of security rights held in a joint estate (*gemeenschap*) between ABN AMRO and/or RBS N.V. and/or the CBC, respect and act in accordance with the contractual (priority) rights of the CBC as set out in the Transaction Documents as in force at the Legal Demerger, in particular on the proceeds of enforcement (*opbrengst van uitwinning*), as if it were an originator.

Despite these arrangements, it is still possible that the CBC would have to act jointly with RBS N.V. and share the proceeds with RBS N.V. *pro rata* (i.e. in the event of a Dutch Insolvency Proceeding against RBS N.V.). Therefore, the CBC's ability to recover fully and/or timely on some mortgages or pledges in respect of Transferred Receivables originated by ABN AMRO Bank prior to the Legal Demerger may be limited, which may in turn adversely affect the CBC's ability to meet fully and/or timely its obligations under the Guarantee.

**Set-Off by Borrowers: The CBC's rights and the Trustee's enforcement of pledges in respect of Transferred Receivables may be limited by Borrowers' set-off rights against Originators. As a result, the CBC and/or the Trustee may be unable to meet their payment obligations fully and/or timely under the Transaction Documents to holders of the Covered Bonds.**

Notwithstanding the assignment and pledge of the Eligible Receivables to the CBC, and the Trustee, respectively, the Borrowers may be entitled to set-off the relevant Eligible Receivable against a claim they may have *vis-à-vis* the relevant Originator (if any), such as (i) counterclaims resulting from a current account relationship, (ii) counterclaims resulting from damages incurred by a Borrower as a result of acts performed by the relevant Originator, or (iii) other counterclaims such as counterclaims (a) resulting from a deposit made by a Borrower, including, without limitation, deposits that pursuant to the terms of the relevant Bank Savings Loan have been made by the Borrower in the related Bank Savings Account, or (b) relating to an employment agreement with the Borrower as employee. In the absence of contractual provisions expanding statutory set-off possibilities, mutuality of claims is one of the requirements for set-off to be allowed: the parties, mutually, have to be each other's creditor and debtor. Following an assignment of an Eligible Receivable by an Originator to the CBC, the relevant Originator would no longer be the creditor of the Eligible Receivable. However, for as long as the assignment has not been notified to the relevant Borrower, the Borrower remains entitled to set-off the Eligible Receivable as if no assignment had taken place. After notification of the assignment or pledge, the relevant Borrower can still invoke set-off pursuant to article 6:130 of the Dutch Civil Code. On the basis of such article a Borrower can invoke set-off against the CBC as assignee (and the Trustee as pledgee) if the Borrower's claim *vis-à-vis* the relevant Originator (if any) stems from the same legal relationship as the Eligible Receivable (such as the Borrower's right to receive payments from the Bank Savings Account stemming from the same legal relationship as the related AAHG Bank Savings Receivable) or became due and payable before the notification. In addition, the possibility cannot be excluded that on the basis of an analogous interpretation of article 6:130 of the Dutch Civil Code, a Borrower will be entitled to invoke set-off against the CBC or the Trustee (as the case may be) if prior to the notification, the Borrower was either entitled to invoke such set-off against the relevant Originator (e.g. on the basis of article 53 of the Dutch Bankruptcy Code) or had a justified expectation that he would be entitled to such set-off against the relevant Originator.

Furthermore, if a Borrower has a claim against any affiliate of the relevant Originator that is a separate legal entity (e.g. on the basis of a current account relationship with such an affiliate), the legal requirement under Dutch law for set-off that the parties mutually have to be each other's creditor and debtor, is as such not met. There may however be other circumstances which could lead to set-off or other defences being successfully invoked by such a Borrower. Also, if a Loan is granted by the relevant Originator to a Borrower, who is also an employee of an entity which is an affiliate of the relevant Originator and a separate legal entity, the requirement under Dutch law for set-off that the parties mutually have to be each other's creditor and debtor, is as such not met. There may however be other circumstances which could lead to set-off or other defences being successfully invoked by such an employee.

Some of the standard form mortgage documentation provide for a waiver by the Borrower of his rights of set-off *vis-à-vis* the relevant Originator. However, the waiver of set-off by a Borrower could be voided pursuant to Dutch contract law and may therefore not be enforceable. The Guarantee Support Agreement provides that if a Borrower sets off amounts due to it by an Originator against the relevant Transferred Receivable, the relevant Originator will pay to the CBC an amount equal to the amount so set-off. In addition, an amount calculated on the basis of a method notified to the Rating Agencies in connection with the possible set-off pertaining to the Deposit Amount will be deducted for the purpose of the Asset Cover Test if the Issuer's rating from a relevant Rating Agency falls below the relevant minimum ratings. In relation to each Transferred Receivable to which a Construction Deposit applies, an amount equal to the amount of the Construction Deposit will be deducted for the purpose of the Asset Cover Test and the Amortisation Test. Likewise, in relation to each AAHG Bank Savings Receivable, amounts standing to the credit of the related Bank Savings Account will be deducted for the purpose of the Asset Cover Test and the Amortisation Test (unless it concerns a Participation Receivable, in which case an amount equal to the relevant Participation is already deducted as part of the definition of Net Outstanding Principal Balance). Such deductions in principle mean that the outcome of the Asset Cover Test and the Amortisation Test will be lowered each time when further deposits are made by the relevant Borrower (save to the extent further Eligible Assets are transferred to the CBC under or pursuant to the Guarantee Support Agreement).

Furthermore, in respect of Bank Savings Loans, amounts standing to a Bank Savings Account will if the deposit guarantee scheme is activated in respect of the Bank Savings Deposit Bank by DNB or the Bank Savings Deposit Bank is subjected to emergency regulations (*noodregeling*) or declared bankrupt (*failliet*), by operation of law, be set-off against the related Bank Savings Loan, irrespective of whether the Bank Savings Loan is owed to ABN AMRO Hypotheken Groep B.V. ("**ABN AMRO Hypotheken Groep**") (as Bank Savings Deposit Bank) or a third party, such as an Originator or the CBC.

To mitigate set-off risk relating to Bank Savings Receivables, ABN AMRO Hypotheken Groep will enter into a Master Sub-Participation Agreement prior to its first transfer of Bank Savings Receivables to the CBC in accordance with the Guarantee Support Agreement.

Pursuant to a Master Sub-Participation Agreement relating to any Bank Savings Receivable, an Initial Settlement Amount and Further Settlement Amounts will be payable by the Bank Savings Deposit Bank as Participant to the CBC in return for a Participation. If the relevant Borrower invokes set-off, or set-off is applied by operation of law, in relation to any amount standing to the credit of the relevant Bank Savings Account as against any Transferred Receivable (such amount for which set-off is invoked or applied, the "**Bank Savings Set-Off Amount**") and, as a consequence thereof, the CBC will not have received such amount in respect of such Participation Receivable, the relevant Participation of the Bank Savings Deposit Bank will be reduced by an amount equal to such Bank Savings Set-Off Amount. Unless and until (i) both an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all amounts expressed to be payable by or to the CBC under the relevant Master Sub-Participation Agreement, shall instead be payable by or to the Issuer for its own account in accordance with the Pre-Notice-to-Pay Priority of Payments. However, if (i) an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all Initial Settlement Amounts and Further Settlement Amounts will be collected by or on behalf of the CBC and be applied in accordance with the Post-Notice-to-Pay Priority of Payments or Post-CBC-Acceleration-Notice Priority of Payments, as the case may be. For the purpose of the Asset Cover Test and the Amortisation Test, the Net Outstanding Principal Balance of the relevant Transferred Receivable will be taken into account, meaning in relation to AAHG Bank Savings Receivables that an amount equal to the relevant Participation will be deducted.

In addition to the foregoing, where the relevant Originator acquired an Eligible Receivable or the associated Loan Agreement from another originator pursuant to a Demerger, there is a risk that the relevant Borrower may be entitled to set-off such Eligible Receivable against a claim (if any) he may have against such Demerged Originator, such as counterclaims resulting from a current account relationship and, depending on the circumstances, counterclaims resulting from a deposit made by the relevant Borrower. The Issuer has been advised that on the basis of article 6:130 of the Dutch Civil Code such a Borrower can invoke set-off against the Originator (prior to notification of the assignment to the CBC) or the CBC as assignee and the Trustee as pledgee (following notification of the assignment) if the Borrower's claim (if any) against the relevant Demerged Originator stems from the same legal relationship as the Eligible Receivable or became due and payable before the Demerger. The Guarantee Support Agreement provides that (i) each Originator that acquired an Eligible Receivable or the associated Loan Agreement from another originator pursuant to a Demerger warrants and represents in respect of such Eligible Receivable that the general intent of the relevant Demerger was that the entire legal relationship with the relevant Borrower (including

any due and payable payment obligations owed by the Demerged Originator to such Borrower) would be transferred to the relevant Originator and (ii) if nevertheless a Borrower sets off amounts due to it by a Demerged Originator against the relevant Transferred Receivable, the relevant Originator will pay to the CBC an amount equal to the amount so set-off.

Accordingly, the CBC and/or the Trustee may be unable to obtain full payments in respect of Transferred Receivables where Borrowers may be entitled to set-off claims against the relevant Originators. As a result of such possible set-off amounts, the CBC and/or the Trustee may be unable to meet their payment obligations to holders of the Covered Bonds fully and/or timely.

**Some of the Loans are arranged so that Borrowers, instead of paying principal on the Loans, make payments to insurers or to Originators (in Bank Savings Accounts with the Bank Savings Deposit Bank), which payments are intended to be used to repay the Loans at maturity. If such insurers or the Bank Savings Deposit Bank become subject to an Insolvency Proceeding or for some other reason do not fully make payments in respect of the relevant insurance policy or Bank Savings Account, the CBC may be unable to recover fully amounts due on the related Loans because Borrowers may deduct amounts due to them under any insurance agreement or Banks Savings Account. This, in turn, could adversely affect the ability of the CBC to meet fully and/or timely its obligations under the Guarantee in such circumstances.**

Some of the Eligible Receivables relate to a mortgage loan agreement between the Borrower and the relevant Originator, which is connected to an insurance agreement between the Borrower and an insurer. The insurance agreement relates to a combined risk and capital insurance product. The Borrower of such an Eligible Receivable does not repay principal during the term of the relevant mortgage loan, but instead, apart from paying a risk premium, invests capital premium under the insurance policy and which consists of a savings part and/or an investment part, as the case may be. The intention is that at maturity, the principal proceeds of the savings or investments (the "**Proceeds**") can be used to repay the loan, in whole or in part, following pay-out of the Proceeds by the insurer. However, it is possible that the relevant insurer becomes subject to an Insolvency Proceeding or for any other reason does not (fully) pay out the Proceeds. In such cases where the Proceeds are so lost and a Borrower is requested to repay the full principal amount of the relevant mortgage loan, the Borrower may invoke defences purporting to establish that an amount equal to the lost Proceeds is deducted from the Transferred Receivable he owes to the CBC (the risk that such a defence is successfully invoked is hereinafter referred to as the "**Deduction Risk**").

In addition, some of the Bank Savings Receivables (other than AAHG Bank Savings Receivables (which are subject to the right of set-off as described above in the paragraph *Set-Off by Borrowers* above)) relate to a mortgage loan agreement between the Borrower and the relevant Originator (other than ABN AMRO Hypotheken Groep), which is connected to a Bank Savings Account maintained by the relevant Borrower with the Bank Savings Deposit Bank. In that case, the Borrower of an Eligible Receivable does not repay principal during the term of the relevant mortgage loan, but instead deposits savings in its related Bank Savings Account (the "**Loan Savings**"). The intention is that at maturity the Loan Savings will be used for the full amount to repay the loan, in whole or in part. However, it is possible that the Bank Savings Deposit Bank becomes subject to an Insolvency Proceeding or for any other reason does not (fully) pay out the Loan Savings. In such case where Loan Savings are so lost and a Borrower is requested to repay the full principal amount of the relevant mortgage loan, the Borrower may invoke defences purporting to establish that an amount equal to the lost Loan Savings is deducted from the Transferred Receivable he owes to the CBC (the risk that such a defence is successfully invoked is hereinafter referred to as the "**Bank Savings Deduction Risk**"). In addition to the Bank Savings Deduction Risk, there is the risk that such Bank Savings Receivables will become subject to set-off by operation of law as described in the paragraph *Set-Off by Borrowers the CBC's rights and the Trustee's enforcement of pledges in respect of Transferred Receivables may be limited by Borrowers' set-off rights against Originators*. As a result, the CBC and/or the Trustee may be unable to meet their payment obligations fully and/or timely under the Transaction Documents to holders of the Covered Bonds above.

The Issuer has been advised that a Borrower's relationships with the relevant Originator and insurer or Bank Savings Deposit Bank, as the case may be, are in principle two separate relationships. The Issuer has been advised that under Dutch law generally a range of defences is available to the Borrower, but that in cases as described above, the Borrower's defence is likely to focus on information provided by or on behalf of an Originator which may have led the relevant Borrower to believe that he was not entering into two separate relationships. In this respect, a general factor which to a certain extent increases the Deduction Risk and

Bank Savings Deduction Risk, is that all Borrowers are consumers, many of whom may have limited or no legal knowledge.

On this basis the Issuer has been advised that insofar as the Deduction Risk and Bank Savings Deduction Risk are concerned, the products to which the Eligible Receivables relate can generally be divided into six categories (as further set out below) whereby the Bank Savings Deduction Risk will only be relevant for Category 6 Receivables.

*In summary and as further set out below for each of the six categories:*

- (A) *the Deduction Risk does not apply to:*
- (i) *products with no savings, no investment part and no Mixed Insurance Policy; and*
  - (ii) *products with an investment part (but no Mixed Insurance Policy);*
- (B) *the Deduction Risk may apply to:*
- (i) *products with a Mixed Insurance Policy where the Borrower selects the insurer;*
  - (ii) *products with a Mixed Insurance Policy (but no switch element) where the Originator pre-selects the insurer; and*
  - (iii) *products with a Mixed Insurance Policy and switch element, where the Originator pre-selects the insurer; and*
- (C) *the Bank Savings Deduction Risk may apply to products with a savings part (but no investment part and no Mixed Insurance Policy).*

The six categories can be divided as follows:

1. ***Products with no savings, no investment part and no Mixed Insurance Policy***

Certain Eligible Receivables do not relate to any savings and/or investment product or Mixed Insurance Policy. Under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is related to an Interest-Only Loan, an Annuity Loan or a Linear Loan, that the relevant Receivable does not relate to any savings and/or investment product or Mixed Insurance Policy.

*Therefore, **provided that** these representations and warranties are correct, the Deduction Risk does not apply to Loans containing no savings, investment part or Mixed Insurance Policy.*

2. ***Products with investment part (but no Mixed Insurance Policy)***

Certain Eligible Receivables do not relate to any Mixed Insurance Policy but relate to a securities account agreement between the relevant Borrower and:

- an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*); or
- a bank.

The securities account agreement provides for a securities account maintained in the name of the relevant Borrower with the relevant investment firm or bank. The Issuer has been advised that by law:

- the investment firm is obliged to administer (i) the securities through a bank (see the next paragraph) or a separate depository vehicle (*bewaarinstelling*) or (ii) only securities the transfer of which is subject to the Dutch Giro Securities Transfer Act (*Wet giraal effectenverkeer*, the "**Wge**") (acting as intermediary (*intermediair*)); and
- the bank is obliged to administer (i) the securities through a separate depository vehicle or (ii) only securities the transfer of which is subject to the Wge.

The Issuer has been advised that this means that the relevant Borrower is expected to be investing through a bankruptcy remote securities account arrangement. Under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is related to an Investment Loan, that (i) the relevant Receivable does not relate to any Mixed Insurance Policy and (ii) the relevant securities account is maintained in the relevant Borrower's name with an investment firm or bank as abovementioned.

*Therefore, **provided that** these representations and warranties are correct, the Deduction Risk does not apply to Loans containing only an investment part which have no Mixed Insurance Policy.*

3. ***Products with Mixed Insurance Policy where Borrower selects insurer***

*The Deduction Risk may apply to Eligible Receivables relating to a Mixed Insurance Policy where Borrowers select insurers.*

Certain Eligible Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer chosen by the Borrower (and approved by the relevant Originator). The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The insurer keeps the savings and/or investments in its own name. The Issuer has been advised that for Eligible Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances, which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, (i) sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital premium were 'as good as' repayments of the relevant loan or that the Borrower could not himself choose the relevant insurer and/or (ii) the insurance conditions may have been printed on the letterhead of, or otherwise contain eye catching references to, the relevant Originator (or *vice versa*). However, the Issuer has been advised that absent such specific circumstances, it is unlikely for the Deduction Risk to apply to Eligible Receivables of this category. As the Borrower selects an insurer of his own choice (subject to prior approval by the relevant Originator), this emphasises that it concerns two separate relationships. Also, a factor which generally decreases the extent to which the Deduction Risk becomes relevant, is that Eligible Receivables of this category relate to different insurers.

Under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is related to a Loan falling under this category 3, that (i) the relevant Mixed Insurance Policy and the relevant Loan are not offered as one product or under one name and (ii) the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an insurer which is a group company of the relevant Originator and are free to choose the insurer (subject to prior approval by the relevant Originator).

4. ***Products with Mixed Insurance Policy (but no switch element) where Originator pre-selects insurer***

*The Deduction Risk may apply to Eligible Receivables relating to a Mixed Insurance Policy (but no switch element) where Originators pre-select insurers.*

Certain Eligible Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer pre-selected by the relevant Originator. A factor which may increase the extent to which the Deduction Risk becomes relevant in respect of Eligible Receivables of this category, is that there is only a limited number of insurers which are pre-selected by the Originators. The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The insurer keeps the savings and/or investments in its own name. The Issuer has been advised that for Eligible Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital premium were 'as good as' repayments of the relevant loan. The Issuer has been advised that, although such

specific circumstances may be absent, in general there may still be a certain Deduction Risk for Eligible Receivables of this category. As the Borrower has no option to choose an insurer this could, possibly with other circumstances, have led the Borrower to believe that he was not entering into two separate relationships. Other relevant circumstances include whether:

- the mortgage loan agreement and the insurance agreement, respectively, or documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the relevant Originator, respectively;
- the representative of the relevant Originator also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or otherwise in entering into, executing or carrying out the insurance or mortgage loan agreement;
- the insurer is, or was when entering into the agreements, an affiliate of or otherwise associated with the relevant Originator; and/or
- as is the case in respect of Savings Loans, the interest base applicable to the savings is linked to the interest base applicable to the relevant Savings Loan.

Depending on the factors described above, the CBC may be unable to recover or recover fully on Eligible Receivables relating to a Mixed Insurance Policy (with no switch element) where the Originators select the insurers. This Deduction Risk will be catered for as follows, but only in relation to Transferred Receivables of this category resulting from a Savings Loan ("**Category 4 Receivables**").

#### 4.1 *Deduction from Asset Cover Test and Amortisation Test*

Unless and until a Master Sub-Participation Agreement is in effect in relation to the relevant Category 4 Receivables, an amount calculated on the basis of a method notified to the Rating Agencies by the Administrator related to the relevant paid-in savings premium amounts will be deducted for the purposes of the Asset Cover Test and the Amortisation Test in relation to Category 4 Receivables. Such a deduction in principle means that the outcome of the Asset Cover Test and the Amortisation Test will be negatively influenced each time when further savings premiums are paid to the insurer by the relevant Borrower (save to the extent further Eligible Assets are transferred to the CBC under or pursuant to the Guarantee Support Agreement).

#### 4.2 *Master Sub-Participation Agreement*

Each Originator undertakes in the Guarantee Support Agreement to use reasonable endeavours to procure that upon the occurrence of a Notification Event, a Master Sub-Participation Agreement is, or is put, in place between the relevant insurer and the CBC and signed for acknowledgement by the relevant Originator in relation to Category 4 Receivables. For as long as no Notification Event has occurred or the relevant Originator and the relevant insurer have not agreed to replace a Master Transfer Agreement with a Master Sub-Participation Agreement in respect of such Category 4 Receivable, a Master Sub-Participation Agreement may, if it concerns an MTA Receivable, be combined with a Further Master Transfer Agreement (see paragraph 4.3 (*Master Transfer Agreement*) below).

Pursuant to a Master Sub-Participation Agreement relating to any such Category 4 Receivable, an Initial Settlement Amount and Further Settlement Amounts will be payable by the relevant Participant to the CBC in return for a Participation. If the relevant Borrower invokes against the CBC that he may deduct lost Proceeds from the relevant Transferred Receivable, the relevant Participation of the relevant Participant will be reduced with an amount equal to such lost Proceeds, in accordance with the relevant Master Sub-Participation Agreement. Unless and until (i) both an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all amounts expressed to be payable by or to the CBC under the relevant Master Sub-Participation Agreement, shall instead be payable by or to the Issuer for its own account in accordance with the Pre-Notice-to-Pay Priority of Payments. However, if (i) an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all further Initial Settlement Amounts and Further Settlement Amounts will be collected by or on behalf of the CBC



and be applied in accordance with the Post-Notice-to-Pay Priority of Payments or Post-CBC-Acceleration-Notice Priority of Payments, as the case may be. For the purpose of the Asset Cover Test and the Amortisation Test, the Net Outstanding Principal Balance of the relevant Transferred Receivable will be taken into account, meaning in relation to Category 4 Receivables in respect of which a Master Sub-Participation Agreement is in effect, that an amount equal to the relevant Participation will be deducted and that no further deduction as set out in paragraph 4.1 will be necessary.

When a Master Sub-Participation Agreement enters into force as abovementioned, the Participant may not be at liberty to on-pay savings premiums to the CBC, for example because it has in principle committed itself to keep the savings in its bank account with the relevant Originator. In such circumstances and unless otherwise agreed between the relevant Originator and the relevant Participant, the monthly on-payment obligations of the relevant Participant will be funded by a loan from the relevant Originator to such relevant Participant (the "**Sub-Participation Loan**"). If:

- the Participant becomes insolvent and the Borrower invokes that he may deduct the lost Proceeds from the relevant Eligible Receivable, then (i) the Participant will not be paid under the Master Sub-Participation Agreement and (ii) the Originator will set-off (a) its obligation to pay out to the Participant the savings standing to the credit of the Participant's bank account against (b) its right to receive repayment of the Sub-Participation Loan; or
- the Originator becomes insolvent and as a result, the Participant is not able to pay out the Proceeds to the Borrower and the Borrower invokes that he may deduct the lost Proceeds from the relevant Eligible Receivable, then (i) the Participant will not be paid under the Master Sub-Participation Agreement and (ii) the Participant will set-off (a) its receivable for the savings balance in its bank account with the Originator against (b) its obligation to repay the Sub-Participation Loan to the Originator.

#### 4.3 *Master Transfer Agreement*

Certain Eligible Receivables of the category described in this paragraph 4 (each an "**MTA Receivable**") are subject to an existing master transfer agreement (a "**Master Transfer Agreement**") between the relevant insurer and the relevant Originator. On the basis of such Master Transfer Agreement part of the relevant Eligible Receivable is on a monthly basis transferred to the insurer against on-payment of the relevant savings premium. The Deduction Risk for MTA Receivables will be catered for as set out in this paragraph 4.3 only.

Unless the relevant Originator and the relevant insurer have agreed to replace the relevant Master Transfer Agreement with a Master Sub-Participation and to retransfer all MTA Receivables the subject of such Master Transfer Agreement to the relevant Originator prior to that Originator transferring any such MTA Receivables to the CBC, an existing Master Transfer Agreement fits into the Programme as follows: the part of the loan owed to the relevant Originator constitutes the Eligible Receivable to be transferred to the CBC, whereas the CBC will on a monthly basis retransfer part of the relevant Transferred Receivable back to the relevant Originator, for on-transfer to the relevant insurer. The Guarantee Support Agreement and the Trust Deed provide that on-payments of savings premium received by the CBC as purchase price from the relevant Originator or the relevant insurer (on behalf of the relevant Originator), as the case may be, in connection with such retransfers under the Guarantee Support Agreement and any such Master Transfer Agreement will constitute principal proceeds in relation to, and for the purpose of, the relevant part of the Transferred Receivable and will on that basis be applied in accordance with the relevant Priority of Payments. Furthermore, the Guarantee Support Agreement provides that upon the occurrence of a Notification Event no further retransfers of MTA Receivables by the CBC to the relevant Originator for the purpose of on-transfer of such MTA Receivables by the relevant Originator pursuant to a Master Transfer Agreement will take place.

As a consequence of such indirect or, following the occurrence of a Notification Event, direct (re-)transfers to the insurer of Eligible Receivables secured by All-monies Security (or where applicable Fixed Security), the relevant All-monies Security (or where applicable Fixed Security) will become part of a joint estate (*gemeenschap*) of the insurer and the relevant Originator, or, as the case may be, CBC. As set out above (see further the paragraph above entitled "*Joint Security of CBC and Originators*"), this means, amongst other things, that in the case of foreclosure of the

All-monies Security (or where applicable Fixed Security), the insurer and the relevant Originator or, as the case may be, the CBC in principle need to act jointly and share the proceeds *pro rata* on the basis of their respective shares in the joint estate whereas no intercreditor arrangements will be in place between the insurer and the relevant Originator or, as the case may be, the CBC. The requirement to act jointly may cause delays, deadlocks and other difficulties in any such foreclosure proceedings.

The intention of a Master Transfer Agreement is that if and to the extent that the relevant Borrower purports to deduct lost Proceeds from the aggregate principal amount outstanding of the loan, he would do so *vis-à-vis* the insurer by way of set-off. After all, the insurer would at that time be in default to pay out the Proceeds under the relevant insurance policy and would for an amount equal to the lost Proceeds be creditor of part of the loan. However, the Issuer has been advised that under Dutch law it may not be possible for the Borrower to invoke set-off *vis-à-vis* the relevant insurer, as the CBC would be the beneficiary of, and/or the holder of a notified right of pledge on, the right to receive the Proceeds under the relevant insurance policy. Even if this barrier to set-off is removed (e.g. by the CBC waiving such beneficiary rights and/or granting its consent as pledgee), the Borrower may still have the alternative to, instead of invoking set-off *vis-à-vis* the insurer, invoke defences *vis-à-vis* the CBC purporting to establish that an amount equal to the lost Proceeds is deducted from the Transferred Receivable he owes to the CBC. In that sense there may still be a certain Deduction Risk for a Transferred Receivable of this category for which a Master Transfer Agreement is in place (whilst such Receivables would already have been reduced as a result of the monthly (re)transfers in connection with the relevant Master Transfer Agreement).

This can be catered for by a combination of a further master transfer agreement (a "**Further Master Transfer Agreement**") and a Master Sub-Participation Agreement between the relevant insurer, the CBC and the relevant Originator, which would leave the existing Master Transfer Agreement in place, if so agreed between the relevant Originator and the relevant insurer, and which would in addition provide as follows in relation to the relevant MTA Receivable:

- in respect of savings premium already paid: the insurer sells and by way of silent assignment on-transfers to the CBC such MTA Receivable already transferred to it by the relevant Originator for a purchase price equal to the relevant Initial Settlement Amount. Such MTA Receivable will as a result be reunited with the relevant Transferred Receivable from which it was previously separated. In addition, the CBC will pursuant to the Master Sub-Participation Agreement grant a Participation to such insurer against payment by such insurer to the CBC of the relevant Initial Settlement Amount, which payment will where reasonably possible and without prejudice to the provisions of the Trust Deed be effected by way of set-off against the purchase price as abovementioned. Further details of the Master Sub-Participation Agreement are summarised in paragraph 4.2 (*Master Sub-Participation Agreement*) above; and
- in respect of future payments of savings premium: the CBC will agree to retransfer part of the relevant MTA Receivables back to the relevant Originator by way of silent assignment, for on-transfer by that relevant Originator to the relevant insurer by way of notified assignment, for subsequent on-transfer to the CBC by way of silent assignment. Each abovementioned series of three subsequent assignments takes place on a monthly basis. The Guarantee Support Agreement provides that upon the occurrence of a Notification Event no further retransfers of MTA Receivables by the CBC to the relevant Originator for the purpose of on-transfer of such MTA Receivables by the relevant Originator pursuant to a Master Transfer Agreement will take place. In addition to such Further Master Transfer Agreement, the CBC will pursuant to the related Master Sub-Participation Agreement grant a Participation to such insurer against payment by such insurer to the CBC of the relevant Further Settlement Amount. Further details of the Master Sub-Participation Agreement are summarised in paragraph 4.2 (*Master Sub-Participation Agreement*) above.

No such combination of a Further Master Transfer Agreement and a Master Sub-Participation Agreement as abovementioned is in place as yet. For as long as this is the case, said Deduction Risk will be treated as follows in relation to MTA Receivables:

- as retransfers are carried out by the CBC in connection with the relevant Master Transfer Agreement, the principal amount of the relevant Transferred Receivable will gradually reduce. In addition, in relation to the abovementioned Deduction Risk pertaining to the so reduced Transferred Receivable, a deduction as described in paragraph 4.1 (*Deduction from Asset Cover Test and Amortisation Test*) above will take place for the purpose of the Asset Cover Test or the Amortisation Test; and
- each Originator undertakes in the Guarantee Support Agreement to use reasonable endeavours to procure that upon the occurrence of a Notification Event the relevant Master Transfer Agreement is terminated and replaced by a Master Sub-Participation Agreement in relation to the relevant Category 4 Receivables between the CBC and the relevant insurer.

#### 4.4 *Third Party Accounts*

For certain Eligible Receivables of this category a third party account (*kwaliteitsrekening*) arrangement is in place between the relevant insurer and Originator (not involving the relevant Borrower) with a view to a possible insolvency of the relevant insurer. Under this arrangement the relevant insurer keeps an individual savings account with the relevant Originator for all savings premiums to be received from any individual Borrower. The intent of this individual arrangement is that in the case of an insolvency of the relevant insurer, the insurer's right to receive payment from the Originator in respect of the individual savings account, would fall outside the insurer's insolvent estate. The Issuer has been advised that under Dutch law this arrangement is in itself unlikely to be effective. Transferred Receivables for which this arrangement is in place will be treated as described under paragraphs 4.1 and 4.2 above.

#### 4.5 *Category 4 Receivables originated by ABN AMRO Hypotheken Groep*

In respect of certain Savings Loans originated by ABN AMRO Hypotheken Groep, the relevant conditions applicable to the related savings insurance policy provide that, if (part of) the Savings Receivable is transferred to the relevant insurer (for example, pursuant to a Master Transfer Agreement), in the event of termination of the relevant savings insurance policy the insurer is entitled to set-off the commutation payment in respect of the relevant insurance policy against the part of the relevant Savings Receivable that has been transferred to such insurer. In addition, the relevant mortgage conditions provide that if and to the extent that (i) the insurer has deposited the Savings with ABN AMRO Hypotheken Groep and (ii) ABN AMRO Hypotheken Groep is unable to repay the relevant savings amount to the relevant insurer, such insurer is entitled to deduct such amounts unpaid by ABN AMRO Hypotheken Groep from any Proceeds payable by it to the relevant Borrower under the relevant savings insurance policy. The relevant mortgage conditions do not provide whether the Borrower is in such case discharged from its corresponding payment obligations *vis-à-vis* ABN AMRO Hypotheken Groep (or the CBC) under the relevant Savings Receivable. The Issuer has been advised that also for Eligible Receivables of this category, the Deduction Risk cannot be excluded. As set out above, unless and until a Master Sub-Participation Agreement is in effect in relation to such Category 4 Receivables, an amount calculated on the basis of a method notified to the Rating Agencies related to the relevant paid-in savings premium amounts will be deducted for the purposes of the Asset Cover Test and the Amortisation Test in relation to such Category 4 Receivables.

#### 4.6 *Category 4 Receivables originated by ABN AMRO Bank*

In respect of certain Savings Loans originated by ABN AMRO Bank, the relevant conditions applicable to the related savings insurance policy provide that (i) in the event of ABN AMRO Bank being subjected to Dutch Insolvency Proceedings, the relevant insurer has the right to apply, on behalf of the relevant Borrower as (partial) repayment of the Loan to ABN AMRO Bank, the amount invested on the bank account of the relevant insurer held with ABN AMRO Bank in respect of such savings insurance policy and (ii) the relevant insurer will in such event be released from its obligations under the relevant savings insurance policy up to the amount so applied. It is

uncertain whether this set-off arrangement is enforceable. If this arrangement is effective, upon the exercise of such set-off right by the relevant insurer, the Receivable will be reduced by the amount so applied and the CBC would suffer a loss up to an amount by which such Receivable is reduced. As set out above, unless and until a Master Sub-Participation Agreement is in effect in relation to such Category 4 Receivables, an amount calculated on the basis of a method notified to the Rating Agencies related to the relevant paid-in savings premium amounts will be deducted for the purposes of the Asset Cover Test and the Amortisation Test in relation to such Category 4 Receivables.

Despite the measures described in paragraphs 4.1 to 4.6 above, the CBC may face difficulties in enforcing claims against relevant Borrowers in connection with Eligible Receivables relating to insurance policies where the Borrowers are to pay risk premiums and capital premiums to insurers pre-selected by the Originators if the relevant insurer becomes subject to an Insolvency Proceeding or for some other reason does not make payments in respect of the relevant insurance policy. Thus, the CBC's ability to meet its obligations under the Guarantee may be adversely affected.

5. ***Products with Mixed Insurance Policy and switch element, where Originator pre-selects insurer***

*The Deduction Risk may apply to Loans relating to a Mixed Insurance Policy and switch element where Originators pre-select insurers.*

Certain Eligible Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer pre-selected by the relevant Originator. A factor which may increase the extent to which the Deduction Risk becomes relevant in respect of Eligible Receivables of this category, is that there is only a limited number of insurers which are pre-selected by the Originators. The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The Borrowers are allowed to choose how the insurer should invest the investment part (from a list of approved investments) and can request the insurer to switch between investments, in whole or in part. The Borrowers are allowed to choose whether they prefer a savings and/or investment part and to switch between the savings and/or investment part, in whole or in part. The relevant insurer keeps the savings and/or investments in its own name, and maintains its savings account with the relevant Originator. The Issuer has been advised that for Eligible Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital premium were 'as good as' repayments of the relevant loan. The Issuer has been advised that, although such specific circumstances may be absent, in general there may still be a certain Deduction Risk for Eligible Receivables of this category. As the Borrower has no option to choose an insurer, this could, possibly with other circumstances, have led the Borrower to believe that he was not entering into two separate relationships. Other relevant circumstances include whether:

- the mortgage loan agreement and the insurance agreement, respectively, or documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the relevant Originator, respectively;
- the representative of the relevant Originator also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or otherwise in entering into, executing or carrying out the insurance or mortgage loan agreement;
- the insurer is, or was when entering into the agreements, an affiliate of the relevant Originator; and/or
- to the extent the capital premium consists of a savings part, the interest base applicable to the savings is linked to the interest base applicable to the relevant Loan.

The Issuer has also been advised that paragraph 4.6 above (*Category 4 Receivables originated by ABN AMRO Bank*) similarly applies to Category 5 Receivables relating to certain Loans originated

by ABN AMRO Bank other than that a Master Sub-Participation Agreement will not be in effect in respect of Category 5 Receivables.

This Deduction Risk in relation to Transferred Receivables of this category ("**Category 5 Receivables**") can be catered for as follows, subject to compliance with applicable regulatory and other restrictions:

- the transfer by the insurer of:
  - (i) both the relevant insurance agreements and the underlying savings and investments to a bankruptcy-remote special purpose subsidiary, which would then reinsure the risk element of the insurance policy with the relevant insurer; or
  - (ii) only the underlying savings and investments to a bankruptcy-remote special purpose subsidiary, which would then as surety (*borg*) accept liability for the insurer's obligations to pay out the Proceeds to the Borrower; and/ or
- only to the extent relating to a savings part, the entering into of a Master Sub-Participation Agreement in relation to each Transferred Receivable of this category.

For as long as no solution as described above is implemented to the satisfaction of the Rating Agencies, the Deduction Risk for this category of Eligible Receivables will in relation to the CBC be catered for through the Asset Cover Test and the Amortisation Test. The outcome of the Asset Cover Test and the Amortisation Test will be negatively influenced each time further capital premiums are paid to the insurer by the relevant Borrower (save to the extent further Eligible Assets are transferred to the CBC under or pursuant to the Guarantee Support Agreement).

Despite the measures described above taken to mitigate the Deduction Risk in respect of Eligible Receivables relating to Mixed Insurance Policies with switch element where the Originators pre-select the insurers, the Deduction Risk cannot be fully eliminated. Thus, the CBC may be unable to enforce fully its claims against the relevant Borrowers in respect of Eligible Receivables relating to Mixed Insurance Policies where Originators pre-select the insurers if the relevant insurer becomes subject to an Insolvency Proceeding or for some other reason does not make payments in respect of the relevant insurance policy and, as a result, the CBC may be unable to meet fully and/or timely its payment obligations to Covered Bondholders under the Guarantee.

6. ***Products with savings part (but no investment part and no Mixed Insurance Policy)***

*The Bank Savings Deduction Risk (as defined above) may apply to Loans with savings part but no investment part and no Mixed Insurance.*

Certain Eligible Receivables relate to a mortgage loan agreement between the relevant Borrower and the relevant Originator (other than ABN AMRO Hypotheken Groep), which is connected to a Bank Savings Account which is, pursuant to the relevant mortgage loan agreement, required to be held in the name of the relevant Borrower with ABN AMRO Hypotheken Groep (the "**Bank Savings Deposit Bank**"). The intention is that at maturity the Loan Savings will be used to repay the loan, in whole or in part.

The Issuer has been advised that for Eligible Receivables of this category, the Bank Savings Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his Loan Savings were 'as good as' repayments of the relevant loan. The Issuer has been advised that, although such specific circumstances may be absent, in general there may still be a certain Bank Savings Deduction Risk for Eligible Receivables of this category. As the Borrower has no option to choose a bank where the related Bank Savings Account is to be held, the Bank Savings Deposit Bank is, or was when entering into the mortgage loan agreements, an affiliate of or otherwise associated with the relevant Originator, the mortgage loan agreement, related documents and general terms and conditions pertaining thereto contain provisions relating to both the Bank Savings Loan and related Bank Savings Account (in this respect, the relevant general terms and

conditions explicitly state that the Bank Savings Loan is a Savings Loan that consists of a mortgage loan and a savings account which account is only opened as part of a Bank Savings Loan) and the interest base applicable to the savings is linked to the interest base applicable to the relevant Bank Savings Loan, this could, possibly with other circumstances, have led the Borrower to believe that he was not entering into two separate relationships. Other relevant circumstances include whether the representative of the relevant Originator also represents the Bank Savings Deposit Bank (or *vice versa*), for example in entering into, executing or carrying out the mortgage loan agreement.

This Bank Savings Deduction Risk in relation to Transferred Receivables of this category ("**Category 6 Receivables**") will be catered for on the same basis as the set-off risk that exists in relation to the Bank Savings Receivables (see the paragraph "*Set-Off by Borrowers*" above). This means that amounts standing to the credit of the related Bank Savings Account will be deducted for the purpose of the Asset Cover Test and the Amortisation Test (unless it concerns a Participation Receivable, in which case an amount equal to the relevant Participation is already deducted as part of the definition of Net Outstanding Principal Balance). Such deductions in principle mean that the outcome of the Asset Cover Test and the Amortisation Test will be lowered each time when further deposits are made by the relevant Borrower (save to the extent further Eligible Assets are transferred to the CBC under or pursuant to the Guarantee Support Agreement). This also means that to mitigate the Bank Savings Deduction Risk relating to Category 6 Receivables, the Bank Savings Deposit Bank will enter into a Master Sub-Participation Agreement prior to the first transfer by a relevant Originator of Bank Savings Receivables to the CBC in accordance with the Guarantee Support Agreement.

Pursuant to a Master Sub-Participation Agreement relating to any Category 6 Receivables, an Initial Settlement Amount and Further Settlement Amounts will be payable by the Bank Savings Deposit Bank as Participant to the CBC in return for a Participation. If the relevant Borrower invokes any defence purporting to establish that he may deduct an amount from the Participation Receivable based on any default by the Bank Savings Deposit Bank in the performance of any of its obligations in respect of the related Bank Savings Account and, as a consequence thereof, the CBC will not have received such amount in respect of such Participation Receivable, the relevant Participation of the Bank Savings Deposit Bank will be reduced by such amount. Unless and until (i) both an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all amounts expressed to be payable by or to the CBC under the relevant Master Sub-Participation Agreement, shall instead be payable by or to the Issuer for its own account in accordance with the Pre-Notice-to-Pay Priority of Payments. However, if (i) an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all Initial Settlement Amounts and Further Settlement Amounts will be collected by or on behalf of the CBC and be applied in accordance with the Post-Notice-to-Pay Priority of Payments or Post-CBC-Acceleration-Notice Priority of Payments, as the case may be. For the purpose of the Asset Cover Test and the Amortisation Test, the Net Outstanding Principal Balance of the relevant Transferred Receivable will be taken into account, meaning in relation to Category 6 Receivables that an amount equal to the relevant Participation will be deducted.

For set-off risk in relation to Bank Savings Receivables reference is made to the paragraph *Set-Off by Borrowers* above.

Furthermore, under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is related to a Bank Savings Loan, that the relevant Receivable does not relate to any investment product or Mixed Insurance Policy.

Despite the measures described above taken to mitigate the Bank Savings Deduction Risk in respect of Loans where Borrowers make payments to a Bank Savings Account but no principal payments on the Loans, the Banks Savings Deduction Risk cannot be fully eliminated. Thus, the CBC may be unable to enforce fully its claims against the relevant Borrowers in respect of Loans with a savings part if the Bank Savings Deposit Bank becomes subject to an Insolvency Proceeding or for some other reason does not make payments in respect of the relevant Bank Savings Account and therefore, may be unable to meet fully and/or timely its payment obligations to Covered Bondholders under the Guarantee.

**The CBC may be unable to recover fully with respect to Loans which have been arranged so that the Borrower, instead of making principal payments, makes investments in certain investment products,**

**the proceeds of which are intended to be used to repay the Loan. As a result, the CBC may be unable to make full and/or timely payments due to holders of the Covered Bonds under the Guarantee.**

Some of the Eligible Receivables relate to a mortgage loan agreement between the Borrower and the relevant Originator, which is connected to an investment product, i.e. Investment Loans, Life Loans and Hybrid Loans. The Borrower of such an Eligible Receivable does not repay principal during the term of the relevant mortgage loan, but instead invests in the investment product (where applicable combined with or part of a Mixed Insurance Policy). The intention is that at maturity, the principal proceeds of the investment can be used to repay the loan, in whole or in part. However, it is possible that the value of the investment will have reduced considerably and will be insufficient to repay the loan in full (such shortfall the "Investment Loss").

In addition to this general risk, there might in such circumstances be a risk that the Borrower successfully claims that he was not properly informed of the risks involved in making the investment and, for example, that therefore he may deduct an amount equal to the Investment Loss from the Transferred Receivable he owes to the CBC or he may claim a breach of contract (*wanprestatie*) or tort (*onrechtmatige daad*) and as a result he may dissolve (*ontbinden*) or nullify (*vernietigen*) the relevant contract. The Issuer has been advised that for Eligible Receivables of this category, the risk that such a claim is successful cannot be excluded.

Some of the Eligible Receivables are linked to Mixed Insurance Policies with an investment part. There may in certain circumstances be a risk that a Borrower successfully claims that he was not properly informed of:

- the cost element applied by the relevant insurer to the investment premiums paid by such Borrower and/or that the insurer did not properly perform the related insurance agreement in applying the cost element; or
- the allocation of insurance premium between the investment part and the risk element of the Mixed Insurance Policy. A shortfall in the performance of the investment part increases the required amount of the insurance premium being allocated to the risk element and thus results in less insurance premium being allocated to the investment part, which may in turn negatively affect the performance of the investment part even further.

In either case there may in certain circumstances be a risk that, for example, a Borrower may terminate the insurance policy (which in turn could affect the collateral granted to the Originator (e.g. Beneficiary Rights and rights of pledge in respect of such insurance policy) and trigger early termination of the related loan) and/or deduct from, or set-off against, the Transferred Receivable he owes to the CBC an amount equal to any (additional) amount owed to him under or in respect of such insurance policy as a result of or in connection with such claim.

Since 2006 an issue has arisen in The Netherlands regarding the costs of investment insurance policies (*beleggingsverzekeringen*), such as the Mixed Insurance Policies with an investment part, commonly known as the "usury insurance policy affair" (*woekerpolisaffaire*). It is generally alleged that the costs of these products are disproportionately high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding those costs has not been transparent. On this topic there have been (i) several reports, including reports from the AFM, (ii) a letter from the Dutch Minister of Finance to Parliament and (iii) a recommendation, at the request of the Minister of Finance, by the Dutch Financial Services Ombudsman to insurers to compensate customers of investment insurance policies for costs exceeding a certain level. Since June 2015 the Further Regulations on the Supervision of the Conduct of Financial Undertakings (Financial Supervision Act) (*Nadere regeling gedragstoezicht financiële ondernemingen Wft*) states how and when insurers should activate their clients with investment insurance policies. The activation program, coordinated by the AFM, was completed in December 2017. The AFM has checked whether insurers have involved all customers with a mortgage-linked unit-linked insurance in the activation trajectory. The mortgage linked insurances have all been activated by the insurers. Furthermore, there have been press articles stating (a) that individual law suits and class actions may be, and have been, started against individual insurers and (b) that certain individual insurers have reached agreement with claimant organisations about compensation of its customers for the costs of investment insurance policies entered into with the relevant insurer. The discussion on the costs of the investment insurance policies is currently continuing, as some consumer television programmes and some "no-win, no fee" legal advisors argue that the agreements reached with claimant organisations do not offer adequate compensation. Rulings of courts and of the Dutch Complaint Institute for Financial Services

(*Klachteninstituut Financiële Dienstverlening*) have been published, some of which are still subject to appeal, which were generally favourable to the insured. On 29 April 2015, a decision of the Court of Justice of the European Union was rendered on this subject. The Court of Justice of the European Union ruled, among others, that Member States are allowed to require life insurance companies to provide their policyholders with certain information additional to the information they are required to send to policyholders under Council Directive 92/96/EEC of 10 November 1992 on the coordination of laws, regulations and administrative provisions relating to direct life assurance and amending Directives 79/267/EEC and 90/619/EEC (Third Life Assurance Directive). The exact meaning and consequences of this decision are subject to further decisions to be given by the courts in the Netherlands. The Dutch Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*) has published five directional decisions. These decisions are in general in favour of the insurer.

If Mixed Insurance Policies with an investment part are for reasons described in this paragraph dissolved or terminated, this would affect the collateral granted to secure the related Life Loans and Hybrid Loans. The Issuer has been advised that in such case the related Life Loans and Hybrid Loans could also be dissolved or nullified, but that this would depend on the particular circumstances involved. Even if the related Life Loans or Hybrid Loan were not affected the policyholder may invoke set-off or other defences against the Issuer. No actions have yet been announced against the Initial Originators in relation to the risks described above in relation to Life Loans and Hybrid Loans.

The Issuer has been advised that the above risks largely depend on which specific information has been provided to the relevant Borrower through sales people and/or sales materials and that in this respect it is also relevant whether applicable statutory and contractual duties, including statutory duties to provide information to prospective investors, have been complied with. The risks described in this paragraph Investment products will neither through the Asset Cover Test nor through the Amortisation Test be catered for.

Under or pursuant to the Guarantee Support Agreement, each Initial Originator warrants and represents in relation to any of its Eligible Receivables which is connected to an investment product where the related investment product is offered by the relevant Initial Originator itself (and not by a third party securities institution or bank), that such investment product has been offered in accordance with all applicable laws and legal requirements prevailing at the time of origination, including those on the information that is to be provided to prospective investors.

In view of the potential inability of Borrowers to repay Loans where investment proceeds are insufficient for such repayment or the potentially successful claims by Borrowers that they were not properly informed of the risks involved in making the investments in question, as well as the potential for other actions against the Originators in relation to the Loans described above, there is a risk that the CBC would not be able to recover fully on Transferred Receivables based on Loans arranged as part of an investment product. Consequently, the CBC may be unable to meet fully and/or timely its obligations to Covered Bondholders under the Guarantee.

**The CBC's rights under insurance policies pledged by Borrowers or containing a beneficiary clause or partner instruction in favour of the relevant Originator may be subject to limitations under Dutch insolvency law.**

Some of the Eligible Receivables relate to a mortgage loan agreement between the Borrower and the relevant Originator which is connected to (i) an insurance policy with a risk and/or capital element, (ii) a securities account, or (iii) a Bank Savings Account, as the case may be. If the relevant mortgage conditions provide that rights of such Borrower in respect of such an insurance policy, securities account or a Bank Savings Account, as the case may be, are to be pledged, such rights of such a Borrower have been pledged to the relevant Originator. The above considerations on pledge and insolvency, made in the context of pledges to the Trustee (see "*Section B.2 Asset Backed Guarantee - Pledges to Trustee*" above), apply *mutatis mutandis* to pledges and mortgages by the Borrowers.

In particular, the Issuer has been advised that under Dutch law it is possible that the receivables purported to be pledged by the Borrowers in respect of insurance policies, qualify as future receivables. As mentioned above, if an asset is a future asset at the moment a bankruptcy, suspension of payments or debt restructuring arrangement (*schuldsaneringsregeling*) takes effect in relation to the relevant pledgor, such assets are no longer capable of being pledged (unless the relevant insolvency official would agree). The Issuer has been advised that under Dutch law there is no general rule that is readily applicable to determine whether a claim



arising from an insurance policy is an existing or a future claim. As a result, it is uncertain whether and to what extent the pledges of receivables under said insurance policies by the Borrowers are effective. The Issuer has been advised that, in respect of capital insurances (*sommenverzekeringen*) it is likely that the beneficiary's claims against the insurer corresponding with premiums which have already been paid to the insurer are existing claims, while claims relating to periods for which no premiums have yet been paid may very well be future claims. The Issuer has been advised that in respect of risk insurances (*schadeverzekeringen*) it is uncertain whether the beneficiary's claim can be characterised as an existing claim before the insured event occurs.

Accordingly, if insurance claims qualify as future assets, the CBC's ability to recover the full amount of the related Loans may be adversely affected, which may in turn adversely affect the CBC's ability to meet timely and/or fully its obligations under the Guarantee.

**The CBC's rights in insurance policies pledged by Borrowers may be limited by Dutch law.**

Some of the Eligible Receivables relate to a mortgage loan agreement between the Borrower and the relevant Originator, which is connected to an insurance policy with a risk and/or capital element. In addition to being granted a pledge of rights under insurance policies, as abovementioned, either:

- the relevant Originator has been appointed as beneficiary under the relevant insurance policy (the rights of the relevant Originator as a beneficiary under an insurance policy: the "**Beneficiary Rights**"); or
- if another person (the "**Partner**") has been appointed as beneficiary, the Partner has irrevocably authorised the relevant insurer to pay out the insurance proceeds to the relevant Originator (a "**Partner Instruction**").

1. **Beneficiary Rights**

With respect to the first alternative, the Issuer has been advised that under Dutch law it is uncertain whether Beneficiary Rights will follow the relevant Eligible Receivable upon assignment thereof to the CBC (and subsequent pledge thereof to the Trustee). For this purpose the Beneficiary Rights will, insofar as they will not follow the relevant Eligible Receivable upon assignment, themselves be assigned by the relevant Originator to the CBC by way of silent assignment and be pledged by the CBC to the Trustee by way of silent pledge. In the Guarantee Support Agreement the relevant Originator undertakes to, upon the occurrence of a Notification Event, notify the relevant insurer of the (purported) transfer and pledge. However, the Issuer has been advised that under Dutch law it is uncertain whether such assignment (and subsequent pledge) will be effective.

Insofar as the transfer of the Beneficiary Rights as abovementioned is not effective each Originator will:

- in each deed of assignment to be executed with the CBC pursuant to the Guarantee Support Agreement to the extent possible, (a) appoint the CBC as beneficiary in its place and (b) to the extent such appointment is ineffective, waive its Beneficiary Rights. The Issuer has been advised that it is uncertain whether such appointment and/or waiver is effective. If such appointment is ineffective and such waiver is effective, either the relevant Borrower, or any other person ranking behind the relevant Originator as beneficiary (a "**Second Beneficiary**"), will become the beneficiary under the relevant insurance policy. Under or pursuant to the Guarantee Support Agreement each Originator warrants and represents that if the relevant Receivable relates to a Life Loan, Savings Loan or Hybrid Loan, all receivables under the relevant Mixed Insurance Policy have been validly pledged by the relevant Borrower to the relevant Originator for at least that part by which the relevant Receivable exceeds 100% of the foreclosure value of the relevant Property, which pledge has been notified to the relevant insurer. As mentioned above, a pledge is in principle an accessory right, so that upon a transfer of the relevant Receivable to the CBC, the CBC will in principle become entitled to (a share in) the pledge, **provided that** following the waiver of the Beneficiary Rights by the relevant Originator, the Borrower will have become the beneficiary. If, however, following a waiver of Beneficiary Rights by the relevant Originator, a Second Beneficiary will have become the beneficiary, the pledge by the Borrower will not be effective; and

- in the Guarantee Support Agreement undertake to, upon the occurrence of a Notification Event, use its best endeavours to procure the entry into of a beneficiary waiver agreement between itself, the CBC, the Trustee and the relevant insurer (each a "**Beneficiary Waiver Agreement**"), in which it is, amongst other things, agreed that to the extent necessary:
  - (i) the insurer (a) accepts the (purported) appointment of the CBC as beneficiary in the relevant Originator's place and (b) to the extent such appointment is ineffective, accepts the waiver by such Originator of its Beneficiary Rights; and
  - (ii) the Originator and insurer will use their best endeavours to obtain the co-operation from all relevant Borrowers and, where applicable, Second Beneficiaries to change the Beneficiary Rights in favour of the CBC.

The Originator may not be able to enter into a Beneficiary Waiver Agreement without the co-operation of the liquidator, if and to the extent that such Notification Event has occurred as a result of any such Originator having become subject to any Dutch Insolvency Proceedings.

## 2. *Partner Instruction*

With respect to the second alternative, the Issuer has been advised that it is uncertain whether the Partner Instruction entails that the insurer should pay the insurance proceeds to the relevant Originator or, following assignment of the relevant Eligible Receivable, to the CBC, and that this depends on the interpretation of the Partner Instruction. Insofar as the Partner Instructions do not entail that the relevant insurer should, following assignment of the relevant Eligible Receivable, pay the insurance proceeds to the CBC, the CBC, the Trustee and the relevant insurer will furthermore agree in each Beneficiary Waiver Agreement that the Originator and the insurer will use their best efforts to obtain the co-operation from all relevant Borrowers and Partners to change the Partner Instructions in favour of the CBC.

If:

- in the case of the first alternative (a) the transfer of the Beneficiary Rights is not effective, (b) the appointment of the CBC as beneficiary in the place of the relevant Originator is not effective and (c) the waiver of Beneficiary Rights by the relevant Originator is ineffective or, if it is effective, results in a Second Beneficiary having become the beneficiary; or
- in the case of the second alternative, the Partner Instructions do not entail that insurance proceeds should be paid to the CBC,

and, in either case, (i) no Beneficiary Waiver Agreements will be entered into with each relevant insurer and/or (ii) the relevant Borrowers, Second Beneficiaries and/or Partners do not co-operate as described above, then the proceeds under the relevant insurance policies could, as the case may be, either be paid to:

- the relevant Originator, in which case such Originator will be obliged to on-pay the proceeds to the CBC or the Trustee, as the case may be. If an Originator breaches such payment obligation, for example because the Originator is subject to a Dutch Insolvency Proceeding, this may result in the proceeds not being applied in reduction of the relevant Eligible Receivable and in a Deduction Risk; or
- the Second Beneficiary or the Partner, which may result in the proceeds not being applied in reduction of the relevant Eligible Receivable.

Accordingly, the CBC's rights in insurance policies pledged by Borrowers or containing a beneficiary clause or Partner Instruction in favour of the relevant Originator may be limited by Dutch law, which in turn may limit the CBC's ability to fulfil its obligations fully and/or timely under the Guarantee.

**The CBC's interest reset right in relation to Loans may be subject to limitations under Dutch law, particularly in the event of a Dutch Insolvency Proceeding against the relevant Originator.**

The Issuer has been advised that it is uncertain whether any interest reset right will transfer to the CBC with the assignment of the relevant Receivable. If such interest reset right remains with the relevant Originator despite the assignment, this means that in case the relevant Originator becomes subject to a Dutch Insolvency Proceeding, the co-operation of the liquidator in insolvency would be required to reset the interest rates (unless such right is transferred to the CBC prior to the Dutch Insolvency Proceeding taking effect, but this may require the co-operation of the Borrower).

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, which rate may be amended by the CBC and the Issuer, subject to Rating Agency Confirmation and prior consent of the Trustee, subject to the Loan Agreement and to applicable law (including but not limited to principles of reasonableness and fairness and applicable duties of care).

Accordingly, the ability of the CBC to reset the interest on Loans may be limited, thereby affecting adversely the CBC's ability to influence the interest rates applicable to the Loans, in turn limiting the CBC's ability to meet fully and/or timely its obligations under the Guarantee. In addition, if the relevant Servicer does not comply with their respective obligation to set such interest rates not below the Minimum Mortgage Interest Rate, the CBC may have not receive sufficient interest to meet its obligations under the Guarantee in full or in time.

**The CBC's rights to full payment under the Transferred Receivables may be limited in cases where the relevant Loans entail an arrangement under which an Originator deposits funds into a blocked deposit account, to be applied at a later stage in connection with construction or improvement costs incurred by the Borrowers and the relevant Originator becomes subject to Insolvency Proceedings.**

Certain Eligible Receivables result from a mortgage loan agreement under which the relevant Borrower has requested part of the loan to be disbursed into a blocked deposit account specifically opened in his name for such purpose, in anticipation of construction or improvement costs to be incurred by him at a later stage in connection with the Property (a "**Construction Deposit**"; *bouwdepot*). The intention is that when the applicable conditions are met, the Construction Deposit is applied towards the relevant construction or improvement costs of the Borrower and/or in repayment of the relevant part of the loan. In the Guarantee Support Agreement it is agreed that in cases as abovementioned, the full Eligible Receivable will be transferred to the CBC. The Construction Deposits are held with the relevant Originator. There is a risk that the relevant Originator becomes subject to an Insolvency Proceeding and that the relevant Originator cannot pay out the Construction Deposits. If this happens a Borrower may be allowed to set-off his receivable in respect of the Construction Deposit against the related Transferred Receivable. To address this risk, it has been agreed in the Asset Monitor Agreement that an amount equal to the Construction Deposit will be deducted from the Current Balance of the Transferred Receivables for the purpose of the Asset Cover Test and the Amortisation Test.

Thus, the CBC's rights to the Construction Deposits may be limited in the event of an Insolvency Proceeding against the relevant Originator, adversely affecting the CBC's rights to full payment under the Transferred Receivables and in turn, the CBC's ability to fulfil fully and/or timely its obligations under the Guarantee.

**Certain Loans may become due and payable prior to their proposed terms and earlier than anticipated as a result of early termination of a long lease due to a leaseholder default or for other reasons, thereby potentially limiting the CBC's recovery of the full value of the Loans and, in turn, the CBC's ability to meet its full obligations under the Guarantee.**

Certain Eligible Receivables are secured by a mortgage on a long lease (*erfpacht*). A long lease will, amongst other things, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage will, by operation of law, be replaced by a pledge on the claim of the (former) leaseholder on the landowner for

such compensation. The amount of the compensation will, amongst other things, be determined by the conditions of the long lease and may be less than the market value of the long lease.

In cases where a mortgage is vested on long lease, a paragraph is added to the relevant mortgage deed, providing that the relevant loan becomes immediately due and payable in the event the long lease is terminated or the leaseholder has not paid the remuneration or seriously breaches other obligations under the long lease. When underwriting a loan to be secured by a mortgage on a long lease, the relevant Originator has taken into consideration the conditions of the long lease, including the term thereof in comparison to the proposed term of the loan.

Accordingly, certain Loans may become due and payable prior to their proposed terms and earlier than anticipated as a result of early termination of a long lease due to a leaseholder default or for other reasons, thereby potentially limiting the CBC's recovery of the full value of the Loans and, in turn, the CBC's ability to meet its full obligations under the Guarantee.

**The CBC may not have full proprietary or security rights to certain Substitution Assets transferred to it.**

Under the Guarantee Support Agreement the Originators are permitted to transfer to the CBC Substitution Assets which are not deposited with Euroclear or of which the transfer is not subject to the Wge and which are not credited to a securities account in the name of the transferor of the assets in the Netherlands or Belgium. However, such Substitution Assets may only be transferred if Rating Agency Confirmation is obtained and the CBC and the Trustee, respectively, are satisfied that they will receive proprietary rights or security rights, respectively, of equivalent status and ranking for such Substitution Assets as they would have received if Eligible Receivables or Eligible Collateral had been transferred and pledged, respectively.

Nevertheless, there is a risk that the CBC and the Trustee may not obtain proprietary and security rights to such Substitution Assets transferred to them equivalent to those which they receive in respect of Eligible Receivables or Eligible Collateral potentially. Thus, the CBC's and the Trustee's rights to such Substitution Assets may be limited, thereby affecting adversely their ability to fulfil their respective obligations under the relevant Transaction Documents.

**The Covered Bondholders will receive only limited information in relation to the Transferred Assets which may adversely impact their ability to fully evaluate their potential investment.**

Covered Bondholders will receive only certain statistical and other information in relation to the Transferred Assets, as set out in the Monthly Investor Reports which shall be prepared by the Administrator with assistance from the Servicer. Such information will not reflect any subsequent changes to the Portfolio between the relevant cut-off date for the preparation of such information and the relevant date on which it is published. It is expected that the constitution of the Transferred Assets may constantly change due to, for instance:

- the Originators transferring additional and/or new types of Eligible Assets to the CBC;
- New Originators acceding to the Transaction and transferring Eligible Assets to the CBC; and
- Originators re-acquiring Transferred Assets pursuant to their obligations, or right of pre-emption, under the Guarantee Support Agreement; and
- payments made by the debtors in respect of the relevant Transferred Assets.

There is no assurance that the characteristics of new Eligible Assets will be the same as, or similar to, those of the Eligible Assets in the Portfolio as at the relevant Transfer Date. Nevertheless, on each Transfer Date, each Transferred Receivable and Substitution Asset will be required to meet the applicable eligibility criteria and the Representations and Warranties set out in the Guarantee Support Agreement (although such eligibility criteria and Representations and Warranties may change in certain circumstances). At the same time, the ability of the holders of the Covered Bonds to fully evaluate their potential investment may be limited by the fact that they will not receive detailed statistics or information in relation to the Transferred Assets.

**Changes to Dutch laws on tax deductibility of interest may result in an increase of Loan defaults, thereby adversely affecting the CBC's ability to recover fully and/or timely on the Transferred**

**Receivables related to such Loans and, as a consequence, adversely affect the CBCs ability to meet fully and/or timely its obligations under the Guarantee.**

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

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

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers subject to the 51.95% rate (i.e. the highest income tax rate in 2018), the maximum interest deductibility for mortgage loans has been reduced with 0.5% per year to 49.5% (in 2018) and will be gradually reduced until the rate is equal to 38.0% in 2041.

On 18 September 2018 the Dutch government released its Tax Plan 2019 as part of Budget Day 2018, in which it announced, among others, that from 2020 the decrease of the maximum interest deductibility for mortgage loans will be accelerated and will decrease with 3% annually to 37.05% in 2023. If enacted, the interest deductibility rate will be decreased more quickly than the current annual decrease as from 2020 onwards. Many aspects of these policy intentions remain unclear. However, if the policy intentions are implemented they may have an adverse effect on tax deductibility of interest and other factors relevant in relation to the mortgage loans (including the Loans).

These changes and any other or further changes in the tax treatment could have an effect on, amongst other things, house prices and the rate of recovery on mortgage loans for mortgage loan providers (including the Initial Originators) and may result in an increase of defaults, prepayments and repayments of mortgage loans (including Loans).

Accordingly, defaults on Loans in relation to Transferred Receivables due to changes in Dutch laws on tax deductibility of interest may decrease the CBC's proceeds from such Transferred Receivables, thereby adversely affecting the CBC's ability to meet fully and/or timely its obligations under the Guarantee.

**Borrowers' defaults on their obligations under the Transferred Receivables may adversely affect the CBC's realisation on such Transferred Receivables, thereby adversely affecting the CBC's ability to fulfil its obligations under the Guarantee.**

Upon service of a Notice to Pay on the CBC (provided (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served and (b) no CBC Acceleration Notice has been served), 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 Assets. In this respect it should be noted that Borrowers may default on their obligations due under the Transferred Receivables. Defaults may occur for a variety of reasons. The Transferred Receivables are affected by credit, liquidity and interest rate risks. 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 Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to make the required payments under the Transferred Receivables. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers or the Borrowers becoming subject to debt rescheduling arrangements (*schuldsaneringsregelingen*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Transferred Receivables. In addition, the ability of a Borrower to sell a Property at a price sufficient to repay the amounts outstanding under that Transferred Receivable will depend upon a number of factors,

including the availability of buyers for that Property, the value of that Property and property values in general at the time. As set forth herein, however, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and Transferred Receivables which are 3 months or more in arrears will be excluded for 30% of the Current Balance of such Transferred Receivable in the calculation of the Amortisation Test.

As a Borrower's ability to meet its obligations under the Transferred Receivables depends on numerous factors beyond the control of the CBC, Borrowers may default on such obligations at any point, thereby adversely affecting the CBC's realisation under affected Transferred Receivables and, in turn, the CBC's ability to meet its obligations under the Guarantee.

**The CBC's ability to meet its obligations under the Guarantee may be adversely affected by the relatively slow rate of principal repayment of Borrowers.**

The fiscal incentives mentioned above in relation to interest deductibility have resulted in a tendency amongst borrowers to opt for products that do not directly involve principal repayment. The most common mortgage loan types in The Netherlands are interest-only, linear, savings, life and investment mortgage loans or a combination of these types. Under the interest-only, savings, life and investment types of mortgage loans no principal is repaid during the term of the contract. Instead, save in the case of interest-only mortgage loans, the Borrower makes payments into a savings account, towards endowment insurance or into an investment fund. Upon maturity, amounts available pursuant to the savings accounts, the insurance contract or the investment funds are applied to repay the mortgage loans.

Prepayment penalties that are incorporated in mortgage loan contracts tend to lower prepayment rates in The Netherlands. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment.

Lower rates of prepayment may lead to slower repayments of the principal amount outstanding of mortgage loans in The Netherlands. As a result, the exposure of the Originators to the Borrowers of the Loans tends to remain high over time. If and to the extent that the CBC has to rely on cashflow on the Loans to fund its obligation under the Guarantee, the relatively slower rate of principal repayment may adversely impact the Transferred Assets' value realisation, and, consequently, the CBC's ability to meet fully and/or timely its obligations under the Guarantee.

**Unpredictable variations in the rate of prepayment on the Loans may adversely affect the CBC's ability to realise sufficient funds to meet fully and/or timely its obligations under the Guarantee.**

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

**Changes to the Lending Criteria of the Originators may lead to increased defaults by Borrowers, thereby adversely affecting the realisable value of the Transferred Receivables and, as a consequence, adversely affecting the CBC's ability to fulfil fully and/or timely its obligations under the Guarantee.**

Each of the Receivables originated by each Originator will have been originated in accordance with its Lending Criteria at the time of origination. It is expected that each Originator's Lending Criteria will generally consider the type of Property, term of loan, age of applicant, loan-to-value ratio, loan-to-income ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants, credit history and Valuation Procedures. In the event of a transfer of Receivables by an Originator to the CBC, each Originator will warrant only that such Receivables were originated in accordance with such Originator's Lending Criteria applicable at the time of origination. Each Originator retains the right to revise its Lending Criteria from time to time, **provided that** it acts as a Reasonable Prudent Lender. If the Lending Criteria change in a manner that affects the creditworthiness of the Receivables, that may lead to increased defaults by Borrowers and may affect the realisable value of the Transferred Receivables, or part thereof, and the

ability of the CBC to make payments under the Guarantee. As set forth herein, however, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and the Amortisation Test.

However, some of the Receivables may have been acquired by an Originator in the course of its business. Such Receivables may not have been originated in accordance with the existing Lending Criteria of any of the Originators, but will, as at the relevant Transfer Date, qualify as an Eligible Receivable as long as such Receivable meets the Eligibility Criteria.

Accordingly, the CBC's ability to meet fully and/or timely its obligations under the Guarantee may be adversely affected by changes to the Lending Criteria of the Originators.

**Interest rate averaging may have a downward effect on the interest to be received on the relevant Loans and decrease the CBC's interest proceeds from the Transferred Receivables, thereby adversely affecting the CBC's ability to meet fully and/or timely its obligations under the Guarantee.**

Subject to certain conditions, certain Originators offer 'interest rate averaging' (*rentemiddeling*) to Borrowers for Loans. Originators and Borrowers can agree to a fixed interest rate for a certain period of time (*rente vaste periode*). If the interest rates drop during the fixed interest period, a Borrower can ask for 'interest rate averaging'. In short, the agreed interest rate will be compared to the current interest rate and the Originators will calculate the loss of income for the remaining original fixed interest period. A new interest rate will be calculated on the basis of the current interest rate and offer this new interest rate to the Borrower for a new fixed interest period, increased by a compensation for the loss of income due to the 'interest rate averaging' and an increase in the event the Borrower moves to a new Property before the end of this new fixed interest period. Despite the compensation for 'interest rate averaging', this new interest rate may have a downward effect on the interest to be received on the relevant Loans as it remains uncertain how long a Borrower will remain in the same Property during the new fixed interest period. As a result, interest rate averaging may decrease the CBC's interest proceeds from such Transferred Receivables, thereby adversely affecting the CBC's ability to meet fully and/or timely its obligations under the Guarantee.

**New Originators transferring assets to the CBC may have different Lending Criteria from the Initial Originators, which may lead to increased defaults under Transferred Receivables and, subsequently, adversely affect the realisable value of the Transferred Receivables by the CBC and the CBC's ability to meet fully and/or timely its obligations under the Guarantee.**

The Issuer may propose that any member of the Group will become a New Originator and be allowed to transfer Eligible Assets to the CBC. However, this would only be permitted if the conditions precedent relating to New Originators acceding to the Programme are met in accordance with the Programme Agreement, including Rating Agency Confirmation.

Any Receivables originated by a New Originator will have been originated in accordance with the Lending Criteria of the New Originator, which may differ from the Lending Criteria of Receivables originated by the Initial Originators. If the Lending Criteria differ in a way that affects the creditworthiness of the Receivables, that may lead to increased defaults by Borrowers and may affect the realisable value of the Transferred Receivables or any part thereof or the ability of the CBC to make payments under the Guarantee. As set forth herein, however, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and the Amortisation Test.

Nevertheless, as described above, different Lending Criteria by New Originators transferring the Transferred Receivables to the CBC may increase the defaults under such Transferred Receivables, thereby decreasing the CBC's realisation value on the Transferred Receivables and the CBC's ability to fulfil its obligations fully and/or timely under the Guarantee.

**The CBC has only limited recourse to the Originators, limiting its ability to recover fully in the event of an Originator's breach of a Representation or Warranty, which in turn, may affect the CBC's ability to fulfil its obligations under the Guarantee.**

The CBC and the Trustee have not undertaken and will not undertake any investigations, searches or other actions on any Receivable and have relied and will rely instead on the Representations and Warranties given in the Guarantee Support Agreement by the relevant Originators in respect of the Transferred Receivables.

Subject to the terms of the Guarantee Support Agreement, if any Transferred Receivable was in material breach of the Receivable Warranties as of the relevant Transfer Date or is or becomes a Defaulted

Receivable, then such Transferred Receivable will be excluded from the Asset Cover Test and the Amortisation Test.

There is no further recourse to the relevant Originator in respect of a breach of a Representation or Warranty. There is no other recourse to the assets of the Originators 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).

Due to the CBC's limited recourse to the Originators, the CBC may not be able to fully recover on the Transferred Assets which, in turn, may adversely affect the CBC's ability to fulfil its obligations under the Guarantee.

**The CBC's right to payment under the NHG Guarantee which applies to certain Eligible Receivables may be limited if the relevant Originators have not complied with the terms and conditions of the NHG Guarantee, because the redemption structure of an Eligible Receivable may differ from the mandatory redemption structure set forth in the terms and conditions of an NHG Guarantee and, as of 1 January 2014, because of a 10% "own risk" participation in any loss claims made under the NHG Guarantee, the CBC may not be able to fully recover any loss incurred from the WEW under an NHG Guarantee, which may adversely affect the realisable value of the Transferred Receivables and the CBC's ability to fulfil fully and/or timely its obligations under the Guarantee.**

Certain Eligible Receivables have the benefit of an NHG Guarantee. Pursuant to the terms and conditions of the NHG Guarantee, the Stichting Waarborgfonds Eigen Woningen ("WEW") has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. Under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is secured by an NHG Guarantee that:

- (i) the NHG Guarantee is granted for the full amount of the relevant Receivable outstanding at origination, and constitutes legal, valid and binding obligations of the WEW, enforceable in accordance with such NHG Guarantee's terms;
- (ii) all terms and conditions (*voorwaarden en normen*) applicable to the "Nationale Hypotheek Garantie" at the time of origination of the related Loans were complied with; and
- (iii) the relevant Originator is not aware of any reason why any claim under any NHG Guarantee, if applicable, in respect of the relevant Receivable should not be met in full and in a timely manner.

The terms and conditions of an NHG Guarantee (irrespective of the type of redemption of the mortgage loan) stipulate that the guaranteed amount is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of an Eligible Receivable can be different. Furthermore, for mortgage loans originated after 1 January 2014, the mortgage lender is obliged to participate for 10% in any loss claims made under the NHG Guarantee. The lender is not entitled to recover this amount from the borrower. The foregoing may result in the lender not being able to fully recover any loss incurred from the WEW under NHG Guarantee and consequently, in the CBC having insufficient funds to meet its obligations under the Guarantee. See "*Section 3.5 NHG Guarantee Programme*" below for further information on the WEW and the NHG Guarantee.

#### **B.4 ASSET MONITORING**

**Improper maintenance of the collateral value of the Transferred Assets may adversely affect the realisable value of the Transferred Assets and, thereby, the CBC's ability to meet its payment obligations under the Guarantee.**

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

Prior to the service of a Notice to Pay, the Asset Monitor will, no later than five Business Days following receipt of the relevant information, test the arithmetic of the calculations performed by the Administrator



in respect of the Asset Cover Test on the Calculation Date immediately preceding each anniversary of the Programme Date, i.e. once a year and will carry out such tests more frequently in certain circumstances. Following the service of a Notice to Pay, the Asset Monitor will no later than five Business Days following receipt of the relevant information be required to test the calculations performed by the Administrator on each Calculation Date in respect of each Amortisation Test.

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

Accordingly, to the extent that Transferred Assets are not maintained and monitored properly, the realisable value of such Transferred Assets by the CBC may be adversely affected, along with the CBC's ability to meet its obligations under the Guarantee.

**Market conditions may limit the CBC's ability to meet fully and/or timely its obligations under the Guarantee in the event of failure of the Pre-Maturity Test or if a certain Issuer Event of Default has occurred.**

If the Pre-Maturity Test in respect of a Series of HB Covered Bonds is failed or 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 Receivables (selected on a random basis) in order to make funds available to the CBC to make payments to the CBC's creditors including to make payments under the Guarantee.

There is no guarantee that a buyer will be found to acquire Selected Receivables 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.

Furthermore, there is no limit on the amount of Selected Receivables that may be elected for such sale or refinancing in proportion to other Transferred Receivables and other Transferred Assets of the CBC, which would take into account the CBC's guarantee obligations in respect of later maturing Covered Bonds. Although the intention of the Amortisation Test is to ensure that the ratio of the Transferred Assets to the Covered Bonds is maintained at a certain level, there can be no guarantee or assurance that, following any such sale or refinancing of Selected Receivables in relation to Earliest Maturing Covered Bonds or any other Series, there are sufficient Transferred Assets available to the CBC to make payments under, amongst other things, the Guarantee in respect of later maturing Covered Bonds.

Thus, the CBC may be unable to fulfil fully and/or timely its payment obligations under the Guarantee.

**Lack of representations and warranties in a sale of Selected Receivables may adversely affect the realisable value of such Selected Receivables, thereby limiting the CBC's ability to meet its payment obligations under the Guarantee.**

Following a failure of the Pre-Maturity Test in respect of a Series of HB Covered Bonds and/or the service of an Issuer Acceleration Notice and a Notice to Pay on the CBC, but prior to the service of a CBC Acceleration Notice, the CBC may be obliged to sell Selected Receivables to third party purchasers, subject to a right of pre-emption enjoyed by the Originators pursuant to the terms of the Guarantee Support Agreement. In respect of any sale or refinancing of Selected Receivables to third parties, however, the CBC will not be permitted to give warranties or indemnities in respect of those Selected Receivables (unless expressly permitted to do so by the Trustee). There is no assurance that the Originators would give any warranties or representations in respect of the Selected Receivables. Any Representations or Warranties previously given by the Originators in respect of the Transferred Receivables may not have value for a third party purchaser if the Originators are subject to an Insolvency Proceeding. Accordingly, there is a risk that the realisable value of the Selected Receivables could be adversely affected by the lack of representations and warranties, which in turn may adversely affect the ability of the CBC to meet its obligations under the Guarantee.

## **B.5 SERVICING AND CUSTODY**

**If the Initial Servicing Agreement is terminated, the CBC will have to appoint a New Servicer which is licensed under the Wft or could, in theory, try to obtain a consumer credit licence itself under the Wft. If the CBC does not appoint such a licensed Servicer or does not manage to obtain a licence**

**itself, the servicing and custody of the Transferred Receivables may be interrupted or otherwise adversely affected, which, in turn, may adversely affect the rights of the holders of the Covered Bonds.**

Each Servicer will be permitted to sub-contract its servicing role to a third party servicer subject to any applicable conditions in the relevant Servicing Agreement.

By acquiring the Eligible Receivables, the CBC is deemed to provide consumer credit, which is a licensable activity under the Wft. The CBC can rely on an exemption from this licence requirement, if the CBC outsources the servicing of the Eligible Receivables and the administration thereof to an entity which is adequately licensed under the Wft to act as consumer credit provider or intermediary and which complies with certain information duties towards the Borrowers. Pursuant to the Initial Servicing Agreement, the CBC outsources the servicing and administration of the Eligible Receivables to the Initial Servicer. In the Initial Servicing Agreement, the Initial Servicer represents and warrants that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and undertakes to comply with the information duties towards the Borrowers under or pursuant to the Wft. Furthermore, the Initial Servicer has covenanted that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft. If the Initial Servicing Agreement is terminated, the CBC will need to appoint a New Servicer which must be adequately licensed in order for the CBC to keep the benefit of exemptive relief. Alternatively, the CBC would, in theory, need to obtain a licence itself, although it is not certain that it would be able to do so. The Initial Servicing Agreement stipulates that the Initial Servicer may only terminate the Initial Servicing Agreement if a New Servicer is appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit provider or intermediary.

If the CBC does not appoint such a licensed Servicer or alternatively does not manage to obtain a licence itself, the servicing and custody of the Transferred Receivables may be interrupted or otherwise adversely affected, which, in turn, may adversely affect the rights of the holders of the Covered Bonds.

## **B.6 SWAPS**

**The CBC is only required to enter into Structured Swaps in relation to any Covered Bond not denominated in Euro. Any Swap may be insufficient to hedge fully against mismatches which may adversely affect the realisation value of the Transferred Receivables by the CBC and/or adversely affect the CBC's ability to fulfil fully and/or timely its obligations under the Guarantee.**

There may be certain mismatches between the currency in which interest and principal are received on the Transferred Assets, the Substitution Assets, the Authorised Investments and the balance of the AIC Account and in which interest and principal are payable under the Covered Bonds. The CBC will provide, to a certain extent, a hedge against these mismatches by entering into Structured Swaps.

These Structured Swaps are entered into to hedge certain interest rate, principal and/or currency risk of any possible mismatch between (i) the Agreed Base Reference Rate and the rate of interest payable under any Series and/or (ii) euro denominated Principal Receipts and amounts of principal payable under any non-euro denominated Series.

On the date hereof, the CBC has only entered in Structured Swaps in relation to any Covered Bonds not denominated in Euro. Certain interest rate risks in respect of amounts received and payable by the CBC in respect of any Covered Bond denominated in euro, as referred to above, are to a certain extent mitigated by way of the Interest Reserve Cover Fund.

The CBC may, but is not required to, enter into any Total Return Swap or any Interest Swap to mitigate any mismatch possible in the rates of interest and revenue received on the Transferred 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) or the rates of interest or revenue payable on the other Transferred Assets, the Substitution Assets, the Authorised Investments and the balance of the AIC Account and the rate of interest and principal payable on the outstanding Covered Bonds. Any Interest Rate Swap may be entered into to hedge the risk (and **provided that** there is such a risk) of any possible mismatch between the Agreed Base Reference Rate and the rate of interest payable under any euro denominated Series.

Pursuant to the Swap Undertaking Letter, ABN AMRO Bank undertakes to, or to procure an Eligible Swap Provider to, enter into one or more (as agreed between the CBC and such Eligible Swap Provider) Swap

Agreements with the CBC governing (a) Structured Swap(s) for each Series if (i) a Notification Event occurs, (ii) a Notice to Pay or CBC Acceleration Notice is served, (iii) the rating(s) of ABN AMRO Bank are, or fall, below the minimum rating(s) set for an Eligible Swap Provider for Structured Swaps or (iv) the unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank are rated lower than 'F1+' (short-term) or 'AA-' (long-term) from Fitch (or any other minimum rating as determined to be applicable or agreed by Fitch from time to time (in which case Structured Swaps will be required) or (b) one or more Total Return Swap(s) and/or one or more Interest Rate Swap(s) for any Series if so requested by the CBC.

Such Swaps may be insufficient to correct mismatches in the rates of interest and revenue on the Transferred Receivables or the rates of interest or revenue payable on the other Transferred Assets, the Substitution Assets, the Authorised Investments and the balance of the AIC Account, foreign currency and euro exchange rates and the rate of interest and principal payable on the outstanding Covered Bonds, as well as other mismatches which may adversely affect the realisation value of the Transferred Receivables, and/or the CBC's ability to fulfil its obligations under the Guarantee.

**Defaults under the Swap Agreements may expose the CBC to changes in the relevant currency exchange rates and to any changes in the relevant rates of interest on the Transferred Receivables, thereby adversely affecting the CBC's ability to fulfil its obligations under the Guarantee.**

If the CBC (or the Issuer on its behalf) fails to make timely payments of amounts due under any Swap, then it will have defaulted under that Swap and the relevant Swap Agreement may be terminated. If a Swap Agreement terminates or the Swap Provider 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 timely entered into, the CBC may have insufficient funds to make payments under the Guarantee.

**The CBC's obligation to make a termination payment under a Swap Agreement may adversely affect the ability of the CBC to meet its obligations under the Guarantee.**

A Swap Agreement may govern the terms of the Total Return Swap and/or one or more Interest Rate Swaps and/or one or more Structured Swaps. There is no obligation for the CBC and the relevant Eligible Swap Provider to enter into a Swap Agreement for each Swap separately. Therefore, a default or termination event under a Swap Agreement could result in early termination of all Swaps governed by such Swap Agreement. If a 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 rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agencies.

If the CBC is obliged to make a termination payment under the Swap Agreement governing the Total Return Swap and any other Swap, such termination payment for an amount not exceeding the Capped TRS Termination Amount will rank ahead of amounts due under the Guarantee in respect of each Series except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate. If the CBC is obliged to make a termination payment under any Swap Agreement governing one or more Interest Rate Swaps and/or Structured Swaps, such termination payment (or any remaining termination payment attributable to the relevant Interest Rate Swap or Structured Swap if the relevant Swap Agreement also governs the Total Return Swap) will rank *pari passu* with amounts due under the Guarantee in respect of each Series 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.

**The difference in timing between the obligations of the CBC and the relevant Swap Provider may adversely affect the CBC's ability to make payments under the Guarantee.**

With respect to the Interest Rate Swaps and the Structured Swaps, the CBC (or the Issuer on its behalf) may be obliged to make monthly payments to the relevant Swap Provider, whereas the relevant Swap Provider may not be obliged to make corresponding swap payments for up to 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 CBC's payment obligations under the relevant Swap Agreement. Hence, the difference in timing between the obligations of the CBC and the relevant Swap Provider may adversely affect the CBC's ability to make payments under the Guarantee.

**A Swap Provider's default under a Swap Agreement with the CBC, when the Post-Notice-to-Pay Priority of Payments applies, may result in interest and principal payments due under the Guarantee in respect of the relevant hedged Series not being paid timely and/or in full.**

If the Post-Notice-to-Pay Priority of Payments applies, it is funded on each CBC Payment Date by the Available Revenue Receipts and the Available Principal Receipts, which are amounts actually received by the CBC prior to such CBC Payment Date. To avoid that amounts received by the CBC in respect of interest or principal under any Interest Rate Swap or Structured Swap during a CBC Payment Period need to be retained for application until the next CBC Payment Date, such amounts (for the avoidance of doubt excluding Swap Collateral Excluded Amounts and Swap Replacement Excluded Amounts) are credited to the Swap Interest Ledger or the Swap Principal Ledger, as the case may be. Amounts which are credited to the Swap Interest Ledger or the Swap Principal Ledger in a CBC Payment Period in respect of a particular Series, are (a) on-paid to the Trustee or the Principal Paying Agent to cover Scheduled Interest or Scheduled Principal that is Due for Payment in such CBC Payment Period under the Guarantee in respect of such Series or (b) in the event that there is an excess over such Scheduled Interest or Scheduled Principal that is Due for Payment, for credit to the Revenue Ledger or the Principal Ledger, as the case may be.

When the Post-Notice-to-Pay Priority of Payments applies, there is a risk that, should a Swap Provider default in the performance of its obligation to pay to the CBC an amount of interest or principal under any Interest Rate Swap or Structured Swap, the corresponding Scheduled Interest or Scheduled Principal that is Due for Payment in such CBC Payment Period under the Guarantee in respect of such Series cannot be paid. This risk is mitigated in two ways in the manner described below (focusing on Scheduled Interest hedged pursuant to Interest Rate Swaps below by way of example, similar mitigants apply to Scheduled Interest and Scheduled Principal hedged pursuant to Structured Swaps, *mutatis mutandis*, **provided that** in respect of Scheduled Principal references below to the Swap Interest Ledger shall be construed to refer to the Swap Principal Ledger).

*Firstly*, if on or before a CBC Payment Date it is expected that a Swap Provider will default in the performance of its obligation to pay to the CBC an amount of interest under any Interest Rate Swap in the immediately succeeding CBC Payment Period, then, subject to any higher or *pari passu* ranking items under the Post-Notice-to-Pay Priority of Payments, a payment or provision, as the case may be, will be made as of such CBC Payment Date for the corresponding amount of Scheduled Interest that is Due for Payment on such CBC Payment Date or in the CBC Payment Period starting on such CBC Payment Date and the Available Revenue Receipts and/or the Available Principal Receipts will be applied accordingly. However, this first mitigant will only be effective if as at the CBC Payment Date on which the CBC Payment Period started in which the Swap Provider defaults, (i) it was expected by or on behalf of the CBC that the relevant Swap Provider would so default and (ii) there were sufficient Available Revenue Receipts and/or Available Principal Receipts to pay or provide for all higher and *pari passu* ranking items in the Post-Notice-to-Pay Priority of Payments.

*Secondly*, if during a CBC Payment Period (i) there is an unexpected default by a Swap Provider in the performance of its obligation to pay to the CBC an amount of interest under any Interest Rate Swap and (ii) on the CBC Payment Date on which such CBC Payment Period starts, remaining monies have been deposited in the AIC Account for application on the next CBC Payment Date, then those remaining monies may be credited to the Swap Interest Ledger (a) for on-payment to the Trustee or the Principal Paying Agent to cover Scheduled Interest that (i) is Due for Payment in such CBC Payment Period under the Guarantee in respect of the relevant Series and (ii) could otherwise not be funded from amounts credited to the Swap Interest Ledger in respect of such Series or (b) in the event there is an excess over such Scheduled Interest that is Due for Payment, for credit to the Revenue Ledger. However, this second mitigant will only be effective to the extent that as at the CBC Payment Date on which the CBC Payment Period started in which there is an unexpected default by a Swap Provider, remaining monies were deposited in the AIC Account for application on the next CBC Payment Date.

As a result of the foregoing, in a given CBC Payment Period the Hedged Series Amounts in respect of one or more Series may not be paid, or not be paid in full, from the Swap Interest Ledger, whereas the Hedged

Series Amounts in respect of one or more other Series may be fully paid in that same CBC Payment Period if each of the following conditions is met: (i) the Post-Notice-to-Pay Priority of Payments applies, (ii) a Swap Provider defaults in its obligation to pay to the CBC an amount (other than a termination amount) of interest under the Interest Rate Swap in such CBC Payment Period in respect of such Series and (iii) as of the CBC Payment Date on which such CBC Payment Period starts the CBC (or the Administrator on its behalf) did not expect the Swap Provider to default and no, or insufficient, remaining monies were deposited in the AIC Account for application on the next CBC Payment Date.

The mitigants and consequences described in the previous three paragraphs in respect of Scheduled Interest and Interest Rate Swaps, apply *mutatis mutandis* to Scheduled Interest and Scheduled Principal hedged pursuant to Structured Swaps, **provided that** in respect of Scheduled Principal references above to the Swap Interest Ledger shall be construed to refer to the Swap Principal Ledger.

Despite the risk mitigation described above, a Swap Provider's default under a Swap Agreement with the CBC, when Post-Notice-to-Pay Priority of Payments applies, continues to present a risk that interest and principal payments due under the Guarantee in respect of the relevant hedged Series may not be paid timely and/or in full.

**Compliance with Regulation (EU) 648/2012 of 16 August 2012 on OTC derivatives, central counterparties and trade repositories ("EMIR"), and other regulations relating to derivative contracts, may give rise to additional costs and expenses for the Issuer and the CBC, which may in turn reduce amounts available to make payments with respect to the Covered Bonds.**

EMIR introduced requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR requires entities that enter into any form of derivative contract to: (a) report every derivative contract entered into to a trade repository and (b) implement new risk management standards for all bilateral over-the-counter ("OTC") derivative trades that are not cleared by a central counterparty. In addition, certain entities are also required to clear, through a central counterparty, OTC derivatives that are subject to a mandatory clearing obligation or, for any OTC derivatives that are not subject to such mandatory clearing obligation, to post mandatory margin. CRR aims to complement EMIR by applying higher capital requirements for bilateral, OTC derivative trades. Lower capital requirements for cleared trades are only available if the central counterparty is recognised as a 'qualifying central counterparty', which has been authorised or recognised under EMIR (in accordance with related binding technical standards). Further significant market infrastructure reforms have been introduced in January 2018 by MiFID II and its subordinate regulations and technical standards as well as from Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse ("SFTR"). In particular, MiFID II requires transactions in certain classes of OTC derivatives to be executed on a trading venue. In this respect, it is difficult to predict the full impact of these regulatory requirements on the CBC.

Under regulatory technical standards (the "IRS RTS") adopted on 6 August 2015 by the European Commission, which entered into force on 21 December 2015, a mandatory clearing obligation as regards interest rate swaps denominated in the G4 currencies (being, USD, EUR, GBP and JPY), and entered into by certain types of entity, is in the process of being phased-in. Timeframes for mandatory clearing of certain other classes of OTC derivatives contracts are also being established. In addition, OTC derivatives contracts that are not cleared by a central counterparty, and entered into by certain types of entities, may be subject to compulsory margin requirements, which phased in from March 2017. The regulatory technical standards relating to compulsory margin requirements (the "Margin RTS") were adopted by the European Commission on 4 October 2016 and entered into force on 4 January 2017.

Pursuant to each of the IRS RTS and the Margin RTS covered bond vehicles are exempt from such clearing requirements and the requirement to post margin, provided certain conditions are met (including that the transactions are entered into only for hedging purposes). No draft regulatory technical standards have been published which would relate to mandatory clearing of any of the cross currency swaps entered into by the CBC and therefore it is unclear whether any exemption for covered bond vehicles will be included in any such regulatory technical standards.

Following the adoption of Regulation (EU) No 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "Securitisation Regulation") certain amendments are proposed to EMIR. Consequently the European Supervisory Authorities launched on 4 May 2018 a consultation on a draft regulatory technical standards specifying criteria for establishing which

arrangements under covered bonds or securitisations adequately mitigate counterparty risk. The European Supervisory Authorities proposes, *inter alia*, to migrate the conditions to benefit from an exemption from the clearing obligation from the IRS RTS to a new regulatory technical standard or, where relevant, amend the IRS RTS to avoid duplication with EMIR (as it stands following the adoption of the Securitisation Regulation). The draft regulatory technical standard is currently going through the EU legislative process and until it is in final form, it is uncertain if and how the proposals affect the Issuer and/or the CBC.

If the exemptions discussed above do not (continue to) apply to covered bond vehicles and the CBC is required to comply with any clearing and/or margin requirements under EMIR, this may give rise to additional costs and expenses for the CBC, which may in turn reduce amounts available to the CBC to make payments under the Guarantee. In addition, compliance by the CBC may also require certain amendments to be made to the Programme and/or the entry into new agreements by the CBC. Further, based on the Margin RTS, if the exemption from the margin requirement discussed above would not be available to any swap counterparty to the CBC, such counterparty would be required to comply with the margin requirements. The potential impact of the margin requirements on the swap counterparties to the CBC is unclear but it is possible that the CBC may find it more difficult or costly to replace any existing swap counterparty following the introduction of mandatory margin requirements.

On 4 May 2017, the European Commission published a proposal for a regulation amending EMIR (the "**Amending Regulation**"). The Amending Regulation proposes, among others, to bring securitisation special purpose entities into the definition of financial counterparties (which must clear OTC derivative contracts that are entered into on or after the effective date for the clearing obligation, **provided that** such class of OTC derivative contract has been declared subject to the clearing obligation). It appears that the Amending Regulation, as it currently reads, does not propose to also add entities such as the CBC to the definition of financial counterparty. The Amending Regulation, however, has yet to go through the EU legislative process and until it is in final form, it is uncertain if and how the proposals will affect the Issuer and/or the CBC. Finally, the timing for the implementation of the Amending Regulation as at the date of this Base Prospectus is unclear.

**Uncertainty as to the validity and/or enforceability of "flip clauses" may adversely affect the CBC's ability to meet its obligations under the Guarantee.**

The validity of contractual priorities of payments such as those contemplated in the Transaction Documents has been challenged in the English and U.S. courts. In particular, there is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of the same debtor, upon the occurrence of insolvency proceedings relating to that creditor. Recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such swap counterparty (so-called "**flip clauses**") and have considered whether such flip clauses breach the "anti-deprivation" principle under English and U.S. insolvency law. Flip clauses are similar in effect to the terms which are included in the Transaction Documents relating to the subordination of Excluded Swap Termination Amounts.

The "anti-deprivation" principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. In the English proceedings it was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Supreme Court of the United Kingdom in *Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc [2011] UKSC 38* unanimously upheld the decision of the Court of Appeal in dismissing this argument and upholding the validity of similar priorities of payment, stating that, **provided that** such provisions form part of a commercial transaction entered into in good faith which does not have, as its predominant purpose or one of its main purposes, the deprivation of the property of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provisions.

In parallel proceedings in New York, the U.S. Courts declined to follow the judgement of the English courts and ruled that a similar provision in the payments priorities offended the "ipso factor rule" of U.S. bankruptcy law. Whilst leave to appeal had been granted, the case was settled before an appeal was heard in New York.

This is an aspect of cross border insolvency law which remains untested. Whilst the priority issue is considered largely resolved in England and Wales, concerns still remain that the English and U.S. courts

will diverge in their approach, which the case of an unfavourable decision in the U.S, may adversely affect the CBC's ability to make payments under the Guarantee. The Issuer has been advised that such a flip clause would be valid under Dutch law.

In light of the above, if a creditor of the CBC (such as ABN AMRO Bank as Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or The Netherlands (including, but not limited to, the United States), and it is owed a payment by the CBC, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English and Dutch law governed Transaction Documents (such as a provision of each of the Post-Notice-to-Pay Priority of Payments and the Post-CBC-Acceleration-Notice Priority of Payments which refers to the ranking of the Swap Provider's payment rights in respect of Excluded Swap Termination Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to ABN AMRO Bank as Swap Provider given that it has assets and/or operations in the U.S. and notwithstanding that it is a non-US established entity (and/or with respect to any replacement counterparty or other Swap Provider, depending on certain matters in respect of that entity). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or The Netherlands and any relevant foreign judgment or order was recognised by the English or Dutch courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the CBC to satisfy its obligations under the Guarantee.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Excluded Swap Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English or Dutch courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may reduce.

## **B.7 CASHFLOWS**

**Cashflows from the Transferred Assets will run through the CBC only upon a Notification Event and service of a Notice to Pay or CBC Acceleration Notice on the CBC, thereby leaving the CBC with no control over such cashflows until such an event occurs, creating a potential for delays of cashflows transfers which may in turn adversely affect the CBC's ability to fulfil its obligations under the Guarantee.**

For as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served on the CBC, no cashflows will run through the CBC. In those circumstances the Originators will be entitled to receive and retain the proceeds from the Transferred Assets for their own benefit. In addition, the Issuer will, as consideration for the CBC assuming the Guarantee, pay all costs and expenses of the CBC and make and receive all payments to be made or received by the CBC under any Swap Agreement. Upon the earlier to occur of a Notification Event and service of a Notice to Pay or CBC Acceleration Notice on the CBC, cashflows will run through the CBC and will be applied in accordance with the relevant Priority of Payments (except that any collateral to be provided by a Swap Provider following its downgrade will be delivered to the CBC irrespective of whether any Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time). As the CBC does not have control over the cashflows from Transferred Receivables unless one of the events described above occurs, the CBC's ability to fulfil its obligations under the Guarantee may be limited. If the Issuer for whatever reason does not make the requested payments for the CBC and the Originators received and retained the relevant proceeds for their own benefit this may potentially adversely affect the CBC's ability to fulfil its obligations under the Guarantee.

## **B.8 GENERAL INFORMATION**

**The Covered Bonds and the Guarantee represent obligations only of the Issuer and the CBC and solely in their corporate capacity.**

The Covered Bonds and the Guarantee will not represent an obligation or be the responsibility of the Arranger, the Dealer(s), the Originators, the Trustee or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and the CBC, respectively. The Issuer and the CBC will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and the Guarantee, respectively, and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators. To the extent that the Issuers' and the CBC's corporate assets are not sufficient to fulfil their obligations under the Covered Bonds and Guarantee, Covered Bondholders may not be able to take recourse against third parties for payment and the CBC's obligations under the Guarantee may not be fully met.

**Actual results might differ substantially from the projections in this Base Prospectus.**

Forecasts and estimates in this Base Prospectus are forward looking statements which relate, but are not limited, to the Issuer's potential exposure to various types of market risks, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk and are speculative in nature. Such statements are subject to risks and uncertainties and therefore not historical facts and represent only the Issuer's beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond the control of the Issuer. 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.

**If at any point the Covered Bonds fail to be compliant with the 2015 CB Legislation, CRR and/or the UCITS Directive, holders of the Covered Bonds may be adversely affected.**

On 14 August 2009, DNB admitted the Issuer and the Covered Bonds to the DNB-register in accordance with the 2008 CB Regulations, and the Issuer opted for compliance with the requirements set out in Annex VI, Part I, points 68-72 of the then so-called Capital Requirements Directive (since 1 January 2014 replaced with Article 129 CRR). The 2015 CB Legislation came into force on 1 January 2015 and replaces the 2008 CB Regulations. The 2015 CB Legislation granted issuers of covered bonds registered (including the Issuer), and issuers which applied for registration, under the 2008 CB Regulations a transitional period of twelve months from 1 January 2015 for its covered bonds to comply with the new requirements prescribed by the 2015 CB Legislation (the "**Transitional Period**"). As at the 2018 Programme Update, the Covered Bonds comply with both Article 52(4) UCITS and are in the DNB-register registered as being compliant with Article 129 CRR.

The 2015 CB Legislation imposes ongoing obligations, including ongoing administration and reporting obligations towards DNB, on an issuer of DNB-registered covered bonds and includes newly introduced ongoing obligations to comply with asset quality and quantity requirements (including statutory minimum overcollateralisation and liquidity buffer requirements) and ongoing audit and stress-testing obligations. DNB will perform certain supervision and enforcement related tasks in respect of covered bonds admitted to its register, including monitoring compliance with ongoing requirements.

If a covered bond no longer meets such requirements, or if the relevant issuer no longer complies with its ongoing obligations towards DNB, DNB can take several measures, which include, without limitation, cancelling an issuer's registration, imposing an issuance-stop and/or fines and penalties on the issuer. However, other than under the 2008 CB Regulations, DNB cannot cancel the registration of outstanding covered bonds registered under the 2015 CB Legislation. Cancellation of registration of an issuer itself should not result in loss of the preferential treatment under Article 52(4) UCITS for outstanding covered bonds registered in accordance with the 2015 CB Legislation.

DNB also registers in the DNB-register whether the Covered Bonds comply with Article 129 CRR. Pursuant to the 2015 CB Legislation, DNB may cancel such registered compliance with Article 129 CRR, if the Issuer or the CBC would not provide the required information to DNB to monitor compliance with Article 129 CRR or if the Covered Bonds would no longer comply with Article 129 CRR.



To date there is no example and/or guidance as to how DNB will apply the discretionary powers that it has been given. In addition, if at any time the Issuer's registration would be cancelled or the Covered Bonds would no longer comply with Article 52(4) UCITS and/or Article 129 CRR, a Covered Bondholder may, depending on its reasons for investing in the relevant Covered Bonds, experience adverse consequences, including an adverse effect on the market value of its Covered Bonds as a result of other Covered Bondholders disposing of their Covered Bonds and less demand for these Covered Bonds in the market.

No Transaction Document grants any right to any party or imposes any obligation on the Issuer or any other party in connection with any Covered Bond no longer complying with Article 52(4) UCITS and/or Article 129 CRR.

In particular, none of the Transaction Documents prescribes the occurrence of an Issuer Event of Default or imposes an obligation on the Issuer to notify any Covered Bondholder in the event that Covered Bonds would no longer comply with Article 52(4) UCITS and/or Article 129 CRR or in the event that the Issuer does not comply with the 2015 CB Legislation in itself.

Depending on their reasons for investing in Covered Bonds, Covered Bondholders should, among other things, conduct their own thorough analysis, and consult their own legal advisers or the appropriate regulators from time to time to determine the appropriate status of Covered Bonds under any applicable risk based capital or similar rules, including, without limitation, Article 52(4) UCITS and Article 129 CRR and any technical standards relating thereto. Non-compliance by the Covered Bonds with any such rules might adversely affect the Covered Bondholders.

See also Section 1.9 (*Description of the Dutch Covered Bond Legislation*) below.

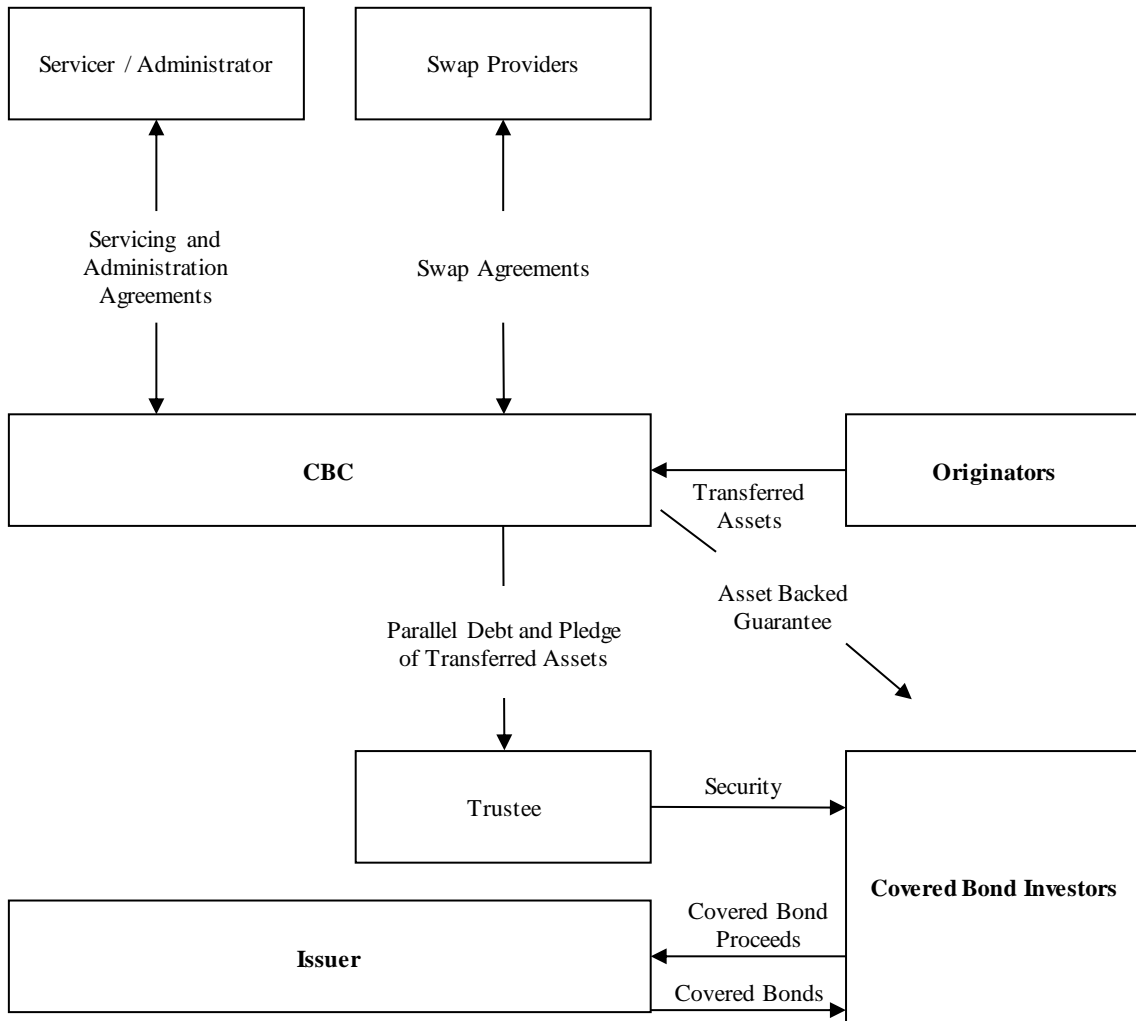
**Under Dutch law, ABN AMRO Bank may not contract with itself.**

ABN AMRO Bank acts in different capacities under the Transaction Documents, including, but not limited to, as Issuer, Originator, Arranger, Dealer, Servicer, Administrator and Structured 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 does in itself not prevent such party (like ABN AMRO Bank) from acting with other parties (such as the Trustee and the CBC).

Accordingly, if pursuant to any Transaction Document ABN AMRO Bank in a particular capacity assumes obligations against ABN AMRO Bank in a different capacity such obligations may not be enforceable which may potentially adversely affect the CBC's ability to fulfil its obligations under the Guarantee or the Trustee's obligations under the Trust Deed unless such obligations of ABN AMRO Bank are also assumed against the CBC or the Trustee (as the case may be).

**C. STRUCTURE DIAGRAM; PRINCIPAL TRANSACTION PARTIES**

**C.1 STRUCTURE DIAGRAM**



## C.2 PRINCIPAL TRANSACTION PARTIES

*The following list does not purport to be complete and is qualified in all respects by the remainder of this Base Prospectus. The parties set out below may be replaced from time to time.*

|  |  |
|--|--|
| <b>Account Bank:</b>   | ABN AMRO Bank  |
| <b>Administrator:</b>  | ABN AMRO Bank  |
| <b>Arranger:</b>   | ABN AMRO Bank  |
| <b>Asset Monitor:</b>  | Ernst & Young Accountants LLP  |
| <b>CBC:</b>  | ABN AMRO Covered Bond Company B.V. (" <b>CBC</b> ")                  |
| <b>CBC's Director:</b>   | Intertrust Management B.V.   |
| <b>Dealer:</b>   | ABN AMRO Bank  |
| <b>Exchange Agent:</b>   | ABN AMRO Bank  |
| <b>Guarantor:</b>  | CBC  |
| <b>Holding:</b>  | Stichting Holding ABN AMRO Covered Bond Company (" <b>Holding</b> ") |
| <b>Initial Originators:</b>  | ABN AMRO Bank, ABN AMRO Hypotheken Groep and Moneyou B.V.            |
| <b>Initial Servicer:</b>   | ABN AMRO Bank  |
| <b>Issuer:</b>   | ABN AMRO Bank  |
| <b>Listing Agent:</b>  | ABN AMRO Bank  |
| <b>Principal Paying Agent:</b>   | ABN AMRO Bank  |
| <b>Registrar (for Covered Bonds evidenced by a Registered Covered Bonds Deed):</b> | ABN AMRO Bank  |
| <b>Trustee:</b>  | Stichting Trustee ABN AMRO Covered Bond Company (" <b>Trustee</b> ") |
| <b>Trustee's Director:</b>   | SGG Securitisation Services B.V. (" <b>Trustee's Director</b> ")     |

## D. INCORPORATION BY REFERENCE; DEFINITIONS & INTERPRETATION; FINAL TERMS AND DRAWDOWN PROSPECTUSES

### D.1 INCORPORATION 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 registration document of the Issuer dated 5 July 2018, as supplemented by the first supplement dated 9 August 2018 and the second supplement dated 8 November 2018 (the "**Registration Document**");
- (b) the articles of association of the Issuer which can be obtained from [https://www.abnamro.com/nl/images/Documents/010\\_Over\\_ABN\\_AMRO/Corporate\\_Governance/AAB\\_Articles\\_of\\_Association\\_20100401\\_EN.pdf](https://www.abnamro.com/nl/images/Documents/010_Over_ABN_AMRO/Corporate_Governance/AAB_Articles_of_Association_20100401_EN.pdf);
- (c) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2016 as set out on pages 249 to 368 in relation to the financial statements 2016, including the notes to the financial statements as set out on pages 257 to 360 and the statutory financial statements as set out on pages 361 to 365, pages 91 to 204 (certain information in the Risk, funding & capital report labelled as "audited" in the respective headings), and the auditors' report thereon on pages 370 to 376, all as included in ABN AMRO Group N.V.'s Integrated Annual Report 2016 (the "**Annual Report 2016**") (the "**Consolidated Annual Financial Statements 2016 ABN AMRO Group N.V.** " and together with the Consolidated Annual Financial Statements 2015 ABN AMRO Group N.V., the "**Consolidated Annual Financial Statements ABN AMRO Group N.V.** ") which can be obtained from [https://www.abnamro.com/nl/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2016/ABN\\_AMRO\\_Group\\_Annual\\_Report\\_2016.pdf](https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2016/ABN_AMRO_Group_Annual_Report_2016.pdf);
- (d) the Section "*Financial Review*" of the Business report on pages 50 to 56, the Risk, funding & capital report on pages 91 to 204, the Section "*Definitions of important terms*" on pages 380 to 385, the Section "*Abbreviations*" on pages 386 to 387 and the Section "*Cautionary statements*" on page 388, all as included in the Annual Report 2016;
- (e) ABN AMRO Bank N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2016 as set out on pages 158 to 293 in relation to the financial statements 2016, including the notes to the financial statements as set out on pages 167 to 270 and the statutory financial statements as set out on pages 271 to 290, pages 36 to 132 (certain information in the Risk, funding & capital report labelled as "audited" in the respective headings), and the auditors' report thereon on pages 295 to 301, all as included in ABN AMRO Bank N.V.'s Annual Report 2016 which can be obtained from [https://www.abnamro.com/nl/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2016/ABN\\_AMRO\\_Bank\\_NV\\_Annual\\_Report\\_2016.pdf](https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2016/ABN_AMRO_Bank_NV_Annual_Report_2016.pdf);
- (f) the Section "*Definitions of important terms*" on pages 302 to 307, the Section "*Abbreviations*" on pages 308 to 309 and the Section "*Cautionary statements on forward-looking statements*" on page 311, all as included in ABN AMRO Bank N.V.'s Annual Report 2016;
- (g) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2017 (as set out on pages 179 to 296 in relation to the financial statements 2017, including the notes to the financial statements as set out on pages 187 to 292, pages 43 to 136 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 298 to 305, all as included in ABN AMRO Group N.V.'s Integrated Annual Report 2017, the "**Annual Report 2017**") (the "**Consolidated Annual Financial Statements 2017 ABN AMRO Group N.V.** ") which can be obtained from [https://www.abnamro.com/nl/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2017/ABN\\_AMRO\\_Group\\_Annual\\_Report\\_2017.pdf](https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2017/ABN_AMRO_Group_Annual_Report_2017.pdf);
- (h) the Section "*Notes to the reader*" on page 1, the Section "*Key figures and profile*" on page 3, the Section "*ABN AMRO shares*" on page 4, the Section "*Financial review*" of the Strategy and performance report on pages 14 to 19, the Risk, funding & capital report on pages 43 to 136, the

Section "*Other information*" on pages 306 to 308, the Section "*Definitions of important terms*" on pages 309 to 310, the Section "*Abbreviations*" on page 311 and the Section "*Cautionary statements*" on page 312, all as included in the Annual Report 2017;

- (i) ABN AMRO Bank N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2017, as set out on pages 154 to 287 in relation to the financial statements 2017, including the notes to the financial statements as set out on pages 162 to 268, pages 40 to 123 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 289 to 296, all as included in ABN AMRO Bank N.V.'s Annual Report 2017 which can be obtained from [https://www.abnamro.com/nl/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2017/ABN\\_AMRO\\_Bank\\_NV\\_Annual\\_Report\\_2017.pdf](https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2017/ABN_AMRO_Bank_NV_Annual_Report_2017.pdf);
- (j) the Section "*Notes to the reader*" on page 2, the Section "*Key figures and profile*" on page 3, the Section "*Financial review*" of the Executive Board report on pages 10 to 15, the Section "*Legal structure*" on page 144, the Section "*Other information*" on pages 297 to 299, the Section "*Definitions of important terms*" on pages 300 to 301, the Section "*Abbreviations*" on page 302 and the Section "*Cautionary statements*" on page 303, all as included in ABN AMRO Bank N.V.'s Annual Report 2017;
- (k) the quarterly report titled "Quarterly Report First quarter 2018" dated 14 May 2018 which can be obtained from [https://www.abnamro.com/nl/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2018/ABN\\_AMRO\\_Quarterly\\_Report\\_2018\\_Q1.pdf](https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2018/ABN_AMRO_Quarterly_Report_2018_Q1.pdf). The information set out therein is unaudited;
- (l) the articles of association of the CBC;
- (m) the CBC's audited annual reports for the years ended 31 December 2016 and 31 December 2017, including the auditor's reports thereon;
- (n) ABN AMRO Group N.V.'s report titled "*Interim Report & Quarterly Report Second quarter 2018 ABN AMRO Group N.V.*" for the first half of the financial year ended 30 June 2018 which can be obtained from [https://www.abnamro.com/en/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2018/ABN\\_AMRO\\_Quarterly\\_Report\\_2018\\_Q2.pdf](https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Financial_Disclosures/2018/ABN_AMRO_Quarterly_Report_2018_Q2.pdf) excluding the specific chapters titled: "*Message from the CEO*", "*Responsibility statement*" and "*Enquiries*". The information set out therein is unaudited;
- (o) ABN AMRO Bank N.V.'s report titled "*Interim Financial Report 2018 ABN AMRO Bank N.V.*" for the first half of the financial year ended 30 June 2018 which can be obtained from [https://www.abnamro.com/en/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2018/ABN\\_AMRO\\_Bank\\_N.V.\\_Interim\\_Financial\\_Report\\_2018.pdf](https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Financial_Disclosures/2018/ABN_AMRO_Bank_N.V._Interim_Financial_Report_2018.pdf) excluding the specific chapters titled: "*Responsibility statement*" and "*Enquiries*"; and
- (p) the quarterly report titled "*Quarterly Report Third quarter 2018*" dated 7 November 2018 which can be obtained from [https://www.abnamro.com/en/images/Documents/050\\_Investor\\_Relations/Financial\\_Disclosures/2018/ABN\\_AMRO\\_Quarterly\\_Report\\_2018\\_Q3.pdf](https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Financial_Disclosures/2018/ABN_AMRO_Quarterly_Report_2018_Q3.pdf) excluding the specific chapter titled "*Enquiries*". The information set out therein is unaudited.

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors in Covered Bonds or is covered elsewhere in this Base Prospectus. Any statements on the Issuer's competitive position included in a document which is incorporated by reference herein and where no external source is identified are based on the Issuer's internal assessment of generally available information.

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 (at its registered office at: Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, by telephone: +31 20 6282282 or by e-mail: [investorrelations@nl.abnamro.com](mailto:investorrelations@nl.abnamro.com)) or the CBC at its office 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, any Paying Agent and, in the case of Registered Covered Bonds, the Registrar. Such documents can also be obtained in electronic form from the Issuer's website (<https://www.abnamro.com/en/investor-relations/debt-investors/covered-bonds/index.html>). The other information included on or linked to through this website or in any website referred to in any document incorporated by reference into this Base Prospectus is not a part of this Base Prospectus.

The Issuer and the CBC will, in the event of a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds issued by the Issuer prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds by the Issuer to be admitted to trading on an EU regulated market or to be offered to the public in the EU.

## **D.2 DEFINITIONS & 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 (including in the information incorporated by reference into this Base Prospectus (see "*Section D.1 Incorporation by Reference*" above)). 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 transferees and any subsequent successors and transferees in accordance with their respective interests.

The language in this Base Prospectus is English. Certain references and terms have been cited in their original language in order that the correct meaning may be ascribed to them under applicable law.

Headings used in this Base Prospectus are for ease of reference only and shall not affect the interpretation thereof.

## **D.3 FINAL TERMS AND DRAWDOWN PROSPECTUSES**

Each Tranche of Covered Bonds will be issued on the terms set out herein under "*Section 1.3 Terms and Conditions of the Covered Bonds*" below, as amended and/or supplemented by the Final Terms specific to such Tranche, or in a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") as described below or without a prospectus. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Covered Bonds which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

In this *Section D.3 Final Terms and Drawdown Prospectuses* the expression "**necessary information**" means, in relation to any Tranche of Covered Bonds, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the CBC and of the rights attaching to the Covered Bonds. In relation to the different types of Covered Bonds which may be issued under the Programme the Issuer and the CBC (in respect of the CBC, regarding information relating to the CBC) have endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Covered Bonds which is not known at the 2018 Programme Update and which can only be determined at the time of an individual issue of a Tranche of Covered Bonds.

Any information relating to a Tranche of Covered Bonds which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to such Tranche will be contained either in the relevant Final Terms or in a separate Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Covered Bonds, may be contained

in a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or, in case of a Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, in a Drawdown Prospectus.

For a Tranche of Covered Bonds which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Covered Bonds which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Covered Bonds which is the subject of a Drawdown Prospectus will be the Conditions either contained in such Drawdown Prospectus, or as contained in this Base Prospectus as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the CBC and the relevant Covered Bonds or (2) by a registration document containing the necessary information relating to the Issuer and the CBC, a securities note containing the necessary information relating to the relevant Covered Bonds and, if necessary, a summary note. In addition, if the Drawdown Prospectus is constituted by a registration document and a securities note, any significant new factor, material mistake or inaccuracy relating to the information included in that registration document which arises or is noted between the date of the registration document and the date of the securities note which is capable of affecting the assessment of the relevant Covered Bonds will be included in the securities note.

## 1. COVERED BONDS

### 1.1. 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 and any Registered 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 SA/NV 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 (safekeeper or depository for) any other agreed clearing system. Registered Covered Bonds will (unless otherwise specified in the applicable Final Terms) be either (i) issued to each holder by way of a deed of issuance (a "**Registered Covered Bonds Deed**") or (ii) with respect to any Series which contain one or more Tranches of Covered Bonds offered or sold in reliance on Rule 144A, issued in the form of a Registered Global Covered Bond.

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 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 holders 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 or any other agreed clearing system and that clearing system has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is not less than 40 days nor (if the Temporary Global Covered Bond has been deposited with Euroclear Netherlands) more than 90 days after the date on which the Temporary Global Covered Bond is issued (or the "**restricted period**" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), 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 bearer Covered Bonds (each a "**Bearer Definitive Covered Bond**") with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event, subject to mandatory provisions of applicable laws and regulations. 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 the relevant clearing system has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention 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; Provision of Information*) 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 30 days after the date of receipt of the first relevant notice by the Principal Paying Agent. Upon an Exchange Event in respect of a Registered Global Covered Bond, the Registered Global Covered Bond will be exchanged in whole (but not in part) for Registered Definitive Covered Bonds in accordance with the Trust Deed and Agency Agreement. Whenever a Registered Global Covered Bond is to be exchanged for Registered Definitive Covered Bonds, duly authenticated and completed Registered Definitive Covered Bond certificates shall be issued in an aggregate principal amount equal to the principal amount of the relevant Registered Global Covered Bond within five business days of the delivery, by or on behalf of the holder or any Clearing System, to the Registrar of such information as is required to complete and deliver such Registered Definitive Covered Bond certificates (including, without limitation, the names and addresses of the persons in whose names the Registered Definitive Covered Bonds are to be registered and the principal amount of each such person's holding) against the surrender of the relevant Registered Global Covered Bond certificate at the Specified Office of the Registrar.

In the event that Covered Bonds which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount are issued, it is possible that the Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. 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 tradeable only in the minimum Specified Denomination increased with integral multiples of another smaller amount, notwithstanding that Definitive Covered Bonds shall only be issued up to, but excluding, twice the minimum Specified Denomination. Bearer Definitive Covered Bonds will be in the standard euromarket form.

In the case of Covered Bonds represented by a Permanent Global Covered Bond deposited with Euroclear Netherlands, on the occurrence of an Exchange Event as described above, an exchange for Definitive Covered Bonds will only be possible in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands.

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 in bearer form, which have an original maturity of more than one year and on all receipts and interest coupons relating to such Covered Bonds:

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

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

The following legend will appear on all Global Covered Bonds in bearer form 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 deposited with a common depositary for Euroclear or Clearstream, Luxembourg or with a common safekeeper will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg or that common safekeeper, as the case may be. In the case of a Global Covered Bond deposited with Euroclear Netherlands, the rights of Covered Bondholders will be exercised in accordance with the Wge.

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, Clearnet S.A. Amsterdam Branch Stock Clearing and/or any other relevant security code which are different from the common code, ISIN Code 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.

## 1.2. FORM OF FINAL TERMS

Set out below is the form of Final Terms, which, subject to any necessary amendment, will be completed for each Tranche of Covered Bonds issued under the Programme.

### FINAL TERMS

[Date]

**ABN AMRO Bank N.V.**

*(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Chamber of Commerce under number 34334259)*

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]**

**Guaranteed as to payment of principal and interest by  
ABN AMRO Covered Bond Company B.V.  
under the €40,000,000,000  
Covered Bond Programme**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Covered Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of the Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Covered Bonds in any other circumstances. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State) and includes any relevant implementing measures in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 20 December 2018 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of 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 the Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [[www.abnamro.com/en/investor-relations/debt-investors](http://www.abnamro.com/en/investor-relations/debt-investors)] and during normal business hours at the registered office of the Issuer, currently at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and copies may be obtained from the Issuer at that 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. Consider whether a Drawdown Prospectus is required in this case, for example, because the final terms of the first Tranche included information which is no longer permitted to be included in final terms under the Prospectus Directive.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 20 December 2018 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, **provided that** solely for the purpose of Condition 7 (*Taxation*) sub (iv) and (c) and (d) of the sixth paragraph of Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*), the Issue Date shall be deemed to be [*include issue date of original issuance*]. These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with the Base Prospectus. This document constitutes the Final Terms relating to the issue of Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive. 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 is available for viewing at [[www.abnamro.com/en/investor-relations/debt-investors](http://www.abnamro.com/en/investor-relations/debt-investors)] and during normal business hours at the registered office of the Issuer, currently at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and copies may be obtained from the Issuer at that 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 (in which case the sub-paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms or adding any other final terms or information, 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.]*

- |    |       |  |  |
|----|-------|--|--|
| 1. | (i)   | Issuer:  | ABN AMRO Bank N.V., acting through its head office   |
|    | (ii)  | CBC:   | ABN AMRO Covered Bond Company B.V.   |
| 2. | (i)   | Series Number:                                   | [ ]  |
|    | (ii)  | Tranche Number:                                  | [ ]  |
|    | (iii) | Date on which the Covered Bonds become fungible: | [Not Applicable/The Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the [ <i>insert description of the Series</i> ] on [ <i>insert date</i> /the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph 21 below [which is expected to occur on or about [ <i>insert date</i> ]]].] |
| 3. |       | Specified Currency or Currencies:                | [ ]  |

4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [ ]
- (At least EUR 100,000 for public offers and/or admissions to trading on a regulated market within the EEA)*
- (For Bearer Covered Bonds where multiple denominations above EUR 100,000 (or equivalent) are being used the following sample wording should be followed: "[EUR 100,000] (or the relevant higher denomination) and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 99,000] (or twice the relevant higher denomination minus the smallest denomination). No Covered Bonds in definitive form will be issued with a denomination above [EUR 199,000] (or twice the relevant higher denomination minus the smallest denomination).")*
- (ii) Calculation Amount [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: there must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. (i) Final Maturity Date: [ ] (specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year)
- (ii) Bullet Maturity: [Hard/Soft] (If soft bullet is applicable, Extended Due for Payment Date is also applicable)
9. Extended Due for Payment Date: [Applicable/Not Applicable] (if applicable (for Covered Bonds with a soft bullet maturity only): specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to [specify month; in each case falling twelve (12) calendar months after the Final Maturity Date and, in relation to Zero Coupon or if otherwise applicable, specify interest basis as referred to in Condition 3(b)])
10. Interest Basis: [[ ] per cent. Fixed Rate] [from, and including the Interest Commencement Date to, but excluding the Final Maturity Date. Thereafter, [specify reference rate]+/- [•] per cent. Floating Rate]

[[specify reference rate] +/- [ ] per cent. Floating Rate]

[Zero Coupon]

(further particulars specified below)

11. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption and subject to Condition 3 (*The Guarantee*), the Covered Bonds will be redeemed on the Final Maturity Date at [100] per cent. of their nominal amount.
12. Change of Interest Basis: [[•]/[in accordance with paragraphs [15] and [16] below]/[Not Applicable]] (*If applicable, specify the date when any fixed to floating or floating to fixed rate change occurs or refer to paragraphs 15 and 16 below and identify there*)
13. Call Option(s): [Not Applicable / Issuer Call (further particulars specified below)]
14. (i) Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
- (ii) Status of the Guarantee: Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed

#### 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/monthly] in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including [ ] [[include if Covered Bond with a hard bullet maturity: Final Maturity Date, if applicable] / [include if Covered Bond with a soft bullet maturity: Extended Due for Payment Date, if applicable] [(provided however that after the Extension Date, the Interest Payment Date shall be [monthly][other])]] [in each case subject to adjustment in accordance with the [Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] [and [ ] as Additional Business Centre[s] for the definition of "Business Day" [, Unadjusted]]
- (This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount

- (iv) Broken Amount(s): [Not Applicable / [ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]]
- (Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)*
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA)]
- (vi) Determination Date(s): [ ] in each year / Not Applicable]
- (Insert regular Interest Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last Coupon.)*
- 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 (ICMA)*
16. **Floating Rate Covered Bond Provisions** [Applicable/Not Applicable/Applicable as of and including the Final Maturity Date]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): [ ]
- (ii) Specified Period: [Not Applicable / [ ]]
- (NB: Specify the Specified Period(s) and Specified Interest Payment Dates up to and including [include if Covered Bond with a hard bullet maturity: Final Maturity Date, if applicable] / [include if Covered Bond with a soft bullet maturity: Extended Due for Payment Date, if applicable] [other])*
- (Specified Interest Payment Dates and Specified Period are alternatives. A Specified Period will only be relevant if the Business Day Convention is the Floating Rate Convention (also called FRN Convention or Eurodollar Convention). Otherwise, insert "Not Applicable")*
- (iii) Specified Interest Payment Dates: [Not Applicable/[ ] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below] [(provided however that after the Extension Date, the Specified Interest Payment Date shall be [monthly][other])]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate*

*Convention or Eurodollar Convention, insert "Not Applicable")*

- (iv) First Interest Payment Date: [ ]
- (v) Business Day Convention: [Floating Rate Convention / FRN Convention / Eurodollar Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / None]
- (vi) Unadjusted: [No/Yes/Not applicable]
- (Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)*
- (vii) Additional Business Centre(s): [Not Applicable/give details]
- (viii) Manner in which the Rate(s) of Interest and Interest Amount(s) is/are to be determined: [Screen Rate Determination / ISDA Determination]
- (ix) Calculation Agent [Principal Paying Agent / [ ]]
- (x) Screen Rate Determination: [Yes/No]
- (If "No", delete the remaining sub-paragraphs of this paragraph)*
- Reference Rate: [ ]
- (for example, LIBOR or EURIBOR)*
- 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 TARGET2 is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [ ]
- (In the case of EURIBOR, if not Reuters EURIBOR 01, ensure it is a page which shows a composite rate, due to the fallback provisions contained in Condition 4(b)(ii)(B) (Screen Rate Determination for Floating Rate Covered Bonds))*
- (xi) ISDA Determination: [Yes/No]
- (If "No", delete the remaining sub-paragraphs of this paragraph)*



- Floating Rate Option:
- Designated Maturity:
- Reset Date:
- (xii) Margin(s):  +/-  per cent. per annum
- (xiii) Minimum Rate of Interest:  per cent. per annum
- (xiv) Maximum Rate of Interest:  per cent. per annum
- (xv) Day Count Fraction:  [Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Euro) / Actual/360 / 30E/360 or Eurobond Basis / 30/360 / 30E/360 (ISDA)]

17. **Zero Coupon Covered Bond Provisions**  [Applicable/Not Applicable]
- (If "Not Applicable", delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield:  per cent. per annum
  - (ii) Reference Price:
  - (iii) Day Count Fraction:  [30/360 / Actual/Actual (ICMA/ISDA)]

**PROVISIONS RELATING TO REDEMPTION**

18. **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:  per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount:  per Calculation Amount
    - (b) Maximum Redemption Amount:  per Calculation 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 is advised to 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 Agents)*

19. **Final Redemption Amount of each Covered Bond** [ ] per Calculation Amount

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*

20. **Early Redemption Amount of each Covered Bond**

Early Redemption Amount per Calculation Amount 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:

[Not Applicable / As set out in Condition 6 (*Redemption and Purchase*) / [ ] per Calculation Amount]

#### **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

21. Form of Covered Bonds:

[Bearer form / Registered form] (*Delete as appropriate*)

[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds only upon an Exchange Event, subject to mandatory provisions of applicable laws and regulations.]

[Permanent Global Covered Bond exchangeable for Definitive Covered Bonds only upon an Exchange Event, subject to mandatory provisions of applicable laws and regulations.]

[Registered Covered Bonds, issued to each holder by way of Registered Covered Bonds Deed.

Specified office of Issuer for notification of transfers of Registered Covered Bonds: [Breda office, [address]/other] [*Delete as appropriate*].]

*(For Series which contain one or more Tranches offered or sold in reliance on Rule 144A:)*

[Registered Covered Bonds:

[Rule 144A Global Covered Bond/ Regulation S Global Covered Bond] registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg / [DTC] and exchangeable for Registered Definitive Covered Bonds [on [ ] days' notice/at any time/in the limited circumstances described therein].]

22. New Global Note [Yes/No]  
*(If "No" is specified here ensure that "Not Applicable" is specified for Eurosystem eligibility in the relevant sub-paragraph of paragraph 8 of Part B of the Final Terms and if "Yes" is specified here ensure that the appropriate specification is made in respect of Eurosystem eligibility in that same sub-paragraph)*
23. Exclusion of set-off [Not applicable / Condition 5(g) applies]
24. For the purposes of Condition 13, notices to be published in a newspaper: [Yes, in [the Financial Times / *[specify other leading English language daily newspaper of general circulation in London]*] / No]  
*(N.B. Only relevant for Bearer Covered Bonds)*
25. Additional Financial Centre(s): [Not Applicable/give details]  
*(Note that this item relates to the date and place of payment (see "Condition 5(e) (Payment Day)) and not Interest Period end dates (to which items 14(ii) and 15(vii) relate)")*
26. Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [No / Yes (give details)]  
*(If the Covered Bonds have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.)*
27. Consolidation provisions: [The provisions [of Condition 16 (*Further Issues*) / annexed to these Final Terms] apply] [Not Applicable]  
*(Only "Not Applicable" if it is intended that there be no future fungible issues to this Series)*
28. Relevant Benchmark[s]: [*Specify benchmark*] is provided by [*administrator legal name*][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][*appears*]/[*does not appear*]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation (Regulation (EU) 2016/1011)/[Not Applicable]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. The CBC accepts responsibility for the information relating to the CBC contained in these Final Terms. [[*Relevant third party information*] relating to item [ ] above has been extracted from [*specify source*]. The Issuer and the CBC confirm that such information (in the case of the CBC, as such information relates to it) has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [(*specify source*)], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

*Duly authorized*

By:

*Duly authorized*

Signed on behalf of the CBC:

By:

*Duly authorised*

By:

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Euronext in Amsterdam / [ ] / None]
- (ii) Admission to trading: [Application [has been / is expected to be] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [Euronext in Amsterdam/specify relevant regulated market and, if relevant, admission to an official list]] with effect from [ .].] [Not Applicable]
- (Where documenting a fungible issue, indicate that original covered bonds are already admitted to trading)*
- (iii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: [The Covered Bonds to be issued [have been/are expected to be] rated:] / [The Covered Bonds to be issued have not been specifically rated. The rating allocated to Covered Bonds under the Programme generally is:]
- [Moody's: [ ]]
- [Fitch: [ ]]
- [ [ ] ]
- [Insert one (or more) of the following options, as applicable:]*
- [Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").*
- [Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority].*
- [Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").*

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

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

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

[In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.]

3. **[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 *[Section 1.5 Subscription and Sale]*, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. *[Amend as appropriate if there are other interests]*

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

4. **[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.]

5. **Operational Information**

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Other relevant code: [[ ] / Not Applicable]
- (iv) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

*(Include this text if "Yes" selected:)* [Note that the designation "Yes" does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

The Covered Bonds will be deposited initially upon issue with [one of the ICSDs acting as common safekeeper / a common safekeeper].

- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Euroclear Netherlands/Not Applicable/*give name(s) and number(s)*]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [ ] / [Not Applicable]

6. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) (a) If syndicated, names of Managers: [Not Applicable/*give names*]
- (b) Stabilising Manager(s) (if any): [Not Applicable/*give name[s]*]
- (iii) If non-syndicated, name of Dealer(s): [Not Applicable/*give name[s]*]
- (iv) U.S. selling restrictions: [Regulation S Compliance Category [2] / Rule 144A / TEFRA D / TEFRA C / TEFRA rules not applicable] (*For non Rule 144A transactions Regulation S language and one of the TEFRA options must always be included*)

- (v) ERISA: [Yes/No] (*"Yes" meaning employee benefit plans subject to ERISA can buy*)
- (vi) Applicable Netherlands / Global selling restriction: [Not Applicable/specify (*Note that depending on the exemption used, specific wording may need to be included*)]
- (vii) Additional selling restrictions: [Not Applicable/give details]



### 1.3. TERMS AND CONDITIONS OF COVERED BONDS

*The following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each Global Covered Bond, Registered Covered Bond 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 Bond. Any amendments to the Terms and Conditions will be made by way of, and in accordance with the applicable requirements for, amendments to the Trust Deed.*

This Covered Bond is one of a Series of Covered Bonds issued by ABN AMRO Bank N.V., acting through its head office (the "**Issuer**") pursuant to a trust deed dated 30 August 2005 (the "**Programme Date**") (such trust deed as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") between the Issuer, ABN AMRO Covered Bond Company B.V. (the "**CBC**") and Stichting Trustee ABN AMRO 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:

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

The Covered Bonds and the Coupons have the benefit of an agency agreement dated the Programme Date (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between the Issuer, the CBC, the Trustee, ABN AMRO Bank N.V. as issuing and principal paying agent (the "**Principal Paying Agent**" which expression shall include any successor principal paying agent) and as Exchange Agent (the "**Exchange Agent**" which expression shall include any successor exchange agent), ABN AMRO Bank N.V. acting through its head office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands as registrar in respect of all Registered Covered Bonds issued pursuant to a Registered Covered Bonds Deed (in respect of such Series only, the "**Registrar**" which expression shall include any successor registrar). Furthermore, pursuant to the Agency Agreement a registrar in respect of all Registered Covered Bonds evidenced by a Registered Global Covered Bond certificate may be appointed (in respect of such Series only, the "**Registrar**" which expression shall include any successor registrar) and a U.S. paying agent may be appointed (the "**US Paying Agent**", and together with the Principal Paying Agent and the other paying agents named in the Agency Agreement, the "**Paying Agents**", which expression shall include any additional or successor paying agent) and the other agents named therein (together with the Paying Agents and, in relation to a Series of Covered Bonds, the Registrar, the "**Agents**", which expression shall include any additional or successor 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. Global Covered Bonds do not have Coupons or Talons attached on issue.

The Final Terms for this Covered Bond (or the relevant provisions thereof) is (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 Bond, 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 Bond.

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, be construed as provided below) and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), and for holders of each other Series in accordance with the provisions of the Trust Deed. Any holders mentioned above include those having a credit balance in the collective depots held by Euroclear Netherlands 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 Incorporated Terms Memorandum incorporating the Master Definitions Schedule, 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 Hoogoorddreef 15, 1101 BA 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 Incorporated Terms Memorandum, 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 schedule (as amended from time to time, the "**Master Definitions Schedule**") incorporated in the incorporated terms memorandum (as amended from time to time, the "**Incorporated Terms Memorandum**"), 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**"), as set out in the applicable Final Terms, and, in the case of Definitive Covered Bonds, serially numbered, and in the case of Definitive Covered Bonds or Registered Covered Bonds in 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 either have a hard bullet maturity (a "**HB Covered Bond**") or a soft bullet maturity (a "**SB Covered Bond**") as indicated in the applicable Final Terms. A Tranche of HB Covered Bonds can never form part of a Series of SB Covered Bonds and *vice versa*.

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

Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds or Registered 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, amongst other things, delivery (*levering*) thereof.

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

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 are manual and/or in facsimile.

For so long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of Euroclear Bank SA/NV 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 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.

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 and/or DTC or any other agreed clearing system, 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 Wge other than as set out in the Global Covered Bond.

References to Euroclear and/or Clearstream, Luxembourg and/or DTC 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 these 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 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, service by the Trustee on the Issuer of an Issuer Acceleration Notice and 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 this Covered Bond is part of any Series of SB Covered Bonds and the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount in relation to any Series, then:

- (a) the obligation of the CBC to pay such Guaranteed Final Redemption Amount in respect of such Series of SB Covered Bonds shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the date when such 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 monies are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher and *pari passu* ranking amounts, (2) all Guaranteed Final Redemption Amounts pertaining to any Series of HB Covered Bonds with a Final Maturity Date falling in or prior to the CBC Payment Period in which the Extended Due for Payment Date for such Series of SB Covered Bonds falls and (3) all Guaranteed Final Redemption Amounts pertaining to any Series of SB Covered Bonds with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for such Series of SB Covered Bonds falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the SB Covered Bonds (in accordance with Condition 13 (*Notices; Provision of Information*)), 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 at least two Business Days prior to the Extension Date and/or such Interest Payment Date, respectively, and (ii) apply such remaining available monies in payment, in whole or in part, of such Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series of SB Covered Bonds with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for the relevant Series of SB Covered Bonds falls (and to such extent such 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 such 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 of such Series of SB Covered Bonds 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.

If this Covered Bond is part of a Series of HB Covered Bonds and the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount relating to such Series, such Guaranteed Amount shall be payable on the Final Maturity Date relating to such Series (and therefore no deferral to any Extended Due for Payment Date shall apply to any Series of HB Covered Bonds).

The rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a Covered Bondholder only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The 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 Assets;
- (ii) a first ranking right of pledge over the monies standing to the credit of the CBC Accounts 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).

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.

In these Conditions:

**"Extended Due for Payment Date"** means, with respect to any Series of SB Covered Bonds only, the date falling twelve (12) calendar months after the Final Maturity Date, as specified as such in the applicable Final Terms; and

**"Guaranteed Final Redemption Amount"** means a Guaranteed Amount relating to Scheduled Principal payable on the Final Maturity Date in respect of any Series.

#### 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. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date or, with respect to any Series of SB Covered Bonds only and subject to Condition 3 (*The Guarantee*), the Extended Due for Payment Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will 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.

If a **"Business Day Convention"** is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the **"Following Business Day Convention"**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (2) the **"Modified Following Business Day Convention"**, 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; or
- (3) the **"Preceding Business Day Convention"**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "**Unadjusted**" is specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the Fixed Rate Covered Bond, divided by the Calculation Amount.

In these Conditions:

"**Business Day**" means a day which is:

- (i) both, in relation to any sum payable in respect of any Series of Covered Bonds:
  - (A) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET2**") 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 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) and in any Additional Business Centre specified in the applicable Final Terms; and
- (ii) in any other case (A) in relation to any sum payable (other than in respect of any Series of Covered Bonds), a day on which banks are generally open for business in Amsterdam and TARGET2 is open, or (B) a day on which banks are generally open for business in Amsterdam;

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

"**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 (ICMA)**" is specified in the applicable Final Terms:
  - (A) in the case of Covered Bonds where the actual 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 Determination 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 Determination 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 Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Fixed Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Fixed Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Fixed Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

**"Final Maturity Date"** means in respect of a Series the Interest Payment Date which falls no more than 30 years after the Issue Date of such Series and on which the Covered Bonds of such Series are expected to be redeemed at their Principal Amount Outstanding in accordance with these Conditions as specified in the applicable 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 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

**"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**

(i) ***Interest Payment Dates***

Each Floating Rate 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.

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, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"**, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the **"Following Business Day Convention"**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the **"Modified Following Business Day Convention"**, 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; or

- (4) the "**Preceding Business Day Convention**", such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "**Unadjusted**" is specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

(ii) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner described further in subparagraph (A) or subparagraph (B) below, as determined in the applicable Final Terms and subject to Condition 4(d) (*Reference Rate Replacement*).

(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 Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 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 Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, 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 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR), the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the time specified two paragraphs above on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be determined by the Calculation Agent as the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Covered Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating

to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, by the Calculation Agent as the Reference Rate which appears on the Relevant Screen Page as at 11.00 a.m. in the principal financial centre of the relevant currency (such as London, or Amsterdam in respect of the Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro) on the relevant Interest Determination Date; and
- (ii) in any other case, by the Calculation Agent as the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as at the time specified in the preceding paragraph on the relevant Interest Determination Date.

For the purposes of this subparagraph (B), "**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Amsterdam office of four major banks in the Amsterdam inter bank market selected by the Calculation Agent or, in the case of a determination of a rate other than EURIBOR, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate.

(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 Calculation Agent will at or as soon as practicable at each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate 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 the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the Floating Rate Covered Bond, divided by the Calculation Amount.

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

if "**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 the 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);

if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

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;

if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; or

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

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

The Calculation 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 are for the time being listed, quoted and/or traded and notice thereof to be published in accordance with Condition 13 (*Notices; Provision of Information*) as soon as possible after their determination but in no event later than the fourth Amsterdam 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 are for the time being listed, quoted and/or traded and to the Covered Bondholders in accordance with Condition 13 (*Notices; Provision of Information*). For the purposes of this paragraph, the expression "**Amsterdam 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. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Floating Rate Covered Bond having the minimum Specified Denomination.

(vi) ***Determination or Calculation by Trustee***

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Calculation Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (ii)(A) or (B) above, 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 4(b), 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 Calculation Agent.

(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), whether by the Calculation Agent or the Trustee shall (in the absence of wilful default, bad faith or manifest error or an error established as such to the satisfaction of the Trustee) be binding on the Issuer, the CBC, the Calculation Agent, the other Paying Agents, the Trustee and all Covered Bondholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the CBC, the Covered Bondholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **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.

(d) **Reference Rate Replacement**

(i) If the Calculation Agent (in consultation with the Issuer or, following an Issuer Event of Default, the CBC) determines that the Reference Rate has ceased to be published on the Relevant Screen Page as a result of the Reference Rate ceasing to be calculated or administered when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate, then the following provisions shall apply to the relevant Series of Covered Bonds:

(A) the Issuer or, following an Issuer Event of Default, the CBC (as applicable) shall use reasonable endeavours to appoint an Independent Adviser to determine:

(1) a Successor Reference Rate; or

(2) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Covered Bonds for such next Interest Period and for all other future Interest

Periods (subject to the subsequent operation of this Condition 4(d) during any other future Interest Period(s));

(B) if the Issuer or, following an Issuer Event of Default, the CBC (as applicable) is unable to appoint an Independent Adviser or such Independent Adviser appointed fails to determine a Successor Reference Rate or an Alternative Reference Rate (in accordance with Condition 4(d)(i)(A) prior to the relevant IA Determination Cut-off Date, the Issuer or, following an Issuer Event of Default, the CBC (as applicable), acting in good faith, in a commercially reasonable manner and take into account any applicable requirements arising from the Benchmark Regulation, shall use reasonable endeavours to determine:

(A) a Successor Reference Rate; or

(B) if the Issuer or, following an Issuer Event of Default, the CBC (as applicable) fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Covered Bonds for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4(d) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(C) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) in accordance with this Condition 4(d):

(1) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4(d));

(2) if the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines to the best of its knowledge and capability (acting in good faith and in a commercially reasonable manner) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4(d)); and

(3) the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

- (x) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) Additional Business Centre(s), Additional Financial Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks and/or Relevant Screen Page applicable to the relevant Series of Covered Bonds and (2) the method for determining the fall-back to the Rate of Interest in relation to the relevant Series of Covered Bonds if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
- (y) any other changes which the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the relevant Series of Covered Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 4(d)); and

- (D) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 4(d)(C)(3) to the Trustee, the Principal Paying Agent, the Calculation Agent and the relevant Covered Bondholders in accordance with Condition 13 (*Notices; Provision of Information*).
- (ii) If a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 4(d) on or before the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fall-back provisions of Condition 4(b)(ii)(B) (*Screen Rate Determination for Floating Rate Covered Bonds*).
- (iii) An Independent Adviser appointed pursuant to this Condition 4(d) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer or, following an Issuer Event of Default, the CBC (as applicable), the Transfer Agent, the Registrars, the Paying Agents, the Calculation Agent or the Covered Bondholders for any determination made by it (or not made by it) pursuant to this Condition 4(d).
- (iv) As used in this Condition 4(d):

**"Adjustment Spread"** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to relevant Covered Bondholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:



- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognized or acknowledged, the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Alternative Reference Rate**" means the rate that the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of covered bonds which meet the criteria set out in article 129 of the CRR and which are denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser, or the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines that there is no such rate, such other rate as such Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines in its discretion is most comparable to the Reference Rate.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer or, following an Issuer Event of Default, the CBC (as applicable) at its own expense.

"**Reference Rate**" shall be reference rate as specified in the applicable Final Terms, subject as provided in Condition 4(d) (*Reference Rate Replacement*).

"**Relevant Nominating Body**" means, in respect of a reference rate:

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"**Successor Reference Rate**" means the rate that the relevant Independent Adviser, the Issuer or, following an Issuer Event of Default, the CBC (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

## 5. PAYMENTS

### (a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro and U.S. Dollars will be made by credit or transfer to an account in the relevant Specified Currency (which, in

the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);

- (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; and
- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 5, means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States. Payments will be subject in all cases to 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 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 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, 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 or Long Maturity Covered Bond in definitive form becomes due and repayable in whole, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. 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 in bearer form not in new global note form 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.

If a Global Covered Bond in bearer form is in the form of a new global note, payments of principal and interest (if any) in respect of such Covered Bonds shall be entered *pro rata* in the records of the relevant clearing system and, in the case of payments of principal, the principal amount of such Covered Bonds recorded in the records of the relevant clearing system and represented by the Global Covered Bond in bearer form in the form of a new global note will be reduced accordingly.

(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 or any other agreed clearing system 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 or any other agreed clearing system, 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) in the case of Bearer Covered Bonds in definitive form only, the relevant place of presentation; 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, in the case of Covered Bonds in definitive form only, the relevant place of presentation and if other than in 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 TARGET2 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 thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (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**

If this Condition 5(g) is specified to apply in the applicable Final Terms:

- (i) any payments under or pursuant to the Covered Bonds shall be made by the Issuer free of set-off; and
- (ii) for the purpose of Registered Covered Bonds issued to a German insurance company or pension fund under the German Insurance Supervisory Act, 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, with regard to any amount it owes under or in respect of the Registered Covered Bonds and any similar right which may adversely affect the rights under or in respect of the Registered Covered Bonds. This waiver (i) applies as far as and as long as and to the extent that the Registered Covered Bonds are part of the guarantee assets (*Sicherungsvermögen*) within the meaning of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*), also in the event of an insolvency or in the event that insolvency proceedings or similar proceedings are instituted 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.

6. **REDEMPTION AND PURCHASE**

(a) **Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below and subject to Condition 3 (*The Guarantee*), each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount 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 be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 13 (*Notices; Provision of Information*), 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 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6, 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) 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 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 13 (*Notices; Provision of Information*) or such other notice period as may be specified in the applicable Final Terms; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee, the Principal Paying Agent and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date specified in the applicable Final Terms (each such date, an "**Optional Redemption Date**") and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, **provided that** no Issuer Event of Default has occurred and is continuing. Any such (partial) redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the 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 or any other agreed clearing system, in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds (i) represented by Definitive Covered Bonds, a list of the serial numbers and (ii) in the case of Registered Covered Bonds, the nominal amount drawn and the holders thereof, of such Redeemed Covered Bonds will be published in accordance with Condition 13 (*Notices; Provision of Information*) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 13 (*Notices; Provision of Information*) at least 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 the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount;
- (iii) in the case of a Zero Coupon Covered Bond, at the Amortised Face Amount (as defined below); or
- (iv) such other redemption amount as may be specified in the applicable Final Terms.

The "**Amortised Face Amount**" is 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 months of 30 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, **provided that** 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 months of 30 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 the basis of such other Day Count Fraction mentioned in Conditions 4(a) (*Interest on Fixed Rate Covered Bonds*) and 4(b)(iv) (*Determination of Rate of Interest and calculation of Interest Amounts*) as may be specified in the applicable Final Terms.

(e) **Purchases**

The Issuer, the CBC and/or ABN AMRO Group N.V. and its consolidated subsidiaries (the "**Group**") from time to time, 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.

(f) **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 (e) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(g) **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) five days after the date on which the full amount of the monies 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; Provision of Information*).

(h) **Redemption due to illegality**

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 13 (*Notices; Provision of Information*), 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(h) 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.

(i) **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 Covered Bondholders 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 days after the Relevant Date 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) solely in relation to any Series of Covered Bonds with an Issue Date prior to 1 January 2016, 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 26<sup>th</sup>-27<sup>th</sup> 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.

Notwithstanding any other provision in these Conditions, the Issuer and the CBC shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or the CBC (as the case may be) not being entitled to receive payments free of FATCA Withholding. The Issuer and the CBC will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the CBC, a Paying Agent, the Registrar or any other party.

As used herein:

the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the monies 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 monies having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13 (*Notices; Provision of Information*); 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 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 calendar days or more in the payment of any principal or redemption amount, or for a period of 14 calendar days or more in the payment of any interest of the Covered Bonds of any Series when due; or
- (ii) a default is made in the performance by the Issuer of any material obligation (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series) under the provisions of the Covered Bonds of any Series or the Trust Deed or any other Transaction Document to which the Issuer is a party which (unless certified by the Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied, shall have been given to the Issuer by the 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 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 assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (v) the Issuer is adjudged or found bankrupt (*failliet*) or emergency regulations (*noodregeling*) in the interest of all creditors as referred to in chapter 3.5.5 of the Wft or equivalent or analogous judgments or measures under any applicable law, are imposed on the Issuer,

**provided that** (1) 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 and (2) failure by the Issuer to comply with the 2015 CB Legislation shall not in itself be an Issuer Event of Default, unless such breach by the Issuer is also a breach of its obligations under the Covered Bonds or Coupons of any Series, the Trust Deed or any other Transaction Documents which constitutes an Issuer Event of Default in accordance with paragraph (ii) above.

Upon delivery of an Issuer Acceleration Notice pursuant to this Condition 9(a), the Trustee shall forthwith serve a notice to pay on the CBC (the "**Notice to Pay**") 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 monies received by the Trustee from the Issuer or any administrator, liquidator, trustee or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (the "**Excess Proceeds**"), shall, unless a CBC Event of Default has occurred which is continuing, 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 monies from time to time standing to the credit of the AIC Account. Any Excess Proceeds received by the Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons for an amount equal to such Excess Proceeds. 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 calendar days or more in the payment of any principal or redemption amount, or for a period of 14 calendar days or more in the payment of any interest when due; or
- (ii) a default is made in the performance or observance by the CBC of any material obligation binding upon it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Trust Deed, the 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 calendar days after written notification requiring such default to be remedied and indicating that this

provision may be invoked if it is not so remedied shall have been given to the CBC by the Trustee in accordance with the Trust Deed; or

- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the CBC; or
- (iv) the CBC ceases to carry on its business or substantially all its business; or
- (v) a liquidator, receiver or other similar officer is appointed in relation to the CBC or in relation to the whole or any major part of its assets or a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) or other process is levied or enforced upon or sued out against the whole or any major part of its assets or the CBC initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or (preliminary) suspension of payments (*voorlopige surseance van betaling*), or equivalent or analogous proceedings under any applicable law, or makes a conveyance, assignment or equivalent or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (vi) the CBC is 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) the Amortisation Test (as set out in the Asset Monitor Agreement) is not satisfied as at the end of a calendar month, as calculated on the immediately succeeding Calculation Date following the service of a Notice to Pay on the CBC,

**provided that**, 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:

**"Amortisation Test"** means the test pursuant to which the CBC and the Originators shall procure that the Amortisation Test Aggregate Asset Amount will be in an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds as calculated as at the end of each calendar month as calculated on the immediately succeeding Calculation Date following service of a Notice to Pay on the CBC;

**"Calculation Date"** means the date falling two Business Days before each CBC Payment Date. The "relevant" Calculation Date in respect of any Calculation Period will be the first Calculation Date falling after the end of that period and the "relevant" Calculation Date in respect of any CBC Payment Date will be the last Calculation Date prior to that CBC Payment Date;

**"Calculation Period"** means the period from the Programme Date to the last day of September 2005 and thereafter, each period from (and including) the first day of each month to the last day of that same month; and

**"CBC Payment Date"** means the 28<sup>th</sup> day of each month or, if such day is not a Business Day, the next following Business Day unless it would thereby fall into the next calendar

month, in which event such CBC Payment Date shall be brought forward to the immediately preceding Business Day.

(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 and the Coupons, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds 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 Creditors (other than the Issuer); and (iii) it shall have been indemnified and/or secured to its satisfaction.

(d) **Limitation on Covered Bondholders action**

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 to do so within a reasonable time and such failure shall be continuing.

(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 Property (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 Property 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) on the Final Maturity Date or the Extended Due for Payment Date (subject to Condition 3 (*The Guarantee*)) 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 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, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to

evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

#### 11. **PAYING AGENTS, TRANSFER AGENTS, EXCHANGE AGENTS AND REGISTRAR**

The names of the initial Paying Agents, initial Transfer Agents, initial Exchange Agents and the Registrar and their initial specified offices are set out in the Base Prospectus.

The Issuer 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, Transfer Agent, Exchange Agent and the Registrar and/or appoint additional or other Paying Agents, Transfer Agents, Exchange Agents or Registrars and/or approve any change in the specified office through which any Paying Agent, Transfer Agent, Exchange Agent or Registrar acts, **provided that:**

- (a) there will at all times be a Principal Paying Agent and, as long as any Registered Covered Bonds of any Series are outstanding, a Registrar for that Series;
- (b) so long as any of the Registered Global Covered Bonds are held through DTC (or a nominee on its behalf), there will at all times be a Transfer Agent with a specified office in New York City;
- (c) so long as the Covered Bonds are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange; and
- (d) solely in relation to any series of Covered Bonds with an Issue Date prior to 1 January 2016, it will ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

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 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 13 (*Notices; Provision of Information*).

In acting under the Agency Agreement, the Paying Agents, the Transfer Agents, the Exchange 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 Agent or the Registrar is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent or registrar.

#### 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; PROVISION OF INFORMATION**

All notices regarding the Bearer Covered Bonds will be deemed to be validly given if published in, if so specified in the applicable Final Terms, a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times). The Issuer shall also 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.

Until such time as any Definitive Covered Bonds are issued, there may, so long as the Bearer Covered Bond(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands or any other agreed clearing system, be substituted for such publication in any newspaper or website the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, and/or Euroclear Netherlands or such other agreed clearing system (as the case may be) for communication by them to the holders of beneficial interests in the Bearer Covered Bonds. Any such notice delivered on or prior to 4.00 p.m. (local time) on a business day in the city in which it is delivered will be deemed to have been given to the holders of the Bearer Covered Bonds on such business day. A notice delivered after 4.00 p.m. (local time) on a business day in the city in which it is delivered will be deemed to have been given to the holders of the Bearer Covered Bonds on the next following business day in such city.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Bearer Definitive Covered Bond) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent or (in the case of Registered Definitive Covered Bonds) the Registrar. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent through Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands or any other agreed clearing system, as the case may be, in such manner as the Principal Paying Agent and Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands or such other agreed clearing system, as the case may be, may approve for this purpose.

For so long as any Registered Covered Bonds remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of the Issuer and the CBC have agreed under the Trust Deed that it shall, during any period in which it is neither subject to Section 13 or Section 15(d) under the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to any Covered Bondholder of, or beneficial owner of an interest in, such Registered Covered Bonds, or to any prospective purchaser thereof, upon request of such Covered Bondholder, such information as is required to be provided pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with the resale of such restricted securities.

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

Notwithstanding the preceding paragraphs of this Condition 14, 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 Trustee's Director shall only be capable of being passed by a Programme Resolution. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the CBC or the 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 and Couponholders of all Series, whether or not present at such meeting, and each of the Covered Bondholders and Couponholders shall be bound to give effect to it accordingly.

An Extraordinary Resolution and a Programme Resolution may also be taken in writing (whether contained in one document or several documents in the same form, each signed by or on behalf of one or more Covered Bondholders) or through the electronic communications systems of the relevant clearing system(s) (in accordance with their operating rules and procedures) by or on behalf of (i) in the case of an Extraordinary Resolution, all holders who are for the time being entitled to receive notice of a meeting of Covered Bondholders in accordance with the provisions for meetings of Covered Bondholders as set out in the Trust Deed, or (ii) in the case of a Programme Resolution, the holders of not less than twenty-five per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding as if they were a single Series.

In connection with any meeting or resolution of the Covered Bondholders 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 Structured Swap Rate.

The Trustee may (or where such modification arises in respect of the matters set out in (i) solely in relation to Series with an Issue Date falling on or after 8 December 2014, (c) below, (ii) solely in relation to Series with an Issue Date falling on or after 16 December 2015, (d) below, and (iii) (e) below is obliged (subject as provided in the Trust Deed) to) from time to time and at any time without any consent or sanction of the Covered Bondholders, Receiptholders or Couponholders of any Series and without the consent of the other Secured Creditors (save in relation to (i) Series



with an Issue Date falling on or after 8 December 2014, (c) below, (ii) Series with an Issue Date falling on or after 16 December 2015, (d) below and (iii) (e) below where the consent of any Secured Creditor (other than the CBC and the Covered Bondholders) party to the relevant Transaction Document to be amended shall be required) concur with the Issuer and the CBC (and for this purpose the Trustee may disregard whether any such modification relates to a Series Reserved Matter) and agree to:

- (a) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document and/or designate further creditors as Secured Creditors, **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 Creditors (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 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; or
- (c) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document as requested by the Issuer and/or the CBC in order to enable the Issuer and/or the CBC to comply with any requirements which apply to it under Regulation (EU) 648/2012 ("EMIR") subject as provided further pursuant to the terms of the Trust Deed; or
- (d) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document, required or necessary in connection with any change, after the issue date of the relevant Covered Bonds, to any laws or regulations (including without limitation the laws and regulations of the Netherlands and the European Union) applicable or relevant with respect to covered bonds (*gedekte obligaties*) to ensure that the Covered Bonds (continue) to meet the requirements for registered covered bonds (*geregistreeerde gedekte obligaties*) within the meaning of the Wft subject as provided further pursuant to the terms of the Trust Deed.

The Trustee may also agree, without the consent of the Covered Bondholders of any Series and/or Couponholders and without the consent of 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 any Transaction Document, 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 Creditors (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) and provided further that the Trustee shall not exercise any such powers conferred upon it in contravention of any express direction by a Programme Resolution (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any such breach or proposed breach relating to any of the matters the subject of the Series Reserved Matters.

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 Creditors and the Issuer shall cause such modification, waiver, authorisation or determination to be notified to the Rating Agencies and, unless the Trustee otherwise agrees, the

Covered Bondholders of all Series for the time being outstanding and the other Secured Creditors 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, without the consent of the holders of the Covered Bonds of any Series or any Coupons relating thereto, or any other Secured Creditor:

- (a) consolidate with, merge or amalgamate into or transfer its assets; or
- (b) transfer its rights and obligations under the Covered Bonds and Transaction Documents substantially as an entirety, by way of de-merger (*splitsing*),

to any corporation organised under the laws of The Netherlands, or any political subdivision thereof **provided that** (if the surviving entity or transferee company is not the Issuer, such surviving entity or transferee company shall be referred to as the "**New Entity**"):

- (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) where the surviving entity or transferee company is not the Issuer, 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) where the surviving entity or transferee company is not the Issuer, 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 other than as a result of mandatory law. 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 Creditors.

For the purposes hereof:

**"Extraordinary Resolution"** means a resolution at a meeting duly convened and held in accordance with the provisions for meetings of Covered Bondholders as set out in the Trust Deed, by not less than two-thirds of the votes cast;

**"Programme Resolution"** means either:

- (a) a written resolution of the holders of not less than twenty-five per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding as if they were a single Series; or
- (b) an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series),

in each case with the nominal amount of Covered Bonds not denominated in euro being converted into euro at the relevant Structured Swap Rate;

**"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 Confirmation"** means, following a notification to the Rating Agencies of a certain event or matter, the earlier of, in relation to each Rating Agency, (i) a confirmation in writing from such Rating Agency that its then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of such event or matter and (ii) if such Rating Agency neither provides such confirmation nor indicates (a) which conditions should be met before it is in a position to grant such confirmation or (b) that its then current ratings of the Covered Bonds will be adversely affected by or withdrawn as a result of such event or matter, the passage of 14 days after such notification; and

**"Trustee's Director"** means SGG Securitisation Services B.V. and/or such other person(s) who may be appointed as director(s) (*bestuurder*) of the Trustee from time to time.

#### **14A REFERENCE RATE MODIFICATION**

- (a) Notwithstanding the provisions of Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*), the Trustee is obliged from time to time and at any time without any consent or sanction of the Covered Bondholders, Receiptholders or Couponholders of any Series and without the consent of the other Secured Creditors (save where any Secured Creditor is a party to the relevant Transaction Document which is proposed to be amended) to concur with the Issuer and/or the CBC (and for this purpose the Trustee may disregard whether any such modification relates to a Series Reserved Matter) and agree to make any modification in the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document as requested by the Issuer, or following an Issuer Event of Default, the CBC, which are required or necessary in connection with the cessation of the publication of the original Reference Rate in accordance with Condition 4(d) (*Reference Rate Replacement*) subject as provided further pursuant to the terms of the Trust Deed.
- (b) Other than where specifically provided in this Condition 14A (*Reference Rate Modification*) or any Transaction Document, the provisions of Condition 14 (*Meetings of Covered Bondholders; Modification and Waiver*) shall apply to this Condition 14A.

#### **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 aggregate 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 Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the 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 Assets, including, without limitation, whether the Transferred Assets are in compliance with the Asset Cover Test, the Pre-Maturity Test, the Mandatory Asset Quantity Test or the Amortisation Test; or (iv) monitoring whether Transferred Receivables satisfy the applicable Eligibility Criteria or such other criteria as may be notified to the Rating Agencies in relation to other Transferred Assets. 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 pledgee 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, the laws of The Netherlands 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 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 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 and/or admitted to trading on Euronext in Amsterdam ("**Euronext Amsterdam**"), the Issuer will comply with all rules and regulations of Euronext Amsterdam. If the Covered Bonds are listed and/or admitted to trading on other or further stock exchanges or markets, it will comply with all rules and regulations of such stock exchanges or markets.

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

up to 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, as specified in the applicable Final Terms, be either (i) issued pursuant to the terms and conditions of a registered covered bonds deed ("**Registered Covered Bonds Deed**") or (ii) with respect to any Series which contain one or more Tranches of Covered Bonds offered or sold in reliance on Rule 144A, issued in the form of a Registered Global Covered Bond. 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 19.4 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 19.6.

A Registered Covered Bonds Deed, a Registered Global Covered Bond certificate and a Registered Definitive Covered Bond certificate is not a document of title. Entitlements are determined by entry in the Register. Consequently, references in any Registered Covered Bonds Deed, Registered Global Covered Bond certificate or Registered Definitive Covered Bond certificate to Covered Bonds represented by such Registered Covered Bonds Deed, Registered Global Covered Bond certificate or Registered Definitive Covered Bond certificate, as applicable, shall mean such Covered Bonds as evidenced by the Registered Covered Bonds Deed, Registered Global Covered Bond certificate or Registered Definitive Covered Bond certificate, as the case may be.

- 19.3 Under Dutch law, the valid transfer of Covered Bonds requires, amongst other things, delivery (*levering*) thereof, which in the case of Registered Covered Bonds is effected by assignment (*cessie*) of both the rights under the Registered Covered Bonds and the corresponding rights under the Guarantee by execution of an assignment deed (*akte van cessie*) between the transferor and the transferee and, in the case of a notified assignment, notification (*mededeling*) thereof to the Issuer and the CBC.

In the case of a Registered Covered Bonds Deed, a form of deed of assignment is attached to effect this assignment and notification. In the case of a Registered Global Covered Bond certificate and Registered Definitive Covered Bond certificate, a form of transfer certificate is attached to effect this assignment and notification.

- 19.4 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. Registered Covered Bonds shall not be exchangeable for Bearer Covered Bonds.
- 19.5 In respect of each Series of Registered Covered Bonds, the Issuer shall procure that a register be kept by the Registrar in accordance with the provisions of the Agency Agreement (in respect of the relevant Series of Registered Covered Bonds only, the "**Register**"). The Registrar shall register details of any holder of the relevant Registered Covered Bonds in the Register and amend the Register to reflect any transfer and/or redemption of the relevant Registered Covered Bonds.
- 19.6 Payments of principal, interest (if any) and any other amounts in respect of the relevant 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 Bondholder 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, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with this Condition 19. The Registered Covered Bonds will become void unless demand for payment is made within a period of five years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

- 19.7 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.

Until such time as any Registered Covered Bonds in definitive form (each a "**Registered Definitive Covered Bond**") are issued, there may, so long as the Registered Global Covered Bond(s) is or are held in its or their entirety through Euroclear, Clearstream, Luxembourg and/or The Depository Trust Company ("**DTC**") (or a nominee on its behalf) or such other agreed clearing system, be substituted for such publication in any newspaper or website the delivery of the relevant notice to such clearing system (or a nominee on its behalf) for communication by such clearing system to the holders of the beneficial interests in Registered Covered Bonds. Any such notice delivered on or prior to 4.00 p.m. (local time) on a business day in the city in which it is delivered will be deemed to have been given to the holders of the Registered Covered Bonds on such business day. A notice delivered after 4.00 p.m. (local time) on a business day in the city in which it is delivered will be deemed to have been given to the holders of the Registered Covered Bonds on the next following business day in such city.

- 19.8 For so long as any of the Registered Covered Bonds are represented by a Registered Global Covered Bond registered in the name of Euroclear, Clearstream, Luxembourg and/or DTC (or a nominee on its behalf), each person (other than such clearing system (or a nominee on its behalf)) who is for the time being shown in the records of such clearing system as the holder of a particular nominal amount of such Registered Global Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, as to such nominal amount of such Registered Global 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 Registered Global 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 Registered Global Covered Bonds and voting rights, giving consents and making requests, for which purpose the registered holder of the relevant Registered Global Covered Bond shall be treated by the Issuer, the CBC, any Paying Agent, any Transfer Agent, any Exchange Agent, the Registrar and the Trustee as the holder of such nominal amount of such Global Covered Bonds in accordance with and subject to the terms of the relevant Registered 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 Registered Global 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. Registered Covered Bonds which are represented by a Registered Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, and/or Euroclear Netherlands system, and/or DTC, as the case may be.

- 19.9 All amounts payable to DTC (or a nominee on its behalf) as holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. Dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of one or more of the transfer agents (the "**Transfer Agents**") on behalf of DTC (or a nominee on its behalf) for payment in such Specified Currency or conversion into U.S. Dollars in accordance with the provisions of the Agency Agreement.

- 19.10 For the purpose of Condition 5(e) (*Payment Day*), "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is in the case of any payment in respect of a Rule 144A Global Covered Bond denominated in a Specified Currency other than U.S. Dollars and registered in the name of DTC (or a nominee on its behalf) and, in respect of which an accountholder of DTC (with an interest in such Rule 144A Global Covered Bond) has elected to receive any part of such payment in U.S. Dollars, not a day on which banking institutions are authorised or required by law or regulation to be closed in New York City.

- 19.11 Registered Covered Bonds of each Tranche sold outside the United States to non U.S. persons in accordance with Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as

amended (the "**Securities Act**") will, if this is specified in the applicable Final Terms, be represented by a permanent global Covered Bond in registered form (the "**Regulation S Global Covered Bond**"), and Registered Covered Bonds of each Tranche sold to qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act ("**Rule 144A**")) in reliance on Rule 144A or to other U.S. persons in transactions exempt from the registration requirements of the Securities Act will be represented by a permanent global Covered Bond in registered form (the "**Rule 144A Global Covered Bond**" and, together with the Regulation S Global Covered Bond, the "**Registered Global Covered Bonds**"). Beneficial interests in a Registered Global Covered Bond registered in the name of DTC (or a nominee on its behalf) will be exchangeable and transferable only in accordance with the rules and operating procedures for the time being of DTC (the "**Applicable Procedures**").

Holders of beneficial interests in the Regulation S Global Covered Bond may transfer such interests, or may exchange such interests for beneficial interests in the Rule 144A Global Covered Bond, and holders of beneficial interests in the Rule 144A Global Covered Bond may transfer such interests, or may exchange such interests for beneficial interests in the Regulation S Global Covered Bond, in each case subject as provided below, to the provisions of the relevant Registered Global Covered Bond and to the Applicable Procedures.

In the case of Registered Definitive Covered Bonds issued in exchange for interests in the Rule 144A Global Covered Bond, the relevant Registered Definitive Covered Bond certificate shall bear the legend set forth on the Rule 144A Global Covered Bond certificate (the "**Legend**"). Upon the transfer or exchange of Registered Covered Bonds whose Rule 144A Global Covered Bond certificate bears the Legend or upon specific request for removal of the Legend, the Legend shall be maintained unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Interests in a Registered Global Covered Bond will be exchangeable, in whole but not in part, for Registered Definitive Covered Bonds if (A) the Covered Bonds become immediately due and payable as a result of the occurrence of an Issuer Event of Default, (B) the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, or (C) by reason of any amendment to, or change in, the laws and regulations of The Netherlands, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Covered Bonds which would not be required if the Covered Bonds which are represented by the Registered Global Covered Bond certificate were in definitive form.

Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause the appropriate interests in the relevant Registered Global Covered Bond to be exchanged for Registered Definitive Covered Bonds in accordance with the Agency Agreement, the Trust Deed and the relevant Registered Global Covered Bond.

If a holder of a beneficial interest in a Regulation S Global Covered Bond wishes at any time to exchange its interest in such Regulation S Global Covered Bond for an equivalent interest in a Rule 144A Global Covered Bond, or to transfer its interest, in whole or in part, such holder may, subject to the rules and procedures of the Registrar and in accordance with the Agency Agreement, the Trust Deed and the relevant Registered Global Covered Bond, exchange or transfer, as the case may be, such interest upon certification to the effect that (i) the exchange or transfer of such interest has been made in compliance with the transfer restrictions applicable to such Registered Global Covered Bond under U.S. law and pursuant to and in accordance with Regulation S, where applicable, and (ii) if applicable, such exchange has been made in compliance with the requirements of Rule 144A.

Transfers between participants in DTC will be effected in the ordinary way in accordance with the Applicable Procedures and will be settled in same day funds.

Transfers by the holder of a beneficial interest in a Rule 144A Global Covered Bond to a transferee who takes delivery of such interest through the Regulation S Global Covered Bond will be made only upon receipt by the Registrar of a written certification from the transferor to the effect that

such transfer is being made in accordance with Regulation S or, if applicable, that the interest in the Covered Bond being transferred is not a "restricted security" within the meaning of Rule 144A. Investors holding a beneficial interest in a Rule 144A Global Covered Bond who propose any such transfer must notify the Registrar and, subject to compliance with the provisions of the Agency Agreement, the Trust Deed and the relevant Rule 144A Global Covered Bond, the Registrar shall take such action as appropriate to register the transfer of such beneficial interest in the Registered Global Covered Bonds to or for the account of the purchaser. Upon receipt by the Registrar of notification by DTC, Euroclear and/or Clearstream Luxembourg (as applicable), or their respective custodians or depositaries, that the appropriate debit and credit entries have been made in the accounts of the relevant participants of DTC, Euroclear and/or Clearstream Luxembourg (as the case may be); and a certificate in the form of Schedule 6 (*Form of Certificate for Exchange or Transfer from Rule 144A Global Covered Bond to Regulation S Global Covered Bond*) to the Trust Deed given by the holder of such beneficial interest requesting such transfer or exchange and, in the case of transfer or exchange on or prior to the fortieth day after the date of issue of the Rule 144A Global Covered Bond certificate, stating that the transfer or exchange of such beneficial interest has been made in compliance with the transfer restrictions applicable to the Covered Bonds, the details of the exchange or transfer shall be entered by the Registrar in the Register.

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Definitive Covered Bond initially represented by a Registered Global Covered Bond may be transferred in whole or in part upon the Registrar, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar may prescribe, including any restrictions imposed by the Issuer on transfers of Registered Covered Bonds originally sold to a U.S. person. In addition, if the Registered Definitive Covered Bond being transferred is the object of a Registered Covered Bond or form of transfer, as the case may be, containing a Legend, additional certificates, to the effect that such exchange or transfer is in compliance with the restrictions contained in such Legend, may be required.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions (except for the expenses of delivery by other than regular mail (if any) and, if the Issuer shall so require, for the payment of a sum sufficient to cover any tax or other governmental charge or insurance charges that may be imposed in relation thereto which will be borne by the Covered Bondholder) will be borne by the Issuer.

- 19.12 All Registered Covered Bonds which are purchased by the Issuer and transferred to the Issuer will extinguish by operation of law (*tenietgaan door vermenging*). Therefore such repurchased Registered Covered Bonds cannot be held, reissued or resold. The Issuer shall send a notification of such repurchase to the Principal Paying Agent and the Registrar.



## 1.4 TAXATION IN THE NETHERLANDS

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the 2018 Programme Update and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary neither purports to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Covered Bonds, and nor purports to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with The Netherlands other than the holding of the Covered Bonds. Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Covered Bonds under the laws of their country of citizenship, residence, domicile or incorporation.*

*For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a holder of Covered Bonds, being an individual or an entity, neither has a substantial interest (aanmerkelijk belang) nor – in the case of such holder being an entity – a deemed substantial interest in the Issuer and that no connected person (verbonden persoon) to the holder has or will have a substantial interest in the Issuer.*

*Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has or is deemed to have, or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company.*

*Generally speaking, a non-resident entity has a substantial interest in a company if such entity directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Generally, an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.*

*Where this summary refers to a holder, whether an individual or an entity, of a Covered Bond, such reference is restricted to an individual or entity holding legal title to, as well as an economic interest in, such Covered Bond or is otherwise being regarded as owning the Covered Bond for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*In this Section 1.4 Taxation in The Netherlands references to "The Netherlands" or "Dutch" refer only to the European part of the Kingdom of The Netherlands.*

### **Withholding Tax**

All payments by the Issuer of interest and principal under the Covered Bonds can be made free of withholding or deduction for any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

### **Taxes on Income and Capital Gains**

A Covered Bondholder who derives income from a Covered Bond or who realises a gain on the disposal or redemption of a Covered Bond will not be subject to Dutch taxation on such income or capital gains unless:

- (i) the holder is or is deemed to be resident in The Netherlands; or

- (ii) such income or gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the holder derives profits from such enterprise (other than by way of the holding of securities); or
- (iii) the holder is an individual and such income or gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

#### **Gift or Inheritance Taxes**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Covered Bond by way of gift by, or on the death of, a holder, unless:

- (i) the holder is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or as a gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

#### **Value Added Tax**

There is no Dutch value added tax payable by a Covered Bondholder in respect of payments in consideration for the issuance or acquisition of the Covered Bonds, payments of interest or principal under the Covered Bonds, or payments in consideration for the transfer or disposal of the Covered Bonds.

#### **Other Taxes and Duties**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a Covered Bondholder in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Covered Bonds or the performance of the Issuer's obligations under the Covered Bonds.

#### **Residence**

A Covered Bondholder will not be treated as resident in The Netherlands for Dutch tax purposes or, subject to the exceptions set out above, will not otherwise become subject to taxation in The Netherlands by reason only of acquiring, holding or disposing of a Covered Bond or the execution, performance, delivery and/or enforcement of the Covered Bonds.

## 1.5. SUBSCRIPTION AND SALE

The Dealer(s) has or have, in a programme agreement (as the same may be amended and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated the Programme Date, agreed with the Issuer, the CBC and the Initial Originators a basis upon which any Dealer may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated under "*Form of the Covered Bonds and Terms and Conditions of the Covered Bonds*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealer(s) for certain of its or their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme and to indemnify the Dealer(s) against certain liabilities incurred by it or them in connection therewith.

### **United States**

The Covered Bonds and the Guarantee have not been and will not be registered under the Securities Act or any other applicable securities law and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or pursuant to an effective registration statement under the Securities Act.

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

In connection with any Covered Bonds which are offered and sold outside the United States in reliance on Regulation S, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will offer, sell or deliver Covered Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the issue date, (as determined and certified by the relevant Dealer(s) or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager), of all Covered Bonds of the Tranche of which such Covered Bonds are a part, only in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A if applicable. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form may be subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

In addition, until 40 days after the commencement of the offering of any Series, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### ***Prohibition of Sales to EEA Retail Investors***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

- (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"); and
- (b) the expression "**offer**" includes 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.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of FSMA does not, or, in the case of the Issuer would not, if it was not an authorised person, apply to the Issuer or the CBC; and
- (ii) 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.

#### **France**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, Covered Bonds to the public in France and that offers and sales of Covered Bonds in France will be made only to qualified investors (*investisseurs qualifiés*), as defined in Articles L.411-2 and D.411-1 of the *Code monétaire et financier*, but excluding individuals.

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.

#### **Republic of Italy**

The offering of the Covered Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, save as set out below, it has not offered or sold, and will not offer or sell, any Covered Bonds in the Republic of Italy in an offer to the public and that sales of the Covered Bonds in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Covered Bonds or distribute copies of this Base Prospectus and any other document relating to the Covered Bonds in the Republic of Italy except:

- (1) to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Article 34-ter, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- (2) that it may offer, sell or deliver Covered Bonds or distribute copies of any prospectus relating to such Covered Bonds in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member

State and notified to CONSOB, all in accordance with the Prospectus Directive as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; or

- (3) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

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

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

#### ***Provisions relating to the secondary market in the Republic of Italy***

Investors should also note that, in any subsequent distribution of the Covered Bonds in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Covered Bonds are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Covered Bonds who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Covered Bonds were purchased, unless an exemption provided for under Decree No. 58 applies.

#### **Japan**

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and, accordingly, they may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

#### **The Netherlands/Global**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) as long as it does not have the benefit of a licence or exemption as an investment firm of the relevant type pursuant to the Wft it shall not offer any Covered Bonds or distribute this Base Prospectus or any circulars, offer documents or information relating to the Issuer or the Covered Bonds in The Netherlands;
- (ii) unless the Covered Bonds are traded on the regulated market of Euronext Amsterdam and (in relation to such Covered Bonds) this Base Prospectus has been approved by the AFM and Final Terms have been filed with the AFM in accordance with the Wft, it will not make an offer of Covered Bonds in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Wft; or (ii) standard exemption wording is disclosed as required by article 5:20(5) of the Wft, **provided that** no such offer of Covered Bonds shall require the Issuer or any Dealer to publish a prospectus pursuant to

Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer**" in relation to any offer of Covered Bonds in The Netherlands; and (ii) "**Prospectus Directive**", have the meaning given to them above in the paragraph headed with "Public Offer Selling Restriction Under the Prospectus Directive"; and

- (iii) Zero Coupon Covered Bonds (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member 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 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 under the Programme will be required to agree that it has complied and will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any country or jurisdiction in or from which it purchases, offers, sells or delivers 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 none of the Issuer, the CBC, the Trustee nor any of the other Dealers shall have any responsibility therefor.

Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the CBC and the Dealer(s) to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealer(s) shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer(s) described in this paragraph "*General*".

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Covered Bonds) or in a supplement to this Base Prospectus.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

## **1.6. ABN AMRO BANK N.V.**

For a description of the Issuer please see the Registration Document, which is incorporated by reference into this Base Prospectus (see "*Section D.1 Incorporation by Reference*" above).

## 1.7. TRUSTEE

The trustee under the Trust Deed (the "**Trustee**") is Stichting Trustee ABN AMRO Covered Bond Company, a foundation (*stichting*) incorporated under the laws of The Netherlands on 10 June 2005. It has its registered office at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands and is registered with the Commercial Register of the Chamber of Commerce under number 34228020.

The objects of the Trustee are (a) to act as agent and/or trustee in favour of holders of covered bonds to be issued by ABN AMRO Bank and the other Secured Creditors; (b) to acquire security rights as agent and/or trustee and/or for itself; (c) to perform (legal) acts; (d) to hold, administer and to enforce the security rights mentioned under (b); (e) to borrow money and (f) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Trustee is SGG Securitisation Services B.V. having its registered office at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands. As at the 2018 Programme Update, the managing directors of SGG Securitisation Services B.V. are J. van der Sluis and L.L.E. Hollman.



### **1.8. APPLICATION OF PROCEEDS**

Unless specified otherwise in the applicable Final Terms, the net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## 1.9. DESCRIPTION OF THE DUTCH COVERED BOND LEGISLATION

The Dutch regulatory framework for the issuance of covered bonds (the "**2008 CB Regulations**") came into force in The Netherlands on 1 July 2008.

The 2008 CB Regulations implemented Article 52, paragraph 4 of Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS IV) (as such paragraph may be amended, replaced and/or supplemented from time to time, "**Article 52(4) UCITS**") and were a collection of rules forming part of two layers of secondary legislation implementing the Wft: the Wft Prudential Rules Decree (*Besluit prudentiële regels Wft*) and the Wft Implementing Regulation (*Uitvoeringsregeling Wft*). The 2008 CB Regulations regarded compliance of covered bonds with 129 CRR as an option instead of a requirement.

On 1 January 2015 a revised legislative framework for the issuance of covered bonds came into force in The Netherlands, which is incorporated in the Wft and further laid down in the Wft Prudential Rules Decree (*Besluit prudentiële regels Wft*) and the Wft Implementing Regulation relating to registered covered bonds (*Uitvoeringsregeling Wft ter zake geregistreeerde gedekte obligaties*) (together the "**2015 CB Legislation**"), thereby receiving a firmer statutory basis compared to the 2008 CB Regulations.

Although the 2015 CB Legislation contains a number of additional continuing registration requirements focussing on, amongst other things, transparency, cover asset quantity and quality, investor reporting, audits and stress testing, the 2015 CB Legislation does not substantially amend the requirements under the 2008 CB Regulations relating to issuers, owners of cover assets, asset segregation, risk management, asset encumbrance safeguards and reporting to DNB (including, without limitation, informing DNB of significant changes contemplated to be made to the terms of the covered bonds and related transaction documents). Also under the 2015 CB Legislation the issuer must be a licensed bank with its statutory seat (*zetel*) in The Netherlands.

Like any other issuance of debt instruments and legal transfers of assets made in accordance with Dutch law, the issuance of a covered bond and the legal transfer of cover assets are subject to the provisions of the Dutch Civil Code and the Dutch Bankruptcy Code.

The 2015 CB Legislation implements Article 52(4) UCITS and incorporates the conditions of Article 129 CRR. Consequently covered bonds admitted to the DNB-register in accordance with the 2015 CB Legislation, as at their admission date should comply with both Article 52(4) UCITS and Article 129 CRR. In addition, the 2015 CB Legislation takes into account the best practices identified by the European Banking Authority (EBA) in its report "EBA Report on EU Covered Bond Frameworks and Capital Treatment" of 1 July 2014.

The 2015 CB Legislation currently contains two introduced mandatory asset quantity tests. Firstly, the total value of the cover assets must be at least 105 per cent. of the nominal value of the outstanding covered bonds of the relevant category. In addition to this statutory minimum overcollateralisation requirement, the total value of the cover assets, so determined in accordance with the restrictions applicable to the relevant type of assets as set out in Article 129 CRR, paragraph 1 should at least be equal to the nominal value of the outstanding covered bonds of the relevant category. Furthermore, the 2015 CB Legislation requires the owner of the cover assets to have (or generate) sufficient eligible liquid assets for the payment by it during the following six-month period of interest and (except with respect to covered bonds which have an extendable maturity date of at least six months) principal of the outstanding covered bonds, and certain equal or higher ranking amounts.

In respect of an application made for registration of a covered bond and the issuer thereof by DNB pursuant to the 2015 CB Legislation, the issuer is required amongst other things:

- (i) to disclose to DNB certain key conditions applicable to the relevant category of covered bonds, which include:
  - (a) whether the covered bond has one of the following maturity structures: (i) its maturity date cannot be extended (hard bullet) or its maturity date can only be extended for a maximum of 24 months (soft bullet) or (ii) its maturity date can be extended with more than 24 months (including (conditional) pass through);

- (b) which type or types of cover assets can unlimitedly be included in the cover pool (primary cover assets) and if more than one type is included, the ratio between them; and
- (c) the jurisdiction in which the debtors of the cover assets are located or resided and the governing law of the cover assets.

Such conditions cannot be changed after the date of application for registration of the relevant category of covered bonds. An issuer has the possibility to combine hard bullet covered bonds and soft bullet covered bonds in one category of registered covered bonds (i.e., under one issuance programme), **provided that** the soft bullet covered bonds have a maximum maturity extension of 24 months;

- (ii) to ensure that a healthy ratio exists between the total outstanding covered bonds of the relevant category and the total consolidated balance sheet of the issuer, thereby taking into account the outcome of any stress tests performed by the Issuer and relating to the credit risk, interest rate risk, currency risk, liquidity risk and any other risk deemed relevant by DNB (whereby DNB can upon registration and thereafter impose a discretionary issuance limit to safeguard such healthy ratio); and
- (iii) to have reliable and effective strategies and procedures for verifying and procuring the sufficiency of eligible cover assets and liquid assets, taking into account the composition of the cover assets, the statutory overcollateralisation, other asset cover and liquidity buffer requirements.

DNB will perform certain supervision and enforcement related tasks in respect of DNB-registered covered bonds, including admitting issuers and categories of covered bonds to the relevant register and monitoring compliance with the ongoing requirements referred to above. If a covered bond no longer meets such requirements, or if the relevant issuer no longer complies with its ongoing obligations towards DNB, DNB can take several measures, which include, without limitation, cancelling the issuer's registration, imposing an issuance-stop and/or imposing fines and penalties on the issuer. However, other than under the 2008 CB Regulations, DNB cannot cancel the registration of outstanding covered bonds registered under the 2015 CB Legislation. In addition, pursuant to the 2015 CB Legislation, DNB may cancel the registered compliance with Article 129 CRR, if the relevant issuer or the owner of the cover assets would not provide the required information to DNB to monitor compliance with Article 129 CRR or if the relevant covered bonds would no longer comply with Article 129 CRR.

On 12 March 2018 the European Commission adopted a legislative proposal for an EU-framework consisting of a directive on the issue of covered bonds and covered bond public supervision and a regulation on amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds, as part of the EU Capital Markets Union project. The legislative proposal aims to foster the development of covered bonds across the European Union. The proposed directive (i) provides a common definition of covered bonds, which will represent a consistent reference for prudential regulation purposes, (ii) defines the structural features of covered bonds, (iii) defines the tasks and responsibilities for the supervision of covered bonds and (iv) sets out the rules allowing the use of the 'European Covered Bonds' label. The legislative proposals build on the analysis and the advice of the European Banking Authority. Following the publication of the legislative proposals, the EU legislative process will need to be followed. Until the EU legislative process has been finalised and the proposals are available in their final form, it is uncertain if or how the proposals will affect the Issuer, the CBC, the market for covered bonds in general and/or the Covered Bonds.

On 14 August 2009, DNB admitted the Issuer and the Covered Bonds to the DNB-register and the Issuer opted for compliance with the requirements set out in Annex VI, Part I, points 68-72 of the then so-called Capital Requirements Directive (since 1 January 2014 replaced with Article 129 CRR). As at the 2018 Programme Update, the Covered Bonds comply with both Article 52(4) UCITS and are in the DNB-register registered as being compliant with Article 129 CRR. See also the risk factor entitled "*If at any point the Covered Bonds fail to be compliant with the 2015 CB Legislation, CRR and/or the UCITS Directive, holders of the Covered Bonds may be adversely affected*" above.

None of the Transaction Documents or the Covered Bonds prescribes the occurrence of an Issuer Event of Default or imposes an obligation on the Issuer to notify any Covered Bondholder in the event that Covered Bonds would no longer comply with Article 52(4) UCITS and/or Article 129 CRR or in the event that the Issuer does not comply with the 2015 CB Legislation in itself.

## 2. ASSET-BACKED GUARANTEE

### 2.1. GUARANTEE

The Trust Deed provides for the following guarantee:

*"The CBC irrevocably undertakes as its independent obligation that it shall pay the Guaranteed Amounts to the holders of the Covered Bonds when the same become Due for Payment, **provided that** the CBC shall have no such obligation until (i) the occurrence of an Issuer Event of Default, service by the Trustee on the Issuer of an Issuer Acceleration Notice and 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, and in addition, in respect of each Series of SB Covered Bonds, if the CBC is obliged to pay a Guaranteed Final Redemption Amount, then:*

- (a) *the obligation of the CBC to pay such Guaranteed Final Redemption Amount in respect of such Series of SB Covered Bonds 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 monies are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher and pari passu ranking amounts, (2) all Guaranteed Final Redemption Amounts pertaining to any Series of HB Covered Bonds with a Final Maturity Date falling in or prior to the CBC Payment Period in which the Extended Due for Payment Date for such Series of SB Covered Bonds falls and (3) all Guaranteed Final Redemption Amounts pertaining to any Series of SB Covered Bonds with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for such Series of SB Covered Bonds falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the SB Covered Bonds (in accordance with Condition 13 (Notices; Provision of Information)), 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 at least two Business Days prior to the Extension Date and/or such Interest Payment Date, respectively, and (ii) apply such remaining available monies in payment, in whole or in part, of such Guaranteed Final Redemption Amount, if applicable pro rata with any Guaranteed Final Redemption Amount pertaining to a Series of SB Covered Bonds with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for the relevant Series of SB Covered Bonds falls (and to such extent such 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 such 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 of such Series of SB Covered Bonds 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.*

*If the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount payable in respect of any Series of HB Covered Bonds on the Final Maturity Date of such Series, such Guaranteed Final Redemption Amount shall be payable on such Final Maturity Date (and therefore no deferral to any Extended Due for Payment Date shall apply to any Series of HB Covered Bonds).*

*As long as the Guaranteed Amounts have not been fully discharged, the CBC shall not exercise vis-à-vis the Issuer any right of set-off, defence or counterclaim or exercise any rights acquired by subrogation."*

If a Covered Bond forms part of a Series of SB Covered Bonds, an Extended Due for Payment Date shall be specified in the applicable Final Terms.

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 Covered Bondholder in respect of the amount of such withholding or deduction.

Failure by the CBC to pay Guaranteed Final Redemption Amounts or the balance thereof (in respect of Series of SB Covered Bonds only), as the case may be, on the Final Maturity Date (in respect of Series of HB Covered Bonds only) or Extended Due for Payment Date (in respect of Series of SB Covered Bonds only) and/or pay Guaranteed Amounts constituting Scheduled Interest on any Scheduled Payment Date, the Final Maturity Date (in respect of Series of HB Covered Bonds only) or the Extended Due for Payment Date (in respect of Series of SB Covered Bonds only) will (subject to any applicable grace period) be a CBC Event of Default.

For the purposes hereof:

**"Due for Payment"** means, with respect to a Guaranteed Amount, (i) prior to the service of a CBC Acceleration Notice, the Scheduled Payment Date in respect of such Guaranteed Amount or, if later, the day which is two Business Days after service of an Issuer Acceleration Notice and a Notice to Pay 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:

- (i) 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
- (ii) 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"** means any rating agency (or its successor) who, at the request of the Issuer, assigns, and for as long it assigns, one or more ratings to the Covered Bonds under the Programme from time to time, which may include Moody's and/or Fitch;

**"Scheduled Interest"** means, in respect of a Series, any amount of scheduled interest payable (i) 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 or Extended Due for Payment Date (as the case may be) 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 interest and on-paid to the CBC in accordance with the Trust Deed, or (ii) under the Guarantee as specified in Condition 3(b) (*The Guarantee*);

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

**"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.

## 2.2. SECURITY

In the Trust Deed, the CBC undertakes to pay to the Trustee amounts equal to and in the currency of the amounts it owes (i) to the Covered Bondholders under or pursuant to the Guarantee, the Trust Deed and the other Transaction Documents and (ii) the other Secured Creditors under or pursuant to the Transaction Documents, (the "**Principal Obligations**") (such payment undertaking and the obligations and liabilities which are the result thereof 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 Creditors. 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 (set out in Schedule 2 to the Incorporated Terms Memorandum), the Secured Creditors accept that the Security created by the Security Documents is granted by the CBC to the Trustee to secure its obligations pursuant to the Parallel Debt.

The Parallel Debt of the CBC owed to the Trustee will be secured by the following security rights granted by the CBC to the Trustee:

- (a) pursuant to a master pledge of receivables (the "**Master Receivables Pledge Agreement**"), a first ranking non-disclosed right of pledge (*stil pandrecht*) over the Transferred Receivables. The right of pledge created pursuant to the Master Receivables Pledge Agreement will not be notified to the Borrowers except under the conditions of the Master Receivables Pledge Agreement;
- (b) if Substitution Assets are transferred to the CBC, pursuant to a deed of pledge of substitution assets (the "**Substitution Assets Pledge**"), a first ranking disclosed right of pledge (*openbaar pandrecht*) over such Substitution Assets;
- (c) pursuant to a deed of pledge of accounts (the "**Accounts Pledge**"), a first ranking disclosed right of pledge (*openbaar pandrecht*) over all current and future monetary claims of the CBC *vis-à-vis* the Account Bank in respect of the CBC Accounts. The right of pledge created pursuant to the Accounts Pledge will be notified to the Account Bank. The Trustee has authorised the CBC to collect the pledged rights, which authorisation can be revoked in the circumstances set out in the deed of pledge; and
- (d) pursuant to a deed of pledge of CBC rights (the "**CBC Rights Pledge**"), a first ranking disclosed right of pledge (*openbaar pandrecht*) 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). The right of pledge created pursuant to the CBC Rights Pledge will be notified to the relevant debtors. The Trustee has authorised the CBC to collect the pledged rights, which authorisation can be revoked in the circumstances set out in the deed of pledge.

If an Enforcement Event occurs, the Trustee will be entitled to enforce the Security (including selling the Transferred Assets) and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction.

For the purposes hereof:

"**Enforcement Event**" means any default (*verzuim*) in the proper performance of the Secured Obligations or any part thereof **provided that** a CBC Acceleration Notice has been served;

"**Secured Creditors**" means the Trustee (in its own capacity and on behalf of the Covered Bondholders), the Originators, the Servicers, the Account Bank, the Administrator, the Swap Providers, the Asset Monitor, the Managing Director, the Agents, the Covered Bond Takeout Facility Provider, any Participant and all

other creditors designated by the Trustee as Secured Creditor from time to time in accordance with the Trust Deed;

**"Secured Property"** means all the CBC's assets, rights and receivables including the CBC's rights in respect of the Transferred Assets, its rights in relation to the CBC Accounts and its rights under the Transaction Documents over which security is created 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 Creditors which is created pursuant to, and on the terms set out in, the Trust Deed and the Security Documents; and

**"Security Documents"** means the Master Receivables Pledge Agreement, the Substitution Assets Pledge, the Accounts Pledge and the CBC Rights Pledge.



## 2.3. CBC

### Introduction

The issuer of the Guarantee is ABN AMRO Covered Bond Company B.V. (the "**CBC**"), incorporated on 4 July 2005 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, 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 Commercial Register of the Chamber of Commerce under number 34229351. The telephone number of the CBC is +31 20 577 1177 and the fax number of the CBC is +31 20 577 1188.

### Principal Activities

The CBC's articles of association 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 ABN AMRO Bank, (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 ABN AMRO Bank.

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 ability of the CBC to engage in any activities other than relating to the Programme and the transactions contemplated pursuant thereto is restricted in the Trust Deed and the other relevant Transaction Documents.

### Shareholders

The entire issued share capital is owned by Stichting Holding ABN AMRO Covered Bond Company (the "**Holding**"), a foundation (*stichting*) established under the laws of The Netherlands. The Holding was established on 10 June 2005 and has its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands. The sole director of Holding is Intertrust Management B.V. having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands.

The CBC has no employees.

### Directors of the CBC

The CBC has entered into a management agreement with Intertrust Management B.V. (the "**Managing Director**") on the Programme Date (the "**Management Agreement (CBC)**"), pursuant to which the Managing Director has agreed to provide corporate services to the CBC, with due observance of the requirements of the Act on the Supervision of Trust Offices (*Wet toezicht trustkantoren*). The following table sets out the managing director (*bestuurder*) of the CBC and its business address and occupation.

| <u>Name</u>                | <u>Business Address</u>                                     | <u>Business Occupation</u>   |
|----------------------------|---|--|
| Intertrust Management B.V. | Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands | Corporate Services Provider<br><br>There is no potential conflict of interests between any duties to the CBC of the Managing Director and its private interests or other duties. |

## Capitalisation and Indebtedness

The audited capitalisation of the CBC as at 31 December 2017, after effectuating dividend appropriation, is as follows:

|                                   | <u>At 31 December 2017</u><br><i>(in €)</i> |
|-----------------------------------|---|
| <b>Shareholders' equity</b>       |   |
| Share capital .....               | 20,000                                      |
| <b>Total capitalisation</b> ..... | <u><u>20,000</u></u>                        |

## Indebtedness

The CBC has no indebtedness and/or guarantees as at the 2018 Programme Update, other than those 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:

- (i) 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 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; and
- (ii) incur any obligation or liability in respect of, or acquire any asset for the purpose of, or otherwise facilitate, any category of covered bonds issued by the Issuer or any other person, other than in relation to the Programme, the Covered Bonds from time to time issued thereunder and any other transactions contemplated pursuant to the Programme.

### 3. GUARANTEE SUPPORT

#### 3.1. TRANSFERS

As consideration for the CBC assuming the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Originators have agreed in the guarantee support agreement dated the Programme Date between the Issuer, the Initial Originators, the CBC and the Trustee (the "**Guarantee Support Agreement**") to transfer Eligible Assets to the CBC. The transfers are effectuated as follows:

- (a) in the case of Eligible Receivables, by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the relevant Originator and the CBC of a deed of assignment in the form attached to the Guarantee Support Agreement and offering the same for registration to the Dutch tax authorities (*Belastingdienst*). Notification (*mededeling*) of the assignment to the Borrowers will only take place if a Notification Event occurs. Following receipt of notification by the Borrowers, in principle, only payment to the CBC will be capable of discharging a Borrower's obligations under the relevant Transferred Receivable;
- (b) in the case of Eligible Collateral, subject to paragraph (c) below, by way of book-entry transfer (*girale overboeking*) to a bank or securities account, as the case may be, designated for such purpose by the CBC; and/or
- (c) in the case of Eligible Collateral comprising Substitution Assets which do not satisfy the requirement set out in paragraph (iv) of such definition (other than cash):
  - (i) if and to the extent possible and desirable in the opinion of the CBC and the Trustee and only upon Rating Agency Confirmation, in the manner as described above under (b); and
  - (ii) if and to the extent not so possible or desirable, in such manner as may be required by the CBC and the Trustee, and **provided that**:
    - (A) Rating Agency Confirmation has been obtained; and
    - (B) the Trustee is satisfied that pursuant to such transfer the CBC will receive assets of equivalent credit and security status and ranking as the other Eligible Collateral (supported by a legal opinion of internationally recognised counsel in form and substance satisfactory to the Trustee).

If, in the opinion of the Issuer, amendments are necessary to the Transaction Documents or if additional transaction documents are required in relation to such transfer of Eligible Collateral comprising Substitution Assets which do not satisfy the requirement set out in paragraph (iv) of such definition (other than cash) and Rating Agency Confirmation is obtained for, the Trustee may consent thereto without consultation of the Covered Bondholders.

On the First Transfer Date, the relevant Initial Originators have transferred to the CBC the respective Eligible Receivables comprising the Initial Portfolio. Thereafter, each Originator:

- (i) may at any time offer to transfer further Eligible Assets to the CBC; and
- (ii) jointly and severally with all other Originators undertakes to upon request of the CBC offer to transfer further Eligible Assets to the CBC. The CBC will only make such a request if it (or the Administrator on its behalf) determines that the Asset Cover Test, the Pre-Maturity Test in respect of any Series of HB Covered Bonds or any Mandatory Asset Quantity Test, has not been met 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 Receivables receipt of a confirmation that the Receivables Warranties are true and correct in all material respects and not misleading in any material respect as at the relevant Transfer Date.

In the Guarantee Support Agreement the CBC has agreed with the Issuer that if the Issuer and the CBC (or the Administrator on its behalf) at any time conclude (acting reasonably) that the value of (i) any Eligible Collateral (offered to be) transferred by an Originator in accordance with the terms of the Guarantee Support

Agreement and/or (ii) any Authorised Investments from time to time held by the CBC, is necessary to be included in any calculation for the purpose of compliance with article 40f and/or 40g of the Decree on Prudential Rules Wft (*Besluit prudentiële regels Wft*) (as amended, restated and/or re-enacted from time to time) the (the "**Decree**"), the CBC (or the Administrator on its behalf) and the Issuer shall procure that any such Transferred Collateral and/or Authorised Investments (or any substitute Authorised Investments) necessary for such purpose shall satisfy the requirements for eligible assets that may collateralise covered bonds in accordance with article 40f, paragraph 3 or, if agreed by the Issuer, the eligibility criteria for liquid assets in accordance with article 40g of the Decree.

In addition, in the Guarantee Support Agreement each Originator covenants that if (i) it makes any Further Advance under any Loan Agreement relating to a Transferred Receivable, (ii) such Further Advance is secured by the same Related Security and (iii) such Further Advance results in an Eligible Receivable, then it will transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date.

In the Guarantee Support Agreement, the following intercreditor arrangement is agreed between each of the Originators, the CBC and the Trustee:

(i) if and to the extent that any Related Security secures both a Transferred Receivable and any receivable which is owned by an Originator (and which has not been transferred to the CBC) (a "**Residual Claim**"), the relevant Originator and the CBC agreed that the CBC shall have, and each Originator granted the CBC, exclusive authority to perform all acts of management (*beheer*) and/or of disposal (*beschikking*) pertaining to such Related Security and in any event, without prejudice to the generality of the foregoing, to:

(a) foreclose (*uitwinnen*) on such Related Security without any involvement of the relevant Originator; and

(b) apply the foreclosure proceeds in payment of the Transferred Receivable such that only the remaining proceeds (if any) will be available for application in payment of the Residual Claim,

**provided that** (i) for as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served, the CBC agreed to delegate such authority to the relevant Originator and (ii) such authority shall not be vested in the CBC but in the relevant Originator if the relevant Originator can prove that such Related Security was specifically created to secure the Residual Claim and was not intended to secure the Transferred Receivable;

(ii) if paragraph (i) above is not effective to procure compliance therewith by the relevant Originator (or its liquidator in any Insolvency Proceedings), such Originator owes the CBC an amount equal to its share in the foreclosure proceeds of each relevant Related Security, which amount shall be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Transferred Receivable or the Residual Claim(s) such Borrower owes to the relevant Originator, **provided that** the CBC's recourse to any Originator in relation to any Related Security is limited to such Originator's share in the foreclosure proceeds of such Related Security;

(iii) upon the occurrence of a relevant RC Pledge Trigger Event, unless an appropriate remedy to the satisfaction of the Trustee is found after having received Rating Agency Confirmation, then each of the Originators agreed to forthwith grant to the CBC a right of pledge on its Residual Claims as security for the payment of the relevant amount it owes to the CBC pursuant to paragraph (ii) above. If, after the pledge of the Residual Claims, a relevant RC Pledge Release Trigger Event occurs, the CBC and the Trustee will be obliged to release the rights of pledge vested on the Residual Claims. In addition, each of the CBC and the Trustee undertakes to release such right of pledge on any Residual Claims of a Borrower if (i) the principal amount outstanding in respect of the relevant Transferred Receivable secured by the same Related Security has been repaid in full together with all accrued interest and other secured amounts due under or in connection with the related Loan or (ii) all Transferred Receivables that are secured by the same Related Security as such Residual Claims have been retransferred to the relevant Originator in accordance with the terms of the Guarantee Support Agreement;

- (iv) if the pledge pursuant to paragraph (iii) above is implemented, any foreclosure proceeds are applied in discharge of amounts due pursuant to paragraph (ii) above and the Related Security is no longer in place or no longer expected to generate any proceeds, the CBC will retransfer to the relevant Originator a part of (the unsatisfied part of) the relevant Transferred Receivable for a principal amount corresponding to the principal amount of the pledged Residual Claims so applied;
- (v) if the CBC transfers a Transferred Receivable in accordance with the Guarantee Support Agreement and the Asset Monitor Agreement to any transferee other than the relevant Originator or insurer, it is entitled to transfer its corresponding rights and obligations pursuant to Clause 9.4 (*Intercreditor Arrangements*) of the Guarantee Support Agreement to such transferee and each Originator in advance irrevocably granted its co-operation to any such transfer (within the meaning of article 6:159 of the Dutch Civil Code); and
- (vi) if an Originator transfers a Residual Claim to any transferee, it is entitled, and obliged, to transfer its corresponding rights and obligations pursuant to Clause 9.4 (*Intercreditor Arrangements*) of the Guarantee Support Agreement to such transferee and the CBC in advance irrevocably agreed to co-operate with any such transfer (within the meaning of article 6:159 of the Dutch Civil Code). Each Originator warrants and represents that it has not (nor has any originator (i) which has Merged into the relevant Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the relevant Originator pursuant to a Demerger) transferred any Residual Claim to any party (other than (a) an insurer pursuant to a Master Transfer Agreement in relation to an MTA Receivable and (b) in the case of a Merged Originator or Demerged Originator (as the case may be), the relevant Originator) prior to the relevant Transfer Date.

Neither the CBC, the Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Transferred Assets. Instead, each is relying entirely on the Representations and Warranties by the relevant Originator contained in the Guarantee Support Agreement. The parties to the Guarantee Support Agreement may, subject to the prior written consent of the Trustee and Rating Agency Confirmation, amend the Representations and Warranties. The Receivables Warranties are as follows and are given on the relevant Transfer Date by the relevant Originator in respect of the Receivables to be transferred by it to the CBC:

- (i) each Receivable is an Eligible Receivable;
- (ii) the particulars of the Eligible Receivables set out in Annex 1 to the relevant deed of assignment are true, complete and accurate in all material respects and the Gross Outstanding Principal Balance in respect of each Receivable in the Initial Portfolio or in a New Portfolio as at the relevant Transfer Date and the aggregate Gross Outstanding Principal Balance of the Receivables in the Initial Portfolio or in a New Portfolio is correctly stated in Annex 1 to the relevant deed of assignment;
- (iii) no Originator has created, agreed to create or permitted to subsist any limited right (*beperkt recht*) on, or right of set-off pertaining to, any of its Collection Accounts or rights or receivables pertaining thereto, other than as validly waived (*afstand van gedaan*) on or prior to the date on which it first transfers any Eligible Receivables under or pursuant to the Guarantee Support Agreement; and
- (iv) prior to (but not earlier than a Reasonable Prudent Lender would deem acceptable) making the Initial Advance under each Loan Agreement, the relevant Originator complied with its obligations under the Dutch Identification Act (*Wet Identificatie bij Dienstverlening*) and the Dutch Act on the Notification of Unusual Transactions (*Wet Melding Ongebruikelijke Transacties*) (both as amended, supplemented and restated from time to time and both currently incorporated in the Dutch Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*)) together with any other ancillary regulatory requirements, including but not limited to any requirements of the AFM, in connection with the origination of each Receivable.

The Programme Agreement provides a mechanism for (i) at the option of the Issuer members of the Group wishing to transfer Eligible Assets to the CBC, to accede to the relevant Transaction Documents as a New Originator subject always to Rating Agency Confirmation and (ii) Originators that have not originated any of the CBC's Transferred Assets at such time, to withdraw from the relevant Transaction Documents as an

Originator, **provided that** no Notification Event has occurred and no Issuer Acceleration Notice, Notice to Pay or CBC Acceleration Notice has been served.

In the Trust Deed, the Trustee agrees to, upon receipt of each Monthly Investor Report, verify whether such Monthly Investor Report states that a Notification Event has occurred.

For the purpose hereof:

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

**"Further Advance"** means, in relation to a Transferred Receivable, any advance of further money under the relevant Loan Agreement, which includes a new mortgage loan, to the relevant Borrower following the making of the Initial Advance and secured by the same Mortgage;

**"Gross Outstanding Principal Balance"** in relation to a Receivable at any date, means the aggregate principal balance of such Receivable at such date (but avoiding double counting) including the following:

- (i) the Initial Advance; and
- (ii) any increase in the principal amount due under that Receivable due to any Further Advance,

in each case relating to such Receivable less any prepayment, repayment or payment of the foregoing made on or prior to such date;

**"Initial Advance"** means, in respect of any Loan Agreement, the original principal amount advanced by the relevant Originator to the relevant Borrower;

**"Initial Portfolio"** means the Eligible Receivables particulars of which are set out in the deeds of assignment dated the Programme Date;

**"Mandatory Asset Quantity Test"** means the requirement of the Issuer under the 2015 CB Legislation to ensure that (i) a statutory minimum level of overcollateralisation of eligible cover assets is maintained and (ii) the value of the Transferred Assets is at all times at least equal to the Principal Amount Outstanding of the Covered Bonds, in each case as calculated and determined in accordance with the 2015 CB Legislation;

**"Net Outstanding Principal Balance"** means in relation to a Transferred Receivable, at any date, the Gross Outstanding Principal Balance of such Receivable less, if it is a Participation Receivable, an amount equal to the Participation on such date;

**"New Portfolio"** means in each case the portfolio of New Receivables (other than any New Receivables which have been redeemed in full prior to the Transfer Date or which do not otherwise comply with the Eligibility Criteria as at the Transfer Date), particulars of which are set out in the relevant Deed of Assignment or in a document stored upon electronic media (including, but not limited to, a CD ROM);

**"Notification Event"** means the earliest to occur of the following:

- (i) a default is made by an Originator in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Trustee to the relevant Originator;
- (ii) an Originator fails duly to perform or comply with any of its obligations under any Transaction Document to which it is a party or any other party (except the Issuer or the Trustee) does not comply with any of the obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Trustee to the relevant Originator or such other party;
- (iii) an Originator takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its dissolution (*ontbinding*), (ii) its liquidation (*vereffening*), (iii) its entering into emergency regulations (*noodregeling*) as referred to in chapter 3 of the Wft, (iv) its

- bankruptcy, (v) any analogous insolvency proceedings under any applicable law or (vi) the appointment of a liquidator (*curator*) or a similar officer of it or of any or all of its assets;
- (iv) an Originator's assets are placed under administration (*onder bewind gesteld*);
  - (v) a Notice to Pay is served on the Issuer and the CBC;
  - (vi) a CBC Event of Default occurs;
  - (vii) any rating of the Issuer's unsecured, unsubordinated and unguaranteed debt obligations falls below the minimum ratings as determined to be applicable or agreed by each relevant Rating Agency from time to time, being as at the 2018 Programme Update, 'Baa1(cr)' by Moody's and 'BBB+' by Fitch, or any such rating is withdrawn; or
  - (viii) any Originator (other than ABN AMRO Bank) ceases to be a direct or indirect subsidiary of the Issuer within the meaning of article 2:24a of the Dutch Civil Code (other than pursuant to a Merger whereby such Originator is the Merged Originator) before it withdraws as an Originator from the Transaction Documents in accordance with the Programme Agreement;

**"Receivables Warranties"** means the representations and warranties given by each of the Originators in respect of the Receivables as set out in Part 3 of Schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement;

**"Representations and Warranties"** means the representations and warranties given by each of the Originators as set out in Schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement;

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

**"Transferred Assets"** means the Transferred Receivables and the Transferred Collateral;

**"Transferred Collateral"** means any Eligible Collateral transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not retransferred, sold or otherwise disposed, or agreed to be disposed, of by the CBC; and

**"Transferred Receivables"** means any Eligible Receivables transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not (i) redeemed, (ii) retransferred, (iii) sold or refinanced pursuant to the Asset Monitor Agreement or (iv) otherwise disposed of by the CBC.

### 3.2. 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 a Receivable or Defaulted Receivable to the relevant Originator if a material breach of the Receivables Warranties occurs as of the relevant Transfer Date in respect of such Receivable or if the Servicer identifies a Defaulted Receivable and sends a Defaulted Receivables Notice to the relevant Originator, subject to applicable grace periods.
- (b) Prior to the occurrence of a Notification Event and service of a Notice to Pay or CBC Acceleration Notice:
  - (a) the Issuer may from time to time request a retransfer of any Transferred Asset from the CBC to the relevant Originator. The CBC shall comply with such a request so long as it has been notified by the Administrator or other relevant person that the Asset Cover Test shall not be breached upon such retransfer and no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served; and
  - (b) the CBC will retransfer a Receivable to the relevant Originator if the rate of interest in respect of a Loan falls below the Minimum Mortgage Interest Rate, **provided that** it has been notified by the Administrator or other relevant person that the Asset Cover Test shall not be breached upon such retransfer (taking into account any transfer of Eligible Receivables effected by way of a Deed of Assignment and Pledge executed prior to the date of the relevant Deed of Re-assignment and Release) and no Notice to Pay or CBC Acceleration Notice has been served.
- (c) If the CBC intends to sell Selected Receivables on terms permitted or required by the Asset Monitor Agreement, it shall first offer such Selected Receivables for sale on the same terms to the Issuer or, if the Issuer is Insolvent, to any Originator which is not insolvent, in the manner set out in the Guarantee Support Agreement.
- (d) For as long as no Notification Event has occurred, the Issuer (on behalf of the relevant Originator) may request a purchase and retransfer from the CBC of MTA Receivables designated by the relevant Originator for the purpose of on-transfer of such MTA Receivables by the relevant Originator to a relevant insurer pursuant to a Master Transfer Agreement. The CBC shall comply with such request **provided that** (i) no Notification Event has occurred, (ii) the principal amount of (the relevant part of) the MTA Receivable in respect of which the request for purchase and retransfer has been made shall not exceed an amount equal to the Savings received by the relevant insurer in the month immediately preceding the date on which the purchase and retransfer of such (part of the) MTA Receivable is completed, under the relevant savings insurance policy relating to the Savings Loan from which such MTA Receivable was originated and (iii) the purchase price of such (part of the) MTA Receivable shall be at least an amount equal to the Savings received by the relevant insurer in the month immediately preceding the date on which the purchase and retransfer of such (part of the) MTA Receivable is completed, under the relevant savings insurance policy relating to the Savings Loan from which such MTA Receivable was originated.

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 Receivables which are sold to an Originator further to the relevant Originator's right of pre-emption (*voorkeursrecht*), the underlying sale and purchase will be concluded through execution of a Selected Receivables Offer Notice.

For the purpose hereof:

"**Accrued Interest**" means in relation to any Receivable and as at any date (the "**Receivable Interest Determination Date**") on or after the relevant Transfer Date, interest on such Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Loan Agreement immediately prior to the Receivable Interest Determination Date up to and including the Receivable Interest Determination Date;



**"Arrears of Interest"** means in relation to any Receivable and as at the Receivable Interest Determination Date, interest which is due and payable and unpaid up to and including the Receivable Interest Determination Date;

**"Current Balance"** means in relation to an Eligible Receivable at any date, the aggregate (without double counting) of the Net Outstanding Principal Balance, Accrued Interest (unless it concerns calculations for either the Asset Cover Test or the Amortisation Test Aggregate Asset Amount, in which case Accrued Interest will not be included) and Arrears of Interest as at that date;

**"Defaulted Receivable"** means any Transferred Receivable (other than a Disputed Receivable or a Written-Off Receivable) in respect of which:

- (a) a declaration has been made by the Originator that such Transferred Receivable is irrecoverable;
- (b) legal proceedings have been commenced for its recovery;
- (c) the related Borrower is declared bankrupt (*failliet verklaard*) or has been granted a suspension of payments (*surseance van betaling*) or debt rescheduling arrangement (*schuldsaneringsregeling*) or analogous events or proceedings have occurred in relation to the relevant Borrower; or
- (d) the Servicer has not been paid by the relevant Borrower (including, without limitation, payments made by third parties on behalf of the Borrower) by the end of the Calculation Period during which such Transferred Receivable becomes more than 90 days overdue for payment from its Receivable Due Date;

**"Defaulted Receivables Notice"** means the notice served by the Initial Servicer on the relevant Originator identifying Receivables in the Portfolio which are Defaulted Receivables;

**"Disputed Receivable"** means any Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower owing such Receivable;

**"Portfolio"** means the Initial Portfolio and each New Portfolio, to the extent not (i) redeemed, (ii) retransferred, (iii) sold or refinanced pursuant to the Asset Monitor Agreement or (iv) otherwise disposed of by the CBC;

**"Receivable Due Date"** in relation to any Receivable means the original date on which such Receivable is due and payable;

**"Selected Receivables"** means Transferred Receivables to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitor Agreement; and

**"Written-Off Receivable"** means any Receivable which has been written off by the relevant Originator as irrecoverable for accounting purposes in accordance with that Originator's general accounting practices.

### 3.3. ELIGIBLE ASSETS

The following assets are eligible to be transferred to the CBC by the Originators pursuant to the Guarantee Support Agreement:

- Eligible Receivables; and
- Eligible Collateral (together with the Eligible Receivables, the "**Eligible Assets**").

The mortgage rights securing the Eligible Receivables are vested on a Property. For over a century different municipalities and other public bodies in The Netherlands have used long lease (*erfpacht*) as a system to issue land without giving away the ownership to it. There are three types of long lease: temporary (*tijdelijk*), ongoing (*voortdurend*) and perpetual (*eeuwigdurend*). A long lease is a right *in rem* (*zakelijk recht*) which entitles the leaseholder (*erfpachter*) to hold and use a real property (*onroerende zaak*) owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his death. Usually a remuneration (*canon*) will be due by the leaseholder to the landowner for the long lease.

The loan products or loan parts to which the Eligible Receivables of the Initial Originators relate can be categorised as follows (regardless of the different names used by the different Initial Originators to refer to their respective loan products falling under the same category):

1. An interest-only loan (an "**Interest-Only Loan**") is a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. An Interest-Only Loan is not connected to a Mixed Insurance Policy and does not have an investment part.
2. An annuity loan (an "**Annuity Loan**") is characterised by equal periodical payments by the Borrower. These payments contain both an interest and a principal component. As with each principal payment part of the Loan is redeemed, the interest component declines after each successive payment. The principal component rises in such a way that the remaining balance of the Loan at maturity will be zero. An Annuity Loan is not connected to a Mixed Insurance Policy and does not have an investment part.
3. A linear loan (a "**Linear Loan**") is a loan on which the periodical payment consists of a constant principal component plus an interest component based on the remaining Loan balance. The balance of the Loan is thus being repaid in a straight-line fashion i.e. linear, and will be zero at maturity, while the interest payment declines after each successive payment. A Linear Loan is not connected to a Mixed Insurance Policy and does not have an investment part.
4. An investment loan (an "**Investment Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Investment Loan, the Borrower pledges a securities account it maintains with an investment firm or a bank. Under the related securities account agreement, the Borrower pays (on a regular basis) a sum which is invested in a variety of investment funds offered by the investment firm or bank. Upon maturity the investment proceeds are applied towards repayment of the Investment Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. An Investment Loan has an investment part, but is not connected to a Mixed Insurance Policy.
5. A life loan or life insurance loan (a "**Life Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Life Loan, the Borrower pledges a life insurance policy to the relevant Originator, which is a combined risk and capital insurance policy.

Under the life insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk and a capital element. There are different types of life insurance policies, depending on the way in which the capital element is invested by the insurer (for example in certain designated investment funds) and the way in which the risk element of the premium is calculated. The insurance proceeds of the life insurance policy are due by the insurer at the earlier of the maturity of the life insurance policy (which is generally thirty years) and the death of the Borrower, and are

applied towards repayment of the Life Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Life Loan is connected to a Mixed Insurance Policy.

6. A savings loan, savings growth loan, start-sure loan or any other loan with substantially the same or comparable characteristics (a "**Savings Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Savings Loan, the Borrower pledges a savings insurance policy to the relevant Originator, which is a combined risk and capital insurance policy. Certain loan products of this category (i.e. start-sure loans) are only available if an NHG Guarantee is available. Under the savings insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk and a savings element. The savings element is calculated in such a manner that, on an annuity basis, the proceeds of the savings insurance policy due by the insurer are equal to the principal amount due by the Borrower at maturity of the Savings Loan. The insurance proceeds of the savings insurance policy are due at the earlier of the maturity of the savings insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Savings Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Savings Loan is connected to a Mixed Insurance Policy, but does not have an investment part.
7. A hybrid loan, asset growth loan or life growth loan or any other loan with substantially the same or comparable characteristics (a "**Hybrid Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Hybrid Loan, the Borrower pledges an insurance policy to the relevant Originator, which is a combined risk and capital insurance policy. For certain loan products of this category (i.e. life growth loans and, depending on the ratio the income of the Borrower bears to the principal amount of the relevant Eligible Receivable, the asset growth loans) the pledge is limited to the amount by which the relevant Eligible Receivable exceeds the foreclosure value of the relevant Property. Under the insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk element and an investment part and, if applicable, a savings part. The Borrower can choose how the insurer should invest investment premiums (from a list of approved investments) and can request the insurer to switch between investments, in whole or in part. For certain loan products of this category (i.e. asset growth loans) the Borrower has the option (and is in certain events obliged) to pay a lump sum amount by way of savings premium. For other products of this category (i.e. hybrid loans and life growth loans), the Borrowers are allowed to choose whether they prefer a savings and/or investment part and, subject to certain conditions, to switch between savings and investments, in whole or in part. The insurance proceeds of the insurance policy are due at the earlier of the maturity of the insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Hybrid Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Hybrid Loan is connected to a Mixed Insurance Policy and has an investment part.
8. A bank savings loan (a "**Bank Savings Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Bank Savings Loan, the Borrower pledges the rights in respect of a savings account (a "**Bank Savings Account**") to the relevant Originator, which is held in the name of the Borrower with the Bank Savings Deposit Bank and which is connected to the Bank Savings Loan. The Bank Savings Account is a blocked account and the amounts standing to the credit thereto shall in principle only be released (*gedeblokkeerd*) at maturity of the Bank Savings Loan (which varies between a minimum of fifteen years and a maximum of thirty years), the death of the Borrower or, subject to the applicable general conditions, in certain other limited circumstances and shall, subject to the applicable general conditions and applicable (tax) law, in principle only be applied to repay the related Bank Savings Loan. During the life of the Bank Savings Loan, the Borrower makes a monthly fixed payment into the Bank Savings Account whereby the interest rate payable by the Bank Savings Deposit Bank in respect of amounts standing to the credit of the Bank Savings Account is linked to the interest rate payable by the Borrower under the Bank Savings Loan. The monthly fixed payment will be made through direct debits and calculated on the basis of the interest amount, the maturity of the Bank Savings Account and the aggregate required amount to repay the Bank Savings Loan in full at maturity. The monthly fixed payment will be adjusted each time that either a prepayment is made in respect of the Bank Savings Loan, an amendment is made to the maturity date of the Bank Savings Account, the Borrower makes an additional payment into the Bank Savings Account or the interest rate payable by the Borrower under the Bank Savings Loan

is reset (i.e. at the end of each fixed-interest period), to ensure that the aggregate amount credited to the Bank Savings Account (consisting of such payments and accrued interest thereon and calculated in such manner on an annuity basis) at maturity of the Bank Savings Account is equal to the principal amount due by the Borrower at maturity of the Bank Savings Loan. If at (i) maturity of the Bank Savings Loan or (ii) foreclosure by the relevant Originator of the Bank Savings Loan as a result of a default of the Borrower in respect of due amounts, the amount standing to the credit of the related Bank Savings Account is insufficient to repay the Bank Savings Loan in full, the Borrower is obliged to make up the shortfall. A Bank Savings Loan has a savings part but not an investment part and is not connected to a Mixed Insurance Policy.

Insofar as interest on the Eligible Receivables is concerned, the Initial Originators offer different floating interest rate periods (1 or 3 months) and fixed interest rate periods (1, 2, 3, 5, 6, 7, 10, 12, 15, 17, 20, 22, 25 and 30 years fixed). With respect to certain of the fixed interest rate periods the last two years can consist of a so-called reconsider period (*rentebedenktijd*). During such reconsider period the Borrower may choose to reset his rate to the then existing interest rate, for a new fixed interest rate period. At an interest reset date, the Borrower may opt for a floating rate of interest.

In addition to fixed interest rates and floating interest rates as set out above, ABN AMRO Bank as Initial Originator has offered "Buffer Interest", in which case a fixed base rate and a margin and a floating interest rate are agreed in the relevant Loan Agreement. The margin equals 1% in the case of an interest rate period of 5 years, 1.8% in the case of an interest rate period of 10 years or 2% in the case of an interest rate period of 15 years. If during the term of the relevant loan the then current floating interest rate:

- exceeds or is lower than the base rate by no more than the margin, then the base rate applies; or
- exceeds or is lower than the base rate by more than the margin, then the base rate is increased or decreased with the difference between (a) the base rate plus or minus (as the case may be) the margin and (b) the then current floating interest rate.

Also, ABN AMRO Bank as Initial Originator offers 'Ideaalrente'. If *Ideaalrente* is applicable, the interest rate (for a certain fixed interest rate period) is reset once per year based on the average rate for mortgage loans over the previous five (5) years (for that specific fixed interest rate period). The interest is set yearly in advance.

Furthermore, ABN AMRO Hypotheken Groep as Initial Originator offered 'Margin Interest'. If *Margin Interest* is applicable, the interest rate on the Loan is reset annually, subject to caps and floors (relative to a base rate), which provides the Borrower with some protection against interest rate changes. The base rate itself may be reset from time to time.

For the purpose hereof:

**"AAHG Bank Savings Receivable"** means a Bank Savings Receivable originated by ABN AMRO Hypotheken Groep (which includes origination by an originator (i) which has Merged into ABN AMRO Hypotheken Groep or (ii) whose Relevant Assets and Liabilities have been acquired by ABN AMRO Hypotheken Groep pursuant to a Demerger);

**"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;

**"Article 129 CRR"** means article 129 (*Exposures in the form of covered bonds*) of the CRR (as such article may be amended, replaced and/or supplemented from time to time);

**"Bank Savings Receivable"** means a Transferred Receivable resulting from a Bank Savings Loan;

**"Borrower"** means, in relation to an Eligible Receivable, the individual or individuals specified as such in the relevant Loan Agreement together with the individual or individuals (if any) from time to time assuming an obligation to discharge such Eligible Receivable or any part of it;

**"CRR"** means Regulation (EU) no. 575/2013 on prudential requirements for credit institutions and investment firms (as amended from time to time);

"**Demerger**" means, in respect of a legal entity (a "**Demerged Originator**"), a legal act (*rechtshandeling*) between such entity and an Originator, pursuant to which all assets and liabilities (*vermogen*) (or part thereof) (the "**Relevant Assets and Liabilities**") of such entity have been acquired by such Originator on a general legal basis (*algemene titel*) as referred to in article 2:334(a)(3) of the Dutch Civil Code;

"**Eligible Collateral**" means euro denominated cash and/or Substitution Assets; and

"**Eligible Receivable**", means a Receivable which complies with the following criteria, which are all subject to amendment from time to time, **provided that** Rating Agency Confirmation is obtained in respect of such amendment (as amended from time to time, the "**Eligibility Criteria**") as at the relevant Transfer Date:

A. **General**

1. It is existing, is denominated in euro and is owed by Borrowers established or resident in The Netherlands who are not employed by the relevant Originator or, if the Borrower is employed by any Originator or any of their respective subsidiaries (*dochtermaatschappijen*) or participations (*deelnemingen*), the terms and conditions of such Receivable are on arm's length terms except for the interest rate.
2. It is governed by Dutch law and the terms and conditions of such Receivable do not provide for the jurisdiction of any court or arbitration tribunal outside The Netherlands.
3. It is secured by Property located in The Netherlands which is not the subject of any residential letting and which is occupied by the relevant Borrower since origination (or shortly thereafter) and used mainly for residential purposes.
4. Its nominal amount remains a debt, which has not been paid or discharged by set-off or otherwise, and includes all loan parts (*leningdelen*) granted to the relevant Borrower under the relevant Loan Agreement.
5. The Loan from which it results was in all material respects granted in accordance with all applicable laws, legal requirements and the code of conduct on mortgage loans (*Gedragscode Hypothecaire Financieringen*) (the "**Code of Conduct**") prevailing at the time of origination and met in all material respects the relevant Originator's Lending Criteria which, where applicable, are generally based on the NHG requirements as applicable at that time and all required consents, approvals and authorisations have been obtained in respect of such Loan.
6. The relevant Originator has in all material respects performed all its obligations which have fallen due under or in connection with the relevant Loan Agreements connected to it and so far as the relevant Originator is aware, no Borrower has threatened or commenced any legal action which has not been resolved against the relevant Originator for any failure on the part of the relevant Originator to perform any such obligation.
7. It can be easily segregated and identified for ownership and Related Security purposes on any day.
8. It is not a Receivable in respect of which the CBC has notified the relevant Originator that the CBC has determined that such Receivable or class of Receivables is not reasonably acceptable to the CBC under the Programme and it is not due from a Borrower in respect of which the CBC has notified the relevant Originator that Receivables from such Borrower are not Eligible Receivables.
9. The loan files relating to it contain the relevant Borrower Files (as defined in the Incorporated Terms Memorandum) and, if they are in electronic format, contain at least the same information and details as the loan files relating to it which are kept in paper format which include authentic copies of the notarial mortgage deeds.
10. The maximum outstanding principal amount of the Loan from which it results, or the aggregate maximum outstanding amount of all Receivables secured by the same Related Security together, does not exceed € 1,500,000.

11. The outstanding principal amount of the Loan from which it results does not exceed:
  - (i) if it does not have the benefit of an NHG Guarantee:
    - (a) 106.25% of the market value of the related Property at the time of origination; or
    - (b) in relation to no more than 5% of the aggregate Current Balance of all Transferred Receivables at any time, an amount in between 106.25% and 110.50% of the market value of the related Property at the time of origination; or
  - (ii) if it does have the benefit of an NHG Guarantee, the maximum amount as may be set under the NHG requirements at the time of origination.

**B. Borrowers**

1. It constitutes a legal, valid and enforceable obligation of the related Borrower and is enforceable against such Borrower in accordance with the terms of the relevant Loan Agreement without any right of rescission, set-off, withholding, suspension, counterclaim or other defence other than those provided for under mandatory rules of applicable law and subject to any limitations arising from bankruptcy, insolvency or any other laws of general application relating to or affecting the rights of creditors generally.
2. So far as the relevant Originator is aware:
  - (i) the related Borrower has not asserted and no circumstances exist as a result of which such Borrower would be entitled to assert any counterclaim, right of rescission or set-off, or any defence to payment of any amount due or to become due or to performance of any other obligation due under the related Loan Agreement;
  - (ii) the related Borrower is not in material breach, default or violation of any obligation under such Loan Agreement;
  - (iii) the related Borrower is not subject to bankruptcy or any other insolvency procedure within the meaning of any applicable insolvency law;
  - (iv) no proceedings have been taken in respect of it by the relevant Originator against the related Borrower; and
  - (v) no litigation, dispute or complaint is subsisting, threatened or pending which affects or might affect it or the related Borrower which may have an adverse effect on the ability of such Borrower to perform its related obligations.

**C. Payments**

1. Payments of interest are scheduled to be made monthly.
2. It is not in arrears in relation to any payments and at least one payment in respect of such Receivable has been made.
3. It bears a rate of interest equal to or exceeding the Minimum Mortgage Interest Rate.
4. If it relates to a Loan which bears a variable rate of interest, the variable rate is based on EURIBOR.

**D. Unencumbered Transfer**

1. The relevant Originator has full right and title to it and has power to transfer or encumber (*is beschikkingsbevoegd*) it and such Originator has not agreed to transfer or encumber it, whether or not in advance, in whole or in part, in any way whatsoever.
2. It is owed to the relevant Originator and is free and clear of any Adverse Claims.
3. It can be transferred by way of assignment (*cessie*) and is not subject to any contractual or legal restriction of transfer by way of assignment.

4. Its transfer will not violate any law or any agreement by which the relevant Originator may be bound and upon such transfer it will not be available to the creditors of the relevant Originator on such Originator's liquidation.

**E. Security**

1. It is secured by mortgage rights and rights of pledge governed by Dutch law which:
  - (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the assets which are purported to be the subject of such mortgage rights and rights of pledge and, to the extent relating to mortgage rights, have been entered into the Land Registry;
  - (ii) have first priority (*eerste in rang*) or first and sequentially lower priority;
  - (iii) were vested for a principal amount outstanding which is at least equal to the principal amount of the related Loan when originated increased with interest, penalties, costs and/or insurance premiums together up to an amount equal to 140% of the principal amount of the related Loan when originated; and
  - (iv) were created pursuant to a mortgage or pledge deed which does not contain any specific wording regarding the transfer of such right of mortgage or pledge securing it, unless an express confirmation to the effect that upon a transfer of the relevant Receivable, the Receivable will following the transfer continue to be secured by the right of mortgage or pledge.
2. The consent, licence, approval or authorisation of any person (other than the related Borrower) which was necessary to permit the creation of its Related Security were obtained including the consent of the spouse of such Borrower pursuant to Article 1:88 of the Dutch Civil Code.
3. It:
  - (i) was originated by the relevant Originator (which includes origination by an originator (i) which has Merged into the relevant Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the relevant Originator pursuant to a Demerger) and such Originator has not (nor has any such Merged Originator or Demerged Originator (as the case may be)) transferred any receivable (including but not limited to any Residual Claim) secured by the Related Security to any party other than (a) the CBC (or in the case of a Merged Originator or Demerged Originator (as the case may be), the relevant Originator) and/or (b) an insurer pursuant to a Master Transfer Agreement in relation to an MTA Receivable;
  - (ii) is secured by Related Security which does not include All-monies Security and any and all present and future receivables which are secured by such Fixed Security forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security, have, together with all Related Security, been transferred to (i) such Originator (or an originator (i) which has Merged into the relevant Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the relevant Originator pursuant to a Demerger) or (ii) an insurer pursuant to a Master Transfer Agreement in relation to an MTA Receivable; or
  - (iii) is subject to an intercreditor arrangement between the CBC, the Trustee, the relevant Originator and the originator that originated the relevant Receivable and such other requirements as the CBC and the Trustee may require in relation to the transfer of the relevant Receivable by such originator to the relevant Originator.

**F. Valuation**

1. The related Borrower was obliged to obtain a building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*) of the Property at the time the related Loan was advanced.

2. Each Property concerned was valued in accordance with the Valuation Procedures.

**G. Long Lease**

1. If it is secured by a right of mortgage on a long lease (*erfpacht*), the terms of the relevant Loan Agreement provide that the principal amount outstanding of the related Loan, including interest, will become immediately due and payable if (i) the long lease terminates as a result of a breach by the leaseholder, (ii) the leaseholder materially breaches or ceases to perform its payment obligations under the long lease (*canon*) or (iii) the leaseholder in any other manner breaches the conditions of the long lease.

**H. No Bridge Loans or Residential Subsidy Rights**

1. It does not arise from bridging mortgage loans (*overbruggingshypotheken*).
2. It is not related to a Loan in connection with which Residential Subsidy Rights were purportedly transferred to the relevant Originator.

**I. Specific Products**

1. It is related to an Interest-Only Loan, an Annuity Loan, a Linear Loan, an Investment Loan, a Life Loan, a Savings Loan, a Hybrid Loan, a Bank Savings Loan or any combination of the foregoing.
2. If it has an NHG Guarantee connected to it, (i) the NHG Guarantee (A) is granted for its full amount outstanding at origination, **provided that** in respect of Mortgage Loans offered as of 1 January 2014 in determining the loss incurred after foreclosure of the relevant Property, an amount of ten (10) per cent. will be deducted from such loss in accordance with the NHG Conditions and (B) constitutes legal, valid and binding obligations of WEW, enforceable in accordance with such NHG Guarantee's terms, (ii) all terms and conditions (*voorwaarden en normen*) applicable to the "Nationale Hypotheek Garantie" at the time of origination of the related Loans were complied with and (iii) the relevant Originator is not aware of any reason why any claim under any NHG Guarantee in respect of it should not be met in full and in a timely manner.
3. If it relates to a Life Loan, a Savings Loan or a Hybrid Loan, then it has the benefit of the applicable Mixed Insurance Policy and (i) the relevant Originator has either been validly appointed as beneficiary (*begunstigde*) under such Mixed Insurance Policy upon the terms of the relevant Loan Agreement and Mixed Insurance Policy (the resulting rights being the "**Beneficiary Rights**") or, if another person has been appointed as beneficiary, under an irrevocable payment instruction from such person to the relevant insurer, (ii) all receivables under such Mixed Insurance Policy have been validly pledged by the relevant Borrower to the relevant Originator for at least that part by which it exceeds 100% of the foreclosure value of the relevant Property or 90% in case of a Loan higher than EUR 1,000,000, which pledge has been notified to the relevant insurer and (iii) none of the underlying policy, beneficiary clause, payment instruction or deed of pledge, as applicable, contains any provision restricting or prohibiting (a) said pledge to the relevant Originator, (b) a transfer of the Beneficiary Rights by the relevant Originator to the CBC, (c) an appointment by the relevant Originator of the CBC as new beneficiary under such Mixed Insurance Policy or (d) a waiver of the Beneficiary Rights by the relevant Originator.
4. The general conditions applicable to it provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the relevant Originator on behalf of the related Borrower and any other amounts due by such Borrowers to such Originator will become due and payable, amongst other things, if (a) a Mixed Insurance Policy attached to it is invalid and/or the relevant insured party fails to pay premium under the Mixed Insurance Policy and (b) if applicable, the associated right of the lender under the Loan Agreement to accelerate the Loan on that basis is exercised.
5. If it is related to an Interest-Only Loan, an Annuity Loan or a Linear Loan, it does not relate to a Mixed Insurance Policy and does not relate to any savings and/or investment product.
6. If it is related to an Interest-Only Loan, it does not exceed 85% of the Original Market Value.



7. If it is related to an Investment Loan, (i) it does not relate to any Mixed Insurance Policy and (ii) the relevant securities account maintained in the name of the relevant Borrower has been validly pledged to the relevant Originator and is maintained with:
  - an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*), which is by law obliged to administer (i) the securities through a bank (see the next paragraph) or a separate depository vehicle (*bewaarinstelling*) or (ii) only securities the transfer of which is subject to the Wge (acting as intermediary (*intermediair*)); or
  - a bank which is by law obliged to administer (i) the securities through a separate depository vehicle or (ii) only securities the transfer of which is subject to the Wge.
8. If it is related to a Loan which falls under category 3 of the Deduction Risk description (See "*Section B.3 Guarantee Support*" above) (i) the relevant Mixed Insurance Policy and the relevant Loan are in the relevant insurer's and Originator's promotional materials not offered as one product or under one name and (ii) the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an insurer which is a group company of the relevant Originator and are free to choose the relevant insurer (subject to prior approval of the relevant Originator).
9. If it is related to an Investment Loan and the related investment product is offered by the relevant Originator itself (and not by a third party securities institution or bank), such investment product has been offered in accordance with all applicable laws and legal requirements prevailing at the time of origination, including those on the information that is to be provided to prospective investors.
10. If it is related to a Bank Savings Loan it does not relate to a Mixed Insurance Policy or investment product and (A) the relevant Bank Savings Account maintained in the name of the relevant Borrower has been validly pledged to the relevant Originator, (B) at maturity of the Bank Savings Loan the amounts standing to the credit of the related Bank Savings Account must be applied to repay such Bank Savings Loan and (C) the general conditions applicable to it provide that the entire Loan will become due and payable, amongst other things, if (a) such Borrower is in default with its monthly payments into the related Bank Savings Account; and (b), if applicable, the associated right of the lender under the Loan Agreement to accelerate the Loan on that basis is exercised;

"**Lending Criteria**" means such criteria applicable to the granting of a Loan to a Borrower as the relevant Originator may from time to time apply and which would be acceptable to a Reasonable Prudent Lender;

"**Loan**" means any loan (including the Initial Advance and any Further Advance) or loan part (*leningdeel*) granted by the relevant Originator to a Borrower pursuant to the terms of a Loan Agreement;

"**Loan Agreement**" means a mortgage loan agreement between an Originator and a Borrower secured by a right of mortgage (*recht van hypotheek*), including the corresponding notarial deed, pledge deed and set of general terms and conditions as each Originator may from time to time introduce as would be acceptable to a Reasonable Prudent Lender;

"**Merged**" means, in respect of a legal entity (a "**Merged Originator**"), that as a result of a legal act (*rechtshandeling*) between such entity and an Originator, all assets and liabilities (*vermogen*) of such entity have transferred to such Originator on a general legal basis (*algemene titel*) as referred to in article 2:309 of the Dutch Civil Code (such transfer, a "**Merger**"), with such legal entity being the disappearing entity;

"**Mixed Insurance Policy**" means any insurance policy under which premium is paid consisting of a risk element and a capital element consisting of a savings part and/or an investment part, as the case may be;

"**Mortgage**" means a right of mortgage (*recht van hypotheek*) over a Property securing the related Receivable;

"**NHG**" or "**NHG Guarantee**" means guarantees (*borgtochten*) issued by Stichting Waarborgfonds Eigen Woningen under the terms and conditions of the National Mortgage Guarantee (*Nationale Hypotheek Garantie*), as from time to time amended;

**"Participation Receivable"** means a Category 4 Receivable or a Bank Savings Receivable, as the case may be, to which a Participation applies;

**"Property"** means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpacht*), which is subject to a Mortgage;

**"Reasonable Prudent Lender"** means the Originators and/or the Servicers, as applicable, acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests;

**"Receivable"** means a registered claim (*vordering op naam*) *vis-à-vis* a Borrower for repayment of a Loan and includes any Related Security;

**"Related Security"** means, with respect to any Receivable, all related accessory rights (*afhankelijke rechten*), ancillary rights (*nevenrechten*), connected rights (*kwalitatieve rechten*) and independently transferable claims (*zelfstandig overdraagbare vorderingsrechten*), including rights of mortgage (*hypotheekrechten*), rights of pledge (*pandrechten*), suretyships (*borgtochten*), guarantees, rights to receive interest and penalties and, to the extent transferable, Beneficiary Rights and interest reset rights;

**"Residential Subsidy Right"** means the right to receive annual contributions with respect to residential Properties on the basis of the Resolution Monetary Support Own Residences (*Beschikking geldelijke steun eigen woningen*) dated 1984 or the Resolution Residence Related Subsidies (*Besluit woninggebonden subsidies*) dated 1991 or any replacement or substitute legislation, resolution or regulation;

**"Standardised Approach"** means chapter 2 (*Standardised Approach*) of Title II of Part Three of the CRR (as amended, varied and/or supplemented from time to time);

**"Substitution Assets"** means the classes of assets from time to time eligible under Article 129 CRR paragraph 1(a), (b), (c) or credit quality step 2 exposures permitted by DNB under Article 129 CRR and the 2015 CB Legislation to collateralise covered bonds, **provided that**:

- (i) such eligible assets are denominated in euro;
- (ii) such exposures will have certain minimum long-term and/or short-term ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update, at least: (a) insofar as Moody's is concerned: 'A2' and 'P-1' for exposures maturing within one month, 'A1' and 'P-1' for exposures maturing within one to three months, 'Aa3' and 'P-1' for exposures maturing within three to six months and 'Aaa' and 'P-1' for exposures maturing over six months and (b) insofar as Fitch is concerned: 'F1' or 'A' for exposures maturing within thirty days and 'F1+' or 'AA-' for exposures maturing within thirty days to one year;
- (iii) insofar as Moody's is concerned (and to the extent it is a Rating Agency): the maximum aggregate total exposures in general shall not exceed 20% of the aggregate Principal Amount Outstanding of the Covered Bonds;
- (iv) such exposures consist of securities (a) which are either deposited with Euroclear or the transfer of which is subject to the Wge and (b) which are credited to a securities account in the relevant Originator's name administered in The Netherlands or Belgium, as the case may be; and
- (v) the aggregate value of the Substitution Assets, at any time, shall not exceed in aggregate an amount equal to 20% or such other percentage as required under the 2015 CB Legislation or the Aggregate Principal Amount Outstanding of all Covered Bonds outstanding.

**"Valuation Procedures"** means the valuation procedures of the relevant Originator prevailing at the time of origination of the relevant Loan.

### 3.4. OVERVIEW OF DUTCH RESIDENTIAL MORTGAGE MARKET

*This paragraph 3.4 is substantially derived from the Dutch Residential Mortgage Market Overview over the period until November 2018, which overview is publicly available at the website of the Dutch Securitisation Association<sup>1</sup>. The information has been accurately reproduced and the Issuer believes that this source (namely the Dutch Securitisation Authorisation) is reliable and as far as the Issuer is aware and is able to ascertain from the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

#### **Dutch residential mortgage market**

The Dutch residential mortgage debt stock is relatively sizeable, especially when compared to other European countries. Since the 1990s, the mortgage debt stock of Dutch households has grown considerably, mainly on the back of mortgage lending on the basis of two incomes in a household, the introduction of tax-efficient product structures such as mortgage loans with deferred principal repayment vehicles and interest-only mortgage loans, financial deregulation and increased competition among originators. Moreover, Loan-to-Value (LTV) ratios have been relatively high, as the Dutch tax system implicitly discouraged amortisation, due to the tax deductibility of mortgage interest payments. After a brief decline between 2012 and 2015, mortgage debt reached a new peak of EUR 701 billion in Q2 2018<sup>2</sup>. This represents a rise of EUR 9.3 billion compared to Q2 2017.

#### **Tax system**

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for almost full deductibility of mortgage interest payments from taxable income. This tax system has been around for a very long time, but financial innovation has resulted in a greater leverage of this tax benefit. From the 1990s onwards until 2001, this tax deductibility was unconditional. In 2001 and 2004, several conditions have been introduced to limit the usage of tax deductibility, including a restriction of tax deductibility to (mortgage interest payments for) the borrower's primary residence and a limited duration of the deductibility of 30 years.

A further reform of the tax system was enforced on 1 January 2013. Since this date, all new mortgage loans have to be repaid in full in 30 years, at least on an annuity basis, in order to be eligible for tax relief (linear mortgage loans are also eligible). The tax benefits on mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged and are grandfathered, even in case of refinancing and relocation. As such, new mortgage originations still include older loan products, including interest-only. However, any additional loan on top of the borrower's grandfathered product structure, has to meet the mandatory full redemption standards to allow for tax deductibility.

Another reform imposed in 2013 to reduce the tax deductibility is to lower the maximum deduction percentage. This used to be equal to the highest marginal tax bracket (52%), but since 2013 the maximum deduction is lowered by 0.5% per annum (2018: 49.5%). The new government coalition has the intention to speed up this decrease. According to their policy agenda, they will reduce the maximum deduction percentage by 3.0% per annum, starting in 2020. In 2023, the maximum deduction percentage will be 37%, which will then be equal to the second highest marginal income tax rate

There are several housing-related taxes which are linked to the fiscal appraisal value ("**WOZ**") of the house, both imposed on national and local level. Moreover, a transfer tax (stamp duty) of 2% is applied when a house changes hands. Although these taxes partially unwind the benefits of tax deductibility of interest payments, and several restrictions to this tax deductibility have been applied, tax relief on mortgage loans is still substantial.

#### **Loan products**

The Dutch residential mortgage market is characterised by a wide range of mortgage loan products. In general, three types of mortgage loans can be distinguished.

---

<sup>1</sup> <https://www.dutchsecuritisation.nl/sites/default/files/documents/Dutch%20residential%20mortgage%20market%20%28Nov%202018%29.pdf>

<sup>2</sup> Statistics Netherlands, household data.

Firstly, the "classical" Dutch mortgage product is an annuity loan. Annuity mortgage loans used to be the norm until the beginning of the 1990s, but they have returned as the most popular mortgage product in recent years. Reason for this return of annuity mortgage loans is the tax system. Since 2013, tax deductibility of interest payments on new loans is conditional on full amortisation of the loan within 30 years, for which only (full) annuity and linear mortgage loans qualify.

Secondly, there is a relatively big presence of interest-only mortgage loans in the Dutch market. Full interest-only mortgage loans were popular in the late nineties and in the early years of this century. Mortgage loans including an interest-only loan part were the norm until 2013, and even today, grandfathering of older tax benefits still results in a considerable amount of interest-only loan origination.

Thirdly, there is still a big stock of mortgage products including deferred principal repayment vehicles. In such products, capital is accumulated over time (in a tax-friendly manner) in a linked account in order to take care of a bullet principal repayment at maturity of the loan. The principal repayment vehicle is either an insurance product or a bank savings account. The latter structure has been allowed from 2008 and was very popular until 2013. Mortgage loan products with insurance-linked principal repayment vehicles used to be the norm prior to 2008 and there is a wide range of products present in this segment of the market. Most structures combine a life-insurance product with capital accumulation and can be relatively complex. In general, however, the capital accumulation either occurs through a savings-like product (with guaranteed returns), or an investment-based product (with non-guaranteed returns).

A typical Dutch mortgage loan consists of multiple loan parts, e.g. a bank savings loan part that is combined with an interest-only loan part. Newer mortgage loans, in particular those for first-time buyers after 2013, are full annuity and often consists of only one loan part. Nonetheless, tax grandfathering of older mortgage loan product structures still results in the origination of mortgage loans including multiple loan parts.

Most interest rates on Dutch mortgage loans are not fixed for the full duration of the loan, but they are typically fixed for a period between 5 and 15 years. Rate term fixings differ by vintage, however. More recently, there has been a bias to longer term fixings (10-20 years). Most borrowers remain subject to interest rate risk, but compared to countries in which floating rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.

#### *Underwriting criteria*

Most of the Dutch underwriting standards follow from special underwriting legislation (*Tijdelijke regeling hypothecair krediet*). This law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 100% (including all costs such as stamp duties). The new government coalition has indicated not to lower the maximum LTV further beyond 2018. LTI limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation "NIBUD" and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal costs of living.

Prior to the underwriting legislation, the underwriting criteria followed from the Code of Conduct for Mortgage Lending, which is the industry standard. This code, which limits the risk of over crediting, has been tightened several times in the past decade. The 2007 version of the code included a major overhaul and resulted in tighter lending standards, but deviation in this version was still possible under the "explain" clause<sup>3</sup>. In 2011, another revised and stricter version of the Code of Conduct was introduced. Moreover, adherence to the "comply" option was increasingly mandated by the Financial Markets Authority (AFM). Although the Code of Conduct is currently largely overruled by the underwriting legislation, it is still in force. The major restriction it currently regulates, in addition to the criteria in the underwriting legislation, is the cap of interest-only loan parts to 50% of the market value of the residence. This cap was introduced in 2011 and is in principle applicable to all new mortgage contracts. A mortgage lender may however diverge from the cap limitation if certain conditions have been met.

---

<sup>3</sup> Under the "explain" clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct.

### Recent developments in the Dutch housing market

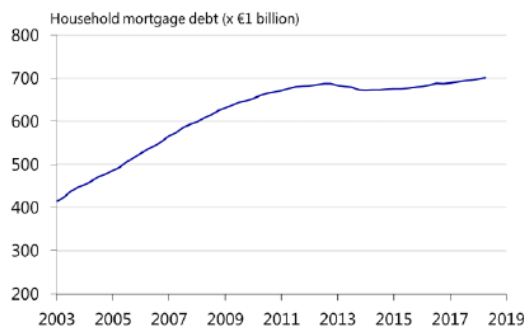
The Dutch housing market has shown clear signs of recovery since the second half of 2013. Important factors are among others the economic recovery, high consumer confidence and low mortgage rates. Existing house prices (PBK-index) in Q3 2018 rose by 2.7% compared to Q2 2018. Compared to Q2 2018 this increase was 9.3%. A new peak was reached this quarter. The average house average price level was 4% above the previous peak of 2008. The continued increase in house prices is mostly caused by an increasing supply scarcity in the market. Indeed, existing homes sales are trending down. Compared to a year ago, sales numbers declined by 7.2% in Q3 2018. The twelve month total of existing home sales now stands at 228,144, which is still well above pre-crisis levels.

### Forced sales

Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>4</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly also a reason for payment problems. The ultimate attempt to loss recovery to a defaulted mortgage borrower is the forced sale of the underlying property.

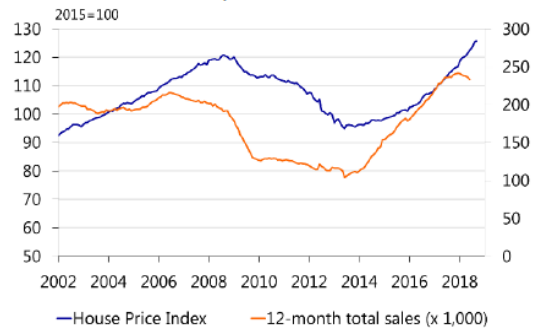
For a long time, mortgage servicers opted to perform this forced sale by an auction process. The advantage of this auction process is the high speed of execution, but the drawback is a discount on the selling price. In Q3 2018, only 133 sales were forced, which is 0.42% of the total number of sales in this period.

Chart 1: Total mortgage debt



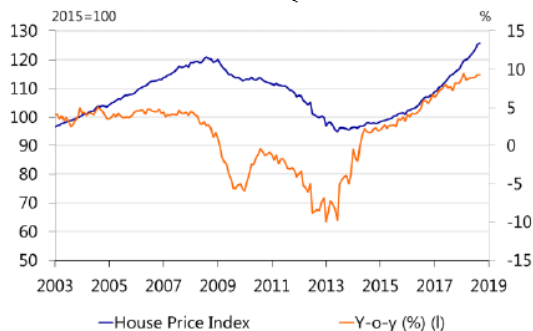
Source: Statistics Netherlands, Rabobank

Chart 2: Sales and prices



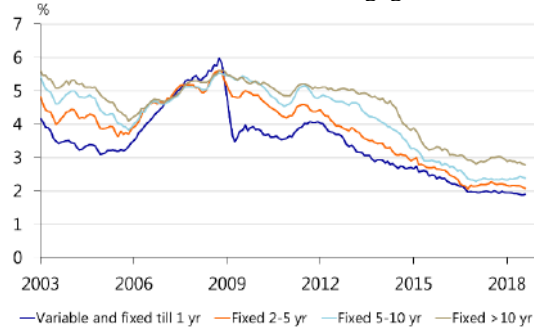
Source: Statistics Netherlands, Rabobank

Chart 3: Price index development



Source: Statistics Netherlands, Rabobank

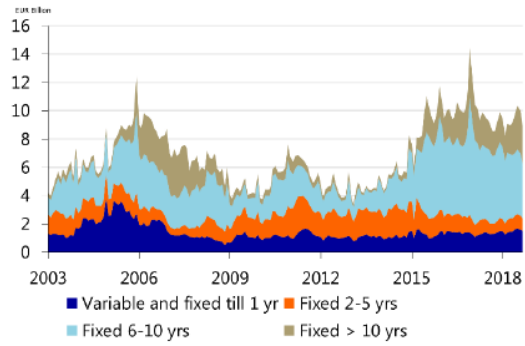
Chart 4: Interest rate on new mortgage loans



Source: Dutch Central Bank

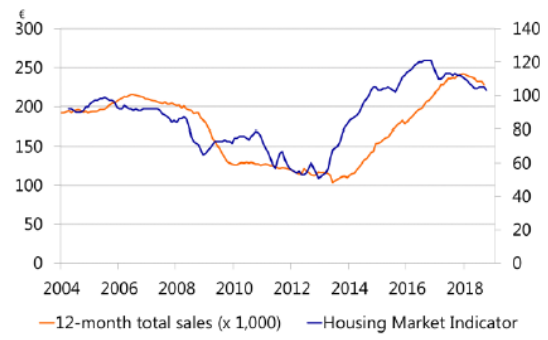
<sup>4</sup> Comparison of S&P RMBS index delinquency data.

Chart 5: New mortgage loans by interest type



Source: Dutch Central Bank

Chart 6: Confidence points to rise in sales



Source: Delft University OTB, Rabobank

### 3.5. NHG GUARANTEE PROGRAMME

#### NHG Guarantee

In 1960, the Dutch government introduced the 'municipal government participation scheme', an open ended scheme in which both the Dutch State and the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorised lenders to eligible borrowers to purchase a primary family residence. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free loan to the municipality to cover its obligations. The aim was to promote home ownership among the lower income groups.

Since 1 January 1995 WEW, a central privatised entity, is responsible for the administration and granting of the NHG Guarantee, under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (See "*Section B. Risk Factors*" above).

#### Financing of WEW

WEW finances itself, *inter alia*, by a one-off charge to the borrower of 1.00 per cent. (as of 1 January 2014 and will be lowered to 0.90 per cent. as of 1 January 2019) of the principal amount of the mortgage loan. Besides this, the scheme provides for liquidity support to WEW from the Dutch State and the participating municipalities. Should WEW not be able to meet its obligations under guarantees issued, (i) in respect of all loans issued before 1 January 2011, the Dutch State will provide subordinated interest free loans to WEW of up to 50 per cent. of the difference between WEW's own funds and a pre-determined average loss level and municipalities participating in the NHG Guarantee scheme will provide subordinated interest free loans to WEW of the other 50 per cent. of the difference, and (ii) in respect of all loans issued on or after 1 January 2011, the Dutch State will provide subordinated interest free loans to WEW of up to 100 per cent. of the difference between WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and WEW and the keep well agreements between the municipalities and WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of WEW) to meet its obligations under guarantees issued.

#### Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the NHG to register the mortgage and establish the guarantee. WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the NHG conditions, which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

The specific terms and conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc., are set forth in published documents by WEW.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the *Bureau Krediet Registratie* ("**BKR**"), a central credit agency used by all financial institutions in The Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages (*Stichting Fraudepreventie Hypotheken*, "**SFH**"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property.

The mortgage conditions applicable to each mortgage loan should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

### **Claiming under the NHG Guarantees**

When a borrower is in arrears with payments under the mortgage loan for a period of four months, a lender informs WEW in writing within 30 days of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. When the borrower is in arrears WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of WEW is required in case of a private sale unless sold for an amount higher than 95% of the market value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within one month of the receipt of the proceeds of the private or forced sale of the property, the lender must make a formal request to WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, WEW must make payment within two months. If the payment is late, provided the request is valid, WEW must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by WEW because of the lender's culpable negligence, the lender must act *vis-à-vis* the borrower as if WEW were still guaranteeing the repayment of the Mortgage Loan during the remainder of the term of the Mortgage Loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

For mortgage loans originated after 1 January 2014, the mortgage lender will participate for 10 per cent. in any loss claims made under the NHG Guarantee. The lender is not entitled to recover this amount from the borrower.

### **Additional loans**

Furthermore, on 1 July 2005 provisions were added to the NHG conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, *inter alia*, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.



## Main NHG underwriting criteria (Normen) as of 17 June 2018 (Normen 2018-2)

With respect to a borrower, the underwriting criteria include but are not limited to:

- The lender has to perform a BKR check. Only under certain circumstances are registrations allowed.
- As a valid source of income the following qualifies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for workers with flexible working arrangements or during a probational period ("*proeftijd*") a three year history of income statements, for self-employed three year annual statements.
- The maximum loan based on the income of the borrowers is based on the "financieringslasten acceptatiecriteria" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with a fixed interest terms of less than 10 years on the basis of a percentage determined and published by the AFM, which is based on a weighted average (according to market share) of the mortgage interest rate of at least five of the six large mortgage originators. According to law, the applicable interest rate is a minimum of five per cent.
- The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the borrower. The mortgage lender shall calculate the borrowing capacity for a mortgage loan with a fixed interest term of 10 years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

With respect to the mortgage loan, the underwriting criteria include but are not limited to:

- As of 1 January 2013, for new borrowers the redemption types are limited to annuity mortgage loans and linear mortgage loans with a maximum term of 30 years.
- As of 1 July 2015, the maximum amount of the mortgage loan was €245,000 (the maximum amount was €265,000 from July 2014 until July 2015, €290,000 from July 2013 until July 2014, €320,000 from July 2012 until July 2013, €350,000 from July 2009 until July 2012 and €265,000 from January 2007 until July 2009). For borrowers with an existing NHG mortgage (as of 1 July 2015) taking a further advance relating to the improvement of an existing property, the maximum loan amount is €245,000 (or such other amount as was applicable under the relevant main NHG underwriting criteria (*Normen*) at the time of granting such further advance).
- As of 17 June 2018, the maximum amount of the mortgage loan is dependent on the average house price level in The Netherlands (based on the information available from the Land Registry) multiplied with the statutory loan to value, which is 100 per cent. if there are no energy saving improvements and 106 per cent. if there are energy saving improvements. As a consequence, there will be two maximum loan amounts:
  - €265,000 for loans without energy saving improvements.
  - €280,900 for loans with energy saving improvements.
- The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
  - For the purchase of existing properties, the maximum loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements and (iii) 6 per cent. of the amount under (i) plus (ii). This way the maximum loan to market value is 102 per cent. In case an existing property can be bought without paying transfer taxes (*vrij op naam*), the purchase amount under (i) is multiplied by 97 per cent.
  - For the purchase of a property to be built, the maximum loan amount is broadly based on the sum of the purchase or construction cost increased with a number of costs such as the

cost of construction interest, VAT and architects (to the extent not included already in the purchase or construction cost). This way the maximum loan to market value is 102 per cent.

- A risk insurance policy should cover at least the amount by which the mortgage loan exceeds 80% of the market value of the property.

**Maximum amount of mortgage loans as of 1 January 2019 (these amounts need to be approved by the Minister of the Interior and Kingdom Relations)**

- As of 1 January 2019 the maximum amount of the mortgage loan will be dependent on the average house price level in The Netherlands (based on the information available from the Land Registry) multiplied with the statutory loan to value, which is 100 per cent. if there are no energy saving improvements and 106 per cent. if there are energy saving improvements. As a consequence, there will be two maximum loan amounts:
  - €290,000 for loans without energy saving improvements.
  - €307,400 for loans with energy saving improvements.

### 3.6. ORIGINATORS

The entities that act as transferor of Eligible Assets to the CBC under the Guarantee Support Agreement (the "**Originators**") are:

- (i) ABN AMRO Bank, ABN AMRO Hypotheken Groep (operating under its trade name Florius) and Moneyou B.V. (the "**Initial Originators**"); and
- (ii) any other member of the Group that will accede to, amongst others, the Programme Agreement as an Originator (the "**New Originators**").

No member of the Group other than the Initial Originators have acceded to the Programme Agreement as an Originator since the establishment of the Programme, save that prior to the Legal Demerger pursuant to which ABN AMRO Bank became an Originator, The Royal Bank of Scotland N.V. (previously named ABN AMRO Bank N.V.) acted as Originator. Prior to 17 October 2011 Combi-Hypotheken B.V., Combi Voordeel Hypotheken B.V., MNF Bank N.V. and Albank B.V acted as Originators under the Programme, although they are no longer Originators under the Programme.

On 10 August 2015 the legal merger (*juridische fusie*) in accordance with article 2:309 of the Dutch Civil Code between ABN AMRO Hypotheken Groep and WoonNexxt Hypotheken B.V. ("**WoonNexxt**") became effective, whereby ABN AMRO Hypotheken Groep as acquiring entity (*verkrijgende rechtspersoon*) acquired by operation of law all assets and liabilities from WoonNexxt as disappearing entity (*verdwijvende rechtspersoon*). Prior to such legal merger becoming effective WoonNexxt acted as Originator under the Programme.

#### **Introduction**

The Originators under the Programme apply identical rules and procedures in underwriting mortgage loans. The distribution channels vary among the different Originators and include: branches, independent intermediaries, insurance companies, large distribution partners and internet. Acceptance criteria, limits and pricing are determined centrally by ABN AMRO Hypotheken Groep. Stater N.V., a 100 % subsidiary of ABN AMRO Bank, acts as a servicer in relation to all Originators. Special servicing is outsourced to Intrum B.V and HypoCasso B.V. (a 100 % subsidiary of Stater Participations B.V.; Stater Participations is a 100% subsidiary of Stater N.V.).

#### **Mortgage loan origination, underwriting and servicing**

##### *Origination*

##### *Origination channels*

The Originators under the Programme use multiple mortgage origination channels:

- ABN AMRO Bank originates mortgage loans predominantly via retail branches and local intermediary channels using the ABN AMRO Bank brand name.
- ABN AMRO Hypotheken Groep originates mortgage loans primarily via independent intermediaries under its 'Florius' brand. ABN AMRO Hypotheken Groep works intensively with over 2,000 independent mortgage intermediaries, who provide clients with detailed advice on the mortgage and insurance products.
- Moneyou originates loans primarily via its internet website ([www.moneyou.nl](http://www.moneyou.nl)). This distribution channel enables existing clients to directly request an offer on a mortgage loan and subsequently take out a mortgage loan without visiting an adviser. If required the client can ask for assistance of a mortgage adviser via telephone or computer. As of May 2014 Moneyou is also used for the intermediary channel.

### *Offering process and procedures*

The mortgage origination policy (regarding for example, pricing, underwriting, loan limits) is centrally determined by ABN AMRO Hypotheken Groep:

- For origination via branches, locally operating mortgage advisers are authorised to handle standard mortgage applications up to the point of final approval. Overrides and other specific situations are dealt with centrally by ABN AMRO Hypotheken Groep.
- For non-branch origination channels; proposal, offering, completion and acceptance of a mortgage loan is done by ABN AMRO Hypotheken Groep.

A mid-office is centrally organised at ABN AMRO Hypotheken Groep in Amersfoort. This mid-office supports the mortgage specialists during the offering and underwriting process. The mid-office processes, updates and maintains borrower-, loan- and property information into the relevant IT systems and files. The mid-office is also responsible for sending statements and confirmations of offers and loans to clients.

After acceptance of the mortgage application, all back-office activities (such as contact with the civil law notary and collecting the mortgage deeds) are done by Stater Nederland B.V. (a 100 % subsidiary of Stater N.V.).

### *Underwriting*

The main focus in underwriting is on affordability, borrower creditworthiness, property type and valuation.

#### *Underwriting criteria*

The underwriting criteria for mortgage loans for all Originators are set by ABN AMRO Hypotheken Groep and comply with the Code of Conduct and other regulations. Such underwriting criteria include among others the following:

- Credit bureau information: a credit check is performed at BKR. A-codes (negative credit score) will automatically result in a decline of the application. There is an exception for this rule for current borrowers in case certain conditions are met.
- Affordability: the percentage of gross income that indicates the maximum cost of interest and principal instalments to be spent on a mortgage loan is based on the strict criteria of the 'Nibud'-scheme (the "**Woonquote**"). The Woonquote is prescribed by the mortgage Code of Conduct.
- Maximum loan to value: since 1 August 2011, the loan to value ratio was subject to a maximum of 106% (including transfer tax of currently 2%). Since 1 January 2013 this value has decreased annually by 1% until it reached a maximum LTV of 100% (including transfer tax) in January 2018. The loan to value ratio is calculated by dividing the principal amount of the loan by the Market Value.
- Loan purpose, property type: only owner occupied properties are allowed.
- Fraud check: a check is performed via the fraud detection system of the Stichting Fraudebestrijding Hypotheken (SFH)/Externe Verwijzings Applicatie (EVA).
- Redemption type: For new mortgages originated after 1 January 2013 only linear or annuity redemption is allowed in order to benefit from full tax deductibility, except for certain specific cases.
- Additional requirements for self-employed workers (including self-employed workers without personnel (*zelfstandige zonder personeel*)): three years of accounts and tax papers or one year of accounts and tax papers and a forecast. Additionally for self-employed workers with a track record shorter than 3 years a cap (75% or 90%) on the income applies.
- Valuation: for details on the requirement regarding an independent valuation please see the separate section "*property valuation process*" below.

For the purposes hereof, "**Market Value**" means (i) the market value of the relevant Property based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ (*Wet Waardering Onroerende Zaken*) at the time of application by the Borrower or (ii) in respect of a Property to be constructed or in construction at the time of application by the Borrower, the construction costs of such Property plus the purchase price of the relevant building lot.

Prior to 2008 ABN AMRO Bank and its subsidiaries have been flexible in accepting exceptions to the mortgage underwriting criteria where appropriate circumstances applied. From 2008 onwards ABN AMRO Hypotheken Groep revised its policy resulting in stricter acceptance criteria and less flexibility to make exceptions to the mortgage underwriting criteria. However, overrides are still possible within the Code of Conduct as long as they are well explained. All overrides of the mortgage underwriting criteria must be approved specifically. The exception criteria are based on a policy set up by ABN AMRO Bank and ABN AMRO Hypotheken Groep.

#### *Property Valuation Procedures*

Under the current prevailing criteria, properties require a valuation prior to the final approval of the mortgage request. This means that the property concerned is valued by an independent qualified appraiser except:

- (i) for mortgage loans relating to existing property, if the outstanding principal amount of the relevant mortgage loan together with the aggregate outstanding principal amount of all other mortgage loans secured on the same property does not exceed 40% of the value of the property (calculated on the assessment by the Dutch tax authorities on the basis of the WOZ);
- (ii) for further advances where the lender of record is ABN AMRO, if the principal amount of the further advance together with the aggregate principal outstanding amount of all other mortgage receivables secured on the same property does not exceed 100% of the value of the property (calculated on the assessment by the Dutch tax authorities on the basis of the WOZ);
- (iii) for further advances if a valuation report by an independent qualified appraiser which is not older than 1,5 year was available;
- (iv) if a valuation report by an independent qualified appraiser which is not older than six months is available; and
- (v) for newly built property by a contractor.

All appraisal reports must be validated by a certified validation institute, be less than six months old, include six recent photographs of the property and contain the following information:

- (a) Market Value: since 1 January 2013 the Foreclosure Value is replaced by the Market Value in the appraisal process. The Foreclosure Value tends to be approximately 85% of the Market Value.
- (b) reconstruction value: chiefly relevant for homeowner's insurance, this figure is based on the value and the type of property in the event of its destruction.
- (c) costs of maintenance: if immediate maintenance work is required, the appraisal should include an estimate of the costs and indicate if the costs will exceed 10% of the Market Value.

Since 2011 a new standardised model for appraisal reports has been implemented in The Netherlands to ensure consistency across all valuations. It is used for appraisals conducted by real estate agents and valuation agencies (*Stichting Certificering voor Makelaars en Taxateurs*). Furthermore, the appraisal report should consist of both a practical appraisal (by the appraiser) and two actualised model-appraisals. The appraiser should explain the difference between the practical and model-appraisals.

#### *Acceptance and pre-funding controls*

The branches and intermediaries have read-only access to the central mortgage administration. Upon acceptance of a mortgage loan by a borrower the front/mid offices check the information against the customer file and give their final approval. The borrower then receives a draft of the mortgage deed and is

able to check the mortgage conditions. The money together with the definite terms of the mortgage deed are sent to the civil law notary. The civil law notary can only deliver the money after the mortgage deed is duly signed.

#### *Insurance*

The borrower is required to take out an insurance in respect of the property against risk of fire and other accidental damage for the full restitution of the value thereof. Most well-established insurance companies in The Netherlands are accepted for this purpose.

#### *Security*

Each mortgage loan is secured in principal by a right of mortgage in the form of a notarial deed, which is duly registered with the Land Registry. When a mortgage deed is first presented for registration an entry to this effect is made to the Land Register. This entry establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property. All the original deeds are stored by the notary and are registered with the Land Registry.

#### *Servicing*

Stater Nederland B.V. performs the mortgage loan administration and servicing activities for all Originators and is responsible for the technical management of the portfolio, collection of payments, standard accounting routines and initiating procedures for arrears management.

#### *Payment processing*

The mortgage administration system generates customer statements and monitors monthly payments. Approximately 99% of all payments are received by direct debit, a fully automated collection from the customer's account regardless of whether it is held with ABN AMRO Bank or held at another institution. On a monthly basis the amounts due under the mortgage loans will be debited from the borrower's bank account. If there are insufficient funds credited to this bank account, the direct debit procedure will be repeated a few (2-3) times. The remaining 1% of accounts use self-payments in which the customer must initiate a formal payment request to transfer funds to the mortgage payment account. The term of payment is monthly in arrears.

#### *Arrears management*

Arrears management on the portfolio is performed via an automated process. On a daily basis, the system checks on payments received and signals missed payments. If a missed payment is detected, the delinquency process starts. The collection process for delinquent loans is divided in early arrear collection and late arrear collection. Early arrears are loans that are in arrears up to ninety (90) days. Late arrears are loans that are in arrear for more than ninety (90) days.

#### *Early arrear collection process (0 to 90 days)*

The collection process for delinquent loans for less than ninety (90) days is handled by different entities:

- ABN AMRO F&C Credit Services (a department of ABN AMRO Bank) handles early arrear collection in relation to mortgage loans originated by ABN AMRO Bank;
- Hypocasso B.V. handles early arrear collection in relation to mortgage loans originated by ABN AMRO Hypotheken Groep and Moneyou.

If a payment has not been received within a specified number of days after the due date for payment (this number differs per Originator), an automatic reminder is generated. The form of this reminder is dependent on the risk of the specific loan and one of three treatment paths is assigned (Low/Mid/High treatment intensity). If an arrangement is made with the customer it is recorded and monitored. If no arrangements are made or arrangements are not honoured, a further reminder will be sent to the client. If this is not successful, the account manager tries to contact the borrower by phone. If this is also not successful, a letter of demand will be sent and the late arrear collection process is started by the special servicer.

#### *Late arrear collection process (90+ days)*

The management of collections on loans that are delinquent for more than ninety (90) days is outsourced to Intrum B.V. or Hypocasso B.V.:

- Intrum B.V. deals with Late Arrear Collections for ABN AMRO Bank N.V.
- Hypocasso B.V. deals with the Late Arrear Collections for ABN AMRO Hypotheken Groep and Moneyou.

An essential right for the lender is to publicly sell the property if the borrower fails to fulfil its obligations (*recht van parate executie*). The Originator does not need to obtain an 'executorial title' (*executoriale titel*) granting permission prior to the sale. If the proceeds from selling the property do not fully cover the claims, the relevant Originator may sell any assets encumbered with the related security. However, before the relevant Originator is entitled to exercise its rights, the borrower has to be notified in writing that he or she is in default and he or she must also be given reasonable time to comply with the claims. However, in order to mitigate losses (write-offs) all 'Collections' departments actively seek to reach an agreement with defaulting customers to sell the property on the free market as opposed to by way of forced auction sale as resulting proceeds are generally (much) higher. In this way, losses for both the lender and the customer are mitigated.

As a general policy, the foreclosure has to be finalised within 12 months of the first arrears, in case of non-paying borrowers. Exceptions, however, are possible based on the local housing market (the average completion times for house sales) and specific customer issues.

Once a borrower has arrears of four consecutive months, the BKR will be notified and the arrears on the mortgage loan will be registered in the borrowers record at the BKR.

#### *Intrum B.V.*

Intrum B.V. is a joint venture between Lindorff and Interim Justitia. The legal predecessor of Intrum B.V., Solveon Incasso B.V. was a 100% subsidiary of ABN AMRO Bank. On 1 December 2012 Solveon Incasso was sold to Lindhoff Group AG and renamed Lindorff Credit Management B.V. On 30 September 2014 Lindorff Credit Management B.V. merged with Lindorff B.V. As of 2017 Lindorff B.V. and Interim Justitia joint together in Intrum B.V.

Intrum B.V. deals with the collection of unpaid debts owed to ABN AMRO Bank and processes defaulted products for ABN AMRO Bank's consumer and small business operations in The Netherlands, including the mortgage business.

The late arrears collections process of Intrum B.V. is as follows:

- (i) *First*, Intrum B.V. makes a last effort to recover the arrear. Intrum B.V. sends letters to the borrower and might propose a revised loan contract.
- (ii) If recovery is unsuccessful, the mortgage loan will be declared immediately due and payable by the borrower. The foreclosure process in respect of the relevant property will be initiated. Mitigation of the lender's loss is the key focus in the foreclosure process, and therefore the timing of any sale or auction of the property in question is carefully considered and attempts are made to minimise the loss for both the consumer and ABN AMRO Bank.
- (iii) The preferred method of foreclosure and sale of the property is decided based on the valuation report produced. This can either be by way of a private sale or in an auction process. The collections department accepts a private sale if (i) revenues from such private sale are expected to cover the outstanding debt in full, or (ii) it is estimated that the proceeds of a private sale will exceed a regular auction procedure. If the collections department accepts a private sale, the department monitors whether the property is sold. The length of time taken for a private sale depends on local market circumstances.
- (iv) In the event of an auction sale, as a general rule, the property is put up for auction by a civil law notary at one of 16 regional auctions in The Netherlands, usually within one month of initiating enforcement of the mortgage security related to the loan on which the borrower has defaulted. The

auction itself typically takes place between 2 and 3 months following the civil law notary commencing the auction process. Auction proceeds are usually received within 6 weeks after the sale of the property. Any provisioned deficits will be collected where possible.

#### *Hypocasso B.V.*

After confirmation by ABN AMRO Hypotheken Groep, Hypocasso B.V. is entitled to execute all relevant collections and foreclosure measures based on a power of attorney. The late collections process of Hypocasso is as follows:

- (i) As soon as an arrears is judged as 'not curable' or in any event when the arrears exceed three consecutive term payments (at the end of the treatment path), the file will be handed over to the 'late collections' department (executed by HypoCasso B.V.).
- (ii) If necessary and possible, legal collections measures against the borrower and assets of such borrower will be ordered by the 'late collections' department.
- (iii) If abovementioned actions do not cure the arrears a certified real estate agent appraises the property.
- (iv) Based on the appraisal report the best foreclosure path will be chosen (private sale or auction). The collections department accepts a private sale if (i) revenues from such private sale are expected to cover the outstanding debt in full, or (ii) it is estimated that the proceeds of a private sale will exceed a regular foreclosure auction procedure. If the collections department accepts a private sale, the department monitors whether the property is sold within six months. If the mortgage asset is not sold within such period, the price may be reset or a forced sale by way of a public auction will be pursued.

#### *Arrears Management*

The collections process is handled as follows:

- if payment is two (2) days overdue, a first reminder will be sent to the borrower. Further reminders will follow on a weekly basis;
- if payment is twenty-six (26) days overdue, the possibility of an attachment on salary income will be considered;
- if payment is thirty-four (34) days overdue and the borrower has shown to be unable or unwilling to live up to its obligations, the case will be forwarded to a bailiff;
- if payment is fifty-seven (57) days overdue, the arrears department will organise a field visit to the borrower;
- if payment is sixty-seven (67) days overdue, the borrower will be offered three options: payment in full, private sale of the property or sale by auction of the property;
- if payment is seventy-two (72) days overdue, a valuation of the property will be ordered;
- if payment is eighty-two (82) days overdue, the servicer will send a letter demanding payment of the full amount;
- if payment has not been received four (4) months after the due date for payment, any guarantors will be notified accordingly;
- if payment has not been received seven (7) months after the due date for payment and no suitable solution has been found, foreclosure proceedings will be commenced in respect of the mortgage right by the collection department of the servicer after having obtained approval from ABN AMRO Hypotheken Groep.



### *Risk Management*

The risk management department of ABN AMRO Hypotheken Groep is responsible for the risk management of the ABN AMRO Bank mortgage portfolio. The department actively monitors arrears exceeding 12 months and actively challenges the debt collection process where necessary. In addition, an authorisation policy is in place requiring the approval by the risk management department of ABN AMRO Hypotheken Groep in the event of certain key handling decisions and loss decisions. The risk management department plays an active role in fraud and complex cases.

ABN AMRO Hypotheken Groep employs special fraud officers and has developed a fraud policy based on its extensive experience in the mortgage industry. ABN AMRO Hypotheken Groep's pro-active approach to delinquencies minimises losses caused by delinquencies and fraud.

### 3.7. SUB-PARTICIPATION

Under each master sub-participation agreement entered into between the CBC, the relevant Participant, the relevant Originator and the Trustee (each a "**Master Sub-Participation Agreement**"), the CBC grants the relevant Participant a Participation in each relevant Savings Receivable or Bank Savings Receivable, as the case may be, in return for the on-payment by the Participant of the relevant Savings and Accrued Savings Interest, as follows.

#### **Participation**

*First*, the Participant undertakes to pay to the CBC for each Participation Receivable:

- (1) on the Participation Date: an amount equal to the Initial Settlement Amount for such Participation Receivable; and
- (2) on each subsequent CBC Payment Date an amount equal to: a Further Settlement Amount for such Participation Receivable, unless as a result of such payment the Participation in respect of such Participation Receivable would exceed the Gross Outstanding Principal Balance of such Participation Receivable at such time or, if lower and if such Participation Receivable is a Bank Savings Receivable, the amount standing to the credit of the related Bank Savings Account at such time, in which case only such amount shall be paid as is necessary for such Participation (which includes Accrued Increases) to reach such Gross Outstanding Principal Balance or amount standing to the credit of the related Bank Savings Account, as the case may be.

In return, in relation to each Participation Receivable, the CBC undertakes to pay to the Participant on each CBC Payment Date, the Redemption Amount, if any, received by the CBC in respect of such Participation Receivable since the preceding CBC Payment Date.

If:

- (1) a Borrower with respect to a Category 4 Receivable invokes any defence purporting to establish that he may deduct an amount from the Participation Receivable based on (i) any default by the Participant in the performance of any of its obligations under the relevant insurance policy or (ii) the Participant not having paid out all or part of the savings under the relevant insurance policy when due as a result of any set-off or deduction right invoked by the Participant under the relevant insurance policy for the reason that the relevant Originator is not able to return to the Participant any savings kept by the Participant in its account with that Originator;
- (2) with respect to Category 4 Receivables originated by ABN AMRO Bank: the Participant, for the reason that the relevant Originator is subject to Insolvency Proceedings, in accordance with the terms of the relevant insurance policy invokes its right to apply any savings kept by the Participant in its account with that Originator on behalf of the relevant Borrower as full or partial repayment of the relevant Savings Loan;
- (3) a Borrower with respect to a Bank Savings Receivable invokes any defence purporting to establish that he may deduct an amount from the Participation Receivable based on any default by the Participant in the performance of any of its obligations in respect of the related Bank Savings Account; or
- (4) a Borrower with respect to a Bank Savings Receivable invokes a right of set-off, or set-off is applied by operation of law, in respect of any amount standing to the credit of the related Bank Savings Account against the Participation Receivable,

and, in each case, as a consequence thereof, the CBC will not have received such amount in respect of such Participation Receivable, then such amount will be deducted from the relevant Participation.

#### **Enforcement Notice**

If a CBC Acceleration Notice is served by the Trustee on the CBC, then the Trustee may and, if so directed by the Participant, shall on behalf of the Participant by notice to the CBC:

- (1) terminate the obligations of the Participant under the Master Sub-Participation Agreement; and

- (2) declare the Participations to be immediately due and payable, **provided that** such payment obligations shall be limited to the aggregate Redemption Amount received by or on behalf of the CBC or the Trustee under the Participation Receivables.

### **Sale of Participation Receivable**

If a Participation Receivable is sold by or on behalf of the CBC to the relevant Originator or a third party pursuant to the Trust Deed or the Asset Monitor Agreement, then the CBC will (apart from, for the avoidance of doubt, paying the Redemption Amount in respect of such Participation Receivable in accordance with the relevant Master Sub-Participation Agreement), if so requested by the Participant use reasonable endeavours to ensure that the acquirer of the Participation Receivable will (a) enter into a master sub-participation agreement with the Participant in a form similar to the relevant Master Sub-Participation Agreement or (b) by way of partial take-over of contract take over the relevant Master Sub-Participation Agreement to the extent relating to the Participation associated to the Participation Receivable (in which case the Redemption Amount will be zero).

### **Priorities of Payments**

Unless and until:

- (1) both an Issuer Acceleration Notice and a Notice to Pay are served; or
- (2) a CBC Acceleration Notice is served,

any amount expressed to be payable by or to the CBC under the relevant Master Sub-Participation Agreement shall instead be payable by or to the Issuer in accordance with the Pre-Notice-to-Pay Priority of Payments.

The Post-Notice-to-Pay Priority of Payments will be funded by Available Revenue Receipts and Available Principal Receipts. When calculating the relevant Principal Receipts, certain deductions will be made by reference to the relevant Redemption Amounts, which deducted amounts will not be applied in accordance with the Post-Notice-to-Pay Priority of Payments, but will be credited to the Participation Ledger and be paid to the relevant Participants in accordance with the Administration Agreement and the relevant Master Sub-Participation Agreement. When calculating the relevant Revenue Receipts, certain deductions will be made by reference to the relevant Participation Fractions, with a view to the relevant Increases in the relevant Participations. The equivalent of such Increases is in turn treated as a Principal Receipt, for application in accordance with the Post-Notice-to-Pay Priority of Payments.

Likewise, the Post-CBC-Acceleration-Notice Priorities of Payments will not be funded by amounts which have been received by or on behalf of the CBC and which are required to be credited to the Participation Ledger and paid to Participants on account of Redemption Amounts.

In relation to a Participation:

**"Accrued Increases"** means the sum of the Increases for all months from the Participation Date;

**"Accrued Savings Interest"** means the sum of the Monthly Interest for all months from the date on which the first Savings were received;

**"Bank Savings Interest Correction"** means for any month:

- (i) in the case of a Category 4 Receivable: one (1); and
- (ii) in the case of a Bank Savings Receivable the lower of (a) one (1) and (b) the interest rate applicable to the related Bank Savings Account *divided by* the interest rate applicable to such Bank Savings Receivable for such month, both expressed as a percentage per annum;

**"Further Settlement Amount"** means an amount equal to the Savings received by the Participant in the preceding month;

**"Increase"** means for any month:

(the Participation Fraction  $\times$  I) + FSA,

where (i) "**I**" means the amount of interest actually received by or on behalf of the CBC from the relevant Borrower for such month and (ii) "**FSA**" means the Further Settlement Amount for such month actually received by or on behalf of the CBC;

"**Initial Settlement Amount**" means an amount equal to the sum of all Savings plus Accrued Savings Interest;

"**Monthly Interest**" means for any month:

$$\text{MIR} \times (\text{S} + \text{AI}),$$

where (i) "**MIR**" means the monthly interest rate applicable in such month (a) in the case of a Category 4 Receivable, to the Participation Receivable or (b) in the case of a Bank Savings Receivable, to the related Bank Savings Account, (ii) "**S**" means the Savings received up to the first day of such month and (iii) "**AI**" means the Accrued Savings Interest up to the first day of such month;

"**Participation**" means, in relation to a Participation Receivable, an amount equal to the sum of (i) the Initial Settlement Amount as at the Participation Date plus (ii) Accrued Increases up to the Gross Outstanding Principal Balance or, if lower and if it concerns a Bank Savings Receivable, the amount standing to the credit of the related Bank Savings Account *minus* (iii) any Redemption Amount paid by the CBC to the Participant;

"**Participation Date**" means the later of the Transfer Date and the date of the relevant Master Sub-Participation Agreement;

"**Participation Fraction**" means, with respect to a Participation Receivable, the Bank Savings Interest Correction *times* the outcome of: the relevant Participation *divided* by the Gross Outstanding Principal Balance of such Participation Receivable;

"**Redemption Amount**" means (i) if the full Gross Outstanding Principal Balance has been repaid or prepaid since the preceding CBC Payment Date: an amount equal to the Participation, (ii) in the case of partial (p)repayment of the Gross Outstanding Principal Balance since the preceding CBC Payment Date: the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the Participation or (iii) the amount up to the Participation received (a) pursuant to a sale or refinancing pursuant to Clause 6 (*Sale or Refinancing of Selected Assets*) of the Asset Monitor Agreement, unless the corresponding rights and obligations under or pursuant to the relevant Master Sub-Participation Agreement are transferred in connection therewith or (b) pursuant to a foreclosure on, or collection of, any Related Security, to the extent relating to the Gross Outstanding Principal Balance; and

"**Savings**" means with respect to (i) a Category 4 Receivable, the savings part of all premiums received by the Participant from the relevant Borrower under or pursuant to the relevant insurance policy, and (ii) a Bank Savings Receivable, all payments made by the relevant Borrower to the related Bank Savings Account.

## 4. ASSET MONITORING

### 4.1. 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 Originators, respectively, shall use reasonable endeavours to ensure that as at the end of each calendar month until the service of a Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice, the Adjusted Aggregate Asset Amount is an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month as calculated on the immediately succeeding Calculation Date (the "**Asset Cover Test**").

If on any Calculation Date it is calculated that the Asset Cover Test is not met at the end of the preceding calendar month, then (i) the CBC (or the Administrator on its behalf) shall immediately notify the Trustee thereof in writing and (ii) the CBC shall request the Originators to transfer sufficient further Eligible Assets to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met at the end of the next succeeding calendar month, as calculated on the immediately succeeding Calculation Date, and if the Asset Cover Test is not met at the end of such calendar month as calculated on the immediately succeeding Calculation Date (such failure to remedy the Asset Cover Test by the end of such calendar month being a "**Breach of the Asset Cover Test**") it will entitle the Trustee to serve a Notice to Pay under the Guarantee.

Clause 3.2 of the Asset Monitor Agreement provides that prior to each Calculation Date, each relevant Rating Agency may calculate the Weighted Average Foreclosure Frequency ("**WAFF**") and the Weighted Average Loss Severity ("**WALS**") (and/or such figures calculated in accordance with alternative methodologies as a Rating Agency may prescribe from time to time and/or in compliance with methodologies agreed with any Rating Agency from time to time) for the Transferred Receivables as a whole or for a random sample of the Transferred Receivables. Moreover, a relevant Rating Agency may calculate default and recovery levels for the Substitution Assets. The WAFF and WALS (or other relevant figures) so calculated will be input by the CBC (or other relevant figures) for the Transferred Receivables and the default and recovery levels for the Substitution Assets so calculated will be applied by each relevant Rating Agency to one or more cashflow models. Such cashflow models, which test the credit enhancement required in various cashflow scenarios, will indicate, on the basis of the latest WAFF and WALS figures (or other relevant figures), the Asset Percentage needed in order to provide credit enhancement to cover all such cashflow scenarios. Save where otherwise agreed with any Rating Agency, the Asset Percentage will be adjusted in accordance with the various methodologies prescribed by any Rating Agency or will otherwise be in compliance with the relevant methodologies agreed with any Rating Agency from time to time. Any adjustment of the Asset Percentage will appear from the relevant Monthly Investor Report as the new Asset Percentage as determined in accordance with Clause 3.2 of the Asset Monitor Agreement. Any increase of the Asset Percentage will be subject to Rating Agency Confirmation. In the event the Asset Percentages (as computed in response to the relevant Rating Agency calculations) prior to any Calculation Date differ, the CBC (or the Administrator on its behalf) shall on such Calculation Date apply the lowest Asset Percentage. Prior to the date on which a relevant Rating Agency has provided the CBC (or the Administrator on its behalf) with a new Asset Percentage, the CBC (or the Administrator on its behalf) will be entitled to rely on the previously provided Asset Percentage.

In the "**Administration Agreement**" entered into between the CBC, ABN AMRO Bank as administrator (the "**Administrator**") and the Trustee, the Administrator agrees to prepare monthly investor reports for the CBC including, amongst other things, the relevant calculations in respect of the Asset Cover Test, in the form set out in Schedule 3 to the Administration Agreement (each a "**Monthly Investor Report**") and to deliver the same to the CBC and the Trustee two Business Days prior to each relevant CBC Payment Date. In the Trust Deed, the Trustee agrees to, upon receipt of each Monthly Investor Report, verify whether such Monthly Investor Report states that the Asset Cover Test has been passed or failed and, if failed, whether the following Monthly Investor Report states that the Asset Cover Test has been failed again, meaning that a Breach of the Asset Cover Test shall have occurred.

For the purposes hereof:

"**Adjusted Aggregate Asset Amount**" means  $A + B + C + D + E - Y$ ;

"A" means the lower of:

- (a) the sum of all Adjusted Current Balances of all Transferred Receivables. The "**Adjusted Current Balance**" of a Transferred Receivable is the lower of:
  - (i) the Current Balance of such Transferred Receivable minus  $\alpha$ ; and
  - (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Transferred Receivable, minus  $\beta$ ; and
- (b) the Asset Percentage of: the sum of the Current Balance minus  $\alpha$  of all Transferred Receivables;

" $\alpha$ " means for each Transferred Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Category 4 Receivable: an amount calculated on the basis of a method notified to the Rating Agencies related to the Savings and Accrued Savings Interest in connection with such Transferred Receivable, **provided that** no amount will be deducted if and to the extent that a Master Sub-Participation Agreement is effective in relation to the relevant Transferred Receivable;
- (ii) if it is a Category 5 Receivable: an amount calculated on the basis of a method notified to the Rating Agencies in connection with the possible Deduction Risk;
- (iii) if it was used to fund a Construction Deposit: the amount of the Construction Deposit;
- (iv) if it was in breach of the Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (v) if it is a Defaulted Receivable: such amount as is necessary to reduce its Current Balance to zero; and/or
- (vi) if it is a Bank Savings Receivable: the amount standing to the credit of the related Bank Savings Account, unless it concerns a Participation Receivable, in which case an amount equal to the relevant Participation is already deducted as part of the definition of Net Outstanding Principal Balance;

" $\beta$ " means for each Transferred Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii)  $\alpha$  minus L. "L" means for each Transferred Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation **provided that** if the result is negative, L shall be zero and if the result exceeds  $\alpha$ , L shall equal  $\alpha$ ;

"**Asset Percentage**" means 92.5% or such lower percentage figure as is determined from time to time in accordance with Clause 3.2 of the Asset Monitor Agreement as described above;

"**LTV Cut-Off Percentage**" means such percentage as is required from time to time for the Covered Bonds to comply with Article 129 CRR, currently being 80% for all Transferred Receivables;

"**B**" means the aggregate amount of all Principal Receipts on the Transferred Receivables up to the end of the immediately preceding 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 and other than any amounts qualifying under E below;

"**D**" means the aggregate outstanding principal balance of all Transferred Collateral in Substitution Assets and accrued interest thereon which has not been applied in accordance with the Trust Deed. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology proposed to the Rating Agencies;

"**E**" means the aggregate amount standing to the credit of the Pre-Maturity Liquidity Ledger and the Mandatory Liquidity Principal Ledger;

"**Y**" means, if any of the Issuer's ratings from any Rating Agency falls below any relevant minimum rating as determined to be applicable or agreed by the relevant Rating Agency from time to time, being as at the 2018 Programme Update 'P-1(cr)' (short-term) by Moody's and 'A' (long-term) and 'F1' (short-term) by Fitch, an additional amount calculated on the basis of a method notified to the Rating Agencies in connection with the possible set-off risk pertaining to deposits exceeding an amount of EUR 100,000 (or such other amount which is not advanced to a Borrower in accordance with the Dutch deposit guarantee scheme (*depositogarantiestelsel*)), other than deposits relating to Bank Savings Loans, maintained by Borrowers with ABN AMRO Bank (the "**Deposit Amount**"). The Deposit Amount will be adjusted as follows. If the outcome of A(a) is lower than A(b) as described above, the Deposit Amount will be reduced with an amount equal to A(b) minus A(a) **provided that** the Deposit Amount will always be at least zero. If the outcome of A(a) is higher than A(b) as described above, the Deposit Amount will be reduced with the amount of the Excess Credit Enhancement. "**Excess Credit Enhancement**" means the amount (if any) by which the outcome of A(b) above undercuts the outcome that would have resulted from A(b) above if an Asset Percentage as notified to the Rating Agencies had been used;

"**Index**" means the index of increases of house prices issued by the Land Registry in relation to residential properties in The Netherlands;

"**Indexed Valuation**" means at any date in relation to any Transferred Receivable secured over any Property:

- (a) where the Original Market Value of that Property is equal to or greater than the Price Indexed Valuation as at that date, the Price Indexed Valuation; or
- (b) where the Original Market Value of that Property is less than the Price Indexed Valuation as at that date, the Original Market Value plus 85% (or, if a different percentage is required or sufficient from time to time for the Covered Bonds to comply with Article 129 CRR and the Issuer wishes to apply such different percentage, then such different percentage) of the difference between the Original Market Value and the Price Indexed Valuation;

"**Land Registry**" means the relevant Dutch land registry (*het Kadaster*) where the ownership of the relevant Properties together with the Mortgages and any other Adverse Claims thereon are registered;

"**Original Market Value**" in relation to any Property means the market value (*marktwaarde*) given to that Property by the most recent valuation addressed to the Originator that transferred the relevant Transferred Receivable to the CBC; and

"**Price Indexed Valuation**" in relation to any Property at any date means the Original Market Value of that Property increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value.

#### 4.2. PRE-MATURITY TEST

The Pre-Maturity Test will only be applicable to Series of HB Covered Bonds issued from time to time. The Pre-Maturity Test is intended to procure liquidity for Series of HB Covered Bonds when the Issuer's ratings fall below a certain level. On each Business Day falling twelve months (or such other minimum period as may be required by a relevant Rating Agency from time to time) or less prior to the Final Maturity Date of any Series of HB Covered Bonds (each a "**Pre-Maturity Test Date**"), **provided that** no Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice has been served, the CBC or the Administrator on its behalf will determine if the Pre-Maturity Test has been failed, and if so, it shall immediately notify the Originators and the Trustee thereof.

If the Issuer's relevant rating from a Rating Agency falls below the relevant Pre-Maturity Minimum Ratings (the "**Pre-Maturity Test**") on a Pre-Maturity Test Date, then that will constitute a failure of the Pre-Maturity Test (but, for the avoidance of doubt, not a Breach of the Pre-Maturity Test).

If on any Pre-Maturity Test Date the Pre-Maturity Test is failed, then (i) the CBC (or the Administrator on its behalf) shall immediately notify the Trustee thereof in writing and (ii) the CBC shall use reasonable endeavours to procure:

- (a) a sale or refinancing of Selected Receivables in accordance with the Asset Monitor Agreement with an aggregate Net Outstanding Principal Balance up to at least the Required Redemption Amount of the Series of HB Covered Bonds to which such Pre-Maturity Test relates; or
- (b) a transfer of Eligible Collateral to the CBC in accordance with the Guarantee Support Agreement with an aggregate principal amount up to at least the Required Redemption Amount of the Series of HB Covered Bonds to which such Pre-Maturity Test relates, which shall be deemed to be the case without any such transfer if sufficient Eligible Collateral is owned by the CBC which qualifies as surplus under the Asset Cover Test; or
- (c) a guarantee in relation to the Issuer's obligations under the Series of HB Covered Bonds to which such Pre-Maturity Test relates, satisfactory to the Rating Agencies; or
- (d) a covered bond takeout credit facility agreement (a "**CBTF Agreement**" with any person which is permitted under Dutch law to enter into such CBTF Agreement (the "**CBTF Provider**"), pursuant to which the CBTF Provider will provide a covered bond takeout credit facility (the "**CBT Facility**") in relation to the Issuer's obligations under the Series of HB Covered Bonds to which such Pre-Maturity Test relates, up to the Final Redemption Amount of such Series as set out in the Asset Monitor Agreement; or
- (e) a combination of the foregoing in aggregate adding up to an amount equal to the Required Redemption Amount of the Series of HB Covered Bonds to which such Pre-Maturity Test relates.

If (1) the relevant parties have not taken the required remedial action as described above within the earlier to occur of (i) 10 Business Days from the date of notification to the Trustee that the Pre-Maturity Test is failed and (ii) the Final Maturity Date of the Series of HB Covered Bonds to which such Pre-Maturity Test relates, such that by the end of such period, there shall be (a) an amount equal to the Required Redemption Amount of that Series of HB Covered Bonds standing to the credit of the Pre-Maturity Liquidity Ledger (after taking into account the Required Redemption Amount of all other Series of HB Covered Bonds and all Series of SB Covered Bonds which have (in the case of Series of HB Covered Bonds) their Final Maturity Date and (in the case of Series of SB Covered Bonds) their Extended Due for Payment Date prior to or in the same CBC Payment Period as the Final Maturity Date of that Series of HB Covered Bonds) or (b) a guarantee or CBTF Agreement, in either case as described above, obtained or entered into, as the case may be, for an amount equal to the Required Redemption Amount of that Series of HB Covered Bonds or (c) a combination of (a) and (b) above put in place and (2) at such time the Issuer's rating from a Rating Agency still falls below the relevant Pre-Maturity Minimum Ratings, then this will constitute a "**Breach of the Pre-Maturity Test**" entitling the Trustee to serve a Notice to Pay under the Guarantee.

If a CBT Facility is provided in respect of a Series of HB Covered Bonds further to subparagraph (d) above, and if the Issuer fails to repay any amount in respect of that Series of HB Covered Bonds on the scheduled redemption date thereof, the CBC, or the Administrator on its behalf, will be required to draw the CBT Facility and use the proceeds therefrom to repay any amounts due to the Covered Bondholders of that Series



of HB Covered Bonds. Should the CBT Facility be so drawn (or should all or any portion of the CBTF Standby Loan be used to repay principal on any Series of HB Covered Bonds), the CBTF Provider will be deemed, for all purposes under the Transaction Documents, to be the holder of HB Covered Bonds having an aggregate Principal Amount Outstanding equal to the amounts drawn under the CBT Facility or from the CBTF Standby Loan to repay the Covered Bondholders of that Series of HB Covered Bonds, **provided that** the maturity date of such deemed HB Covered Bonds shall be determined by the Issuer, the CBC, the Trustee, the CBTF Provider and notified to the Rating Agencies.

If the CBTF Provider ceases to have the Pre-Maturity Minimum Ratings at any time, the CBC (or the Administrator on its behalf) will be required to draw the full amount then available under the CBTF Agreement (the amount so drawn being the "**CBTF Standby Loan**") and deposit the same to the AIC Account which amount will be credited to the relevant CBTF Sub-Ledger of the Pre-Maturity Liquidity Ledger.

The CBTF Agreement will provide that recourse of the CBTF Provider against the CBC pursuant to the CBT Facility shall be limited to the Secured Property. If it is decided to implement a CBT Facility, the Transaction Documents will to the extent necessary be amended and the Base Prospectus will to the extent necessary be updated to reflect this, subject to prior consent in writing from the Trustee and subject to Rating Agency Confirmation.

Failure by the Issuer to pay the full amount due in respect of a Series of HB Covered Bonds on the Final Maturity Date thereof will constitute an Issuer Event of Default.

For the purposes hereof:

**"Pre-Maturity Minimum Ratings"** means a rating as determined to be applicable or agreed by each relevant Rating Agency from time to time in respect of the Issuer, being as at the 2018 Programme Update 'P-1(cr)' (short-term) by Moody's and 'F1+' (short-term) by Fitch; and

**"Required Redemption Amount"** means (i) in respect of any relevant Series of HB Covered Bonds, the amount calculated as follows: the aggregate Principal Amount Outstanding of such Series  $\times (1 + (0.005 \times (\text{days to the Final Maturity Date of such Series}/365)))$ ; and (ii) in respect of any relevant Series of SB Covered Bonds, the amount calculated as follows: the aggregate Principal Amount Outstanding of such Series  $\times (1 + (0.005 \times (\text{days to the Extended Due for Payment Date of such Series}/365)))$ .

### 4.3. AMORTISATION TEST

Under the Asset Monitor Agreement and the Guarantee Support Agreement, the CBC and the Originators, respectively, must ensure that as at the end of each calendar month following service of a Notice to Pay (but prior to service of a CBC Acceleration Notice), the Amortisation Test Aggregate Asset Amount is an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds, all as calculated on the immediately succeeding Calculation Date (the "**Amortisation Test**").

If on any Calculation Date following the service of a Notice to Pay it is calculated that the Amortisation Test is not met as per the end of the immediately preceding calendar month, then that shall constitute a "**Breach of the Amortisation Test**" and the CBC (or the Administrator on its behalf) shall immediately notify the Trustee thereof, and the Trustee shall be entitled to serve a CBC Acceleration Notice under the Conditions.

For this purpose:

"**Amortisation Test Aggregate Asset Amount**" means  $A + B + C$ ;

"**A**" means the sum of all Amortisation Test Current Balances of all Transferred Receivables. The "**Amortisation Test Current Balance**" of a Transferred Receivable is the lower of:

- (i) the Current Balance of such Transferred Receivable minus  $\alpha$ ; and
- (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Transferred Receivable, minus  $\beta$ ;

" $\alpha$ " means for each Transferred Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Category 4 Receivable: an amount calculated on the basis of a method notified to the Rating Agencies related to the Savings and Accrued Savings Interest in connection with such Transferred Receivable, **provided that** no amount will be deducted if and to the extent that a Master Sub-Participation Agreement is effective in relation to the relevant Transferred Receivable;
- (ii) if it is a Category 5 Receivable: an amount calculated on the basis of a method notified to the Rating Agencies in connection with the possible Deduction Risk;
- (iii) if it was used to fund a Construction Deposit: the amount of the Construction Deposit;
- (iv) if it was in breach of the Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (v) if it is 3 months or more in arrears, 30% of its Current Balance; and/or
- (vi) if it is a Bank Savings Receivable: the amount standing to the credit of the related Bank Savings Account, unless it concerns a Participation Receivable, in which case an amount equal to the relevant Participation is already deducted as part of the definition of Net Outstanding Principal Balance;

" $\beta$ " means for each Transferred Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii)  $\alpha$  minus L. "**L**" means for each Transferred Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation **provided that** if the result is negative, L shall be zero and if the result exceeds  $\alpha$ , L shall equal  $\alpha$ ;

"**B**" means the amount of any cash standing to the credit of the AIC Account and the principal amount of any Authorised Investments (excluding any Revenue Receipts received in the immediately preceding Calculation Period);

"**C**" means the outstanding principal balance of any Substitution Assets. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology notified to the Rating Agencies;

**"Authorised Investments"** means:

- (i) euro denominated government securities, euro demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) **provided that** (a) in all cases such investments have a remaining maturity date of 30 days or less and mature on or before the next following CBC Payment Date and the unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made have a minimum rating as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update 'P-1' (short-term) by Moody's and 'F1' (short-term) and 'A' (long-term) by Fitch and (b) the total exposure to such investments shall not exceed 20% of the (euro equivalent of the) aggregate Principal Amount Outstanding of all Covered Bonds then outstanding;
- (ii) euro denominated government securities, euro demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) **provided that** in all cases such investments have a remaining maturity date of 364 days or less and the unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made have a minimum rating as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update 'P-1' by Moody's and 'F1+' (short-term) and 'AA-' (long-term) by Fitch; and
- (iii) euro denominated government securities, euro demand or time deposits, certificates of deposit which have a remaining maturity date of more than 364 days and the unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made have a minimum rating as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update 'Aaa' by Moody's and 'AAA' by Fitch,

unless the ratings of the Issuer are downgraded below a minimum rating as determined to be applicable or agreed by a relevant Rating Agency from time to time (being as at the 2018 Programme Update 'P-2' (short-term) by Moody's and 'F1' (short-term) and 'A' (long-term) by Fitch), in which case such investments must have a remaining maturity date of 30 days or less and mature on or before the next following CBC Payment Date; and

**"Structured Swap Rate"** means the currency exchange rate agreed by the CBC and a Structured Swap Provider under any Structured Swap.

#### 4.4. SALE OR REFINANCING OF SELECTED ASSETS

The Asset Monitor Agreement provides that the CBC shall sell or refinance Selected Receivables in each of the following circumstances:

- (i) prior to the service of an Issuer Acceleration Notice and a CBC Acceleration Notice, in case of a failure of the Pre-Maturity Test in respect of any Series of HB Covered Bonds, if no other remedies are being taken to cure such failure. The proceeds from any such sale or refinancing will, in the case of each Participation Receivable after deduction of an amount equal to the relevant Redemption Amount, be credited to the Pre-Maturity Liquidity Ledger and will be applied to pay the Guaranteed Final Redemption Amount in respect of such Series of HB Covered Bonds; or
- (ii) following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, if on any date the Earliest Maturing Covered Bonds have, with respect to any Series of HB Covered Bonds only, a Final Maturity Date or, with respect to any Series of SB Covered Bonds only, an Extended Due for Payment Date which falls within twelve months of such date, or such longer term as the Trustee may approve.

The proceeds from any such sale or refinancing will, in the case of each Participation Receivable, after deduction of an amount equal to the relevant Redemption Amount, be credited to the relevant AIC Account Principal Ledger and applied as set out in the Post-Notice-to-Pay Priority of Payments.

In each case the CBC will be obliged to sell or refinance Selected Receivables in the Portfolio in accordance with the Asset Monitor Agreement (as described below), subject to the rights of pre-emption enjoyed by the Originators to purchase the Selected Receivables pursuant to the Guarantee Support Agreement.

If the CBC is required to sell or refinance Selected Receivables as abovementioned, the Asset Monitor Agreement provides that the CBC shall ensure that (a) Selected Receivables will be selected on a random basis as described in the Asset Monitor Agreement and (b) no more Selected Receivables will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount.

If the CBC is required to sell or refinance Selected Receivables as abovementioned, the CBC will offer the portfolio of Selected Receivables (or part of such portfolio) for sale to Purchasers for the best price reasonably available but in any event for an amount not less than the Adjusted Required Redemption Amount plus, in the case of Participation Receivables, an amount equal to the aggregate Participations.

If the Selected Receivables have not been sold or refinanced (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount plus, in the case of each Participation Receivable, an amount equal to the relevant Participation by the date which is six months prior to (i) the Final Maturity Date of (in respect of a sale or refinancing in connection with a failure of the Pre-Maturity Test) the relevant Series of HB Covered Bonds or (ii) (in respect of a sale or refinancing following the service of a Notice to Pay for any other reason) the Final Maturity Date (in respect of any Series of HB Covered Bonds only) or the Extended Due for Payment Date (in respect of any Series of SB Covered Bonds only) 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 Receivables for sale for the best price reasonably available or (ii) seek to refinance the Selected Receivables on the best terms reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount plus, in the case of each Participation Receivable, an amount equal to the relevant Participation.

In respect of the sale or refinancing of Selected Receivables following service of a Notice to Pay on the CBC, in addition to offering Selected Receivables for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the CBC (subject to the rights of pre-emption enjoyed by the Originators pursuant to the Guarantee Support Agreement) is under the Asset Monitor Agreement permitted to sell or refinance a portfolio of Selected Receivables, in accordance with the provisions summarised above, in respect of other Series.

Under the Asset Monitor Agreement, if the CBC is required or permitted to sell or refinance Selected Receivables as abovementioned, the CBC is permitted (but not required) to sell to Purchasers part of any portfolio of Selected Receivables ("**Partial Portfolio**"). Except in circumstances where the Partial Portfolio of Selected Receivables is being sold within six months of the Final Maturity Date (in respect of any Series

of HB Covered Bonds only) or the Extended Due for Payment Date (in respect of any Series of any Series of SB Covered Bonds only) of the Series to be repaid from such proceeds (in which case a minimum sale price as described above shall apply *mutatis mutandis*), the sale price of the Partial Portfolio shall be at least an amount equal to that part of the relevant Adjusted Required Redemption Amount (plus, for each Participation Receivable included in such Partial Portfolio, an amount equal to the relevant Participation) which bears the same proportion to such Adjusted Required Redemption Amount (plus, for each Participation Receivable included in such Partial Portfolio, an amount equal to the relevant Participation) as the aggregate Current Balance of the Partial Portfolio (plus, for each Participation Receivable included in such Partial Portfolio, an amount equal to the relevant Participation) bears to the aggregate Current Balance of the relevant entire portfolio of Selected Receivables (plus, for each Participation Receivable included in such entire portfolio, an amount equal to the relevant Participation).

With respect to the contemplated sale or refinancing of Selected Receivables referred to above, 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 for the sale or refinancing of the Selected Receivables (if such terms are commercially available in the market) to advise it in relation to the sale or refinancing of the Selected Receivables to Purchasers (except where the Originators are buying the Selected Receivables in accordance with their right of pre-emption in 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 or refinancing of Selected Receivables following the service of a Notice to Pay and an Issuer Acceleration Notice, pursuant to subparagraph (ii) at the beginning of this Section 4.4, but prior to the service of a CBC Acceleration Notice, the CBC will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Receivables are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Guarantee Support Agreement and the Asset Monitor Agreement.

The terms of any sale and purchase agreement with respect to the sale of Selected Receivables or the terms of any refinancing will be subject to the prior written approval of the Trustee.

If Purchasers accept 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 which will require amongst other things a cash payment from the relevant Purchasers.

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

After a CBC Acceleration Notice has been served on the CBC, 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.

### **Sale of Substitution Assets**

The Asset Monitor Agreement provides that the CBC (or the Administrator on its behalf) shall sell all Substitution Assets as quickly as reasonably practicable, subject to the pre-emption rights enjoyed by the Originators pursuant to the Guarantee Support Agreement, in each of the following circumstances:

- (i) following service of an Issuer Acceleration Notice and a Notice to Pay; or
- (ii) upon a downgrade of the Issuer's ratings below the minimum ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update 'P-2' (short-term) by Moody's.

For the purposes hereof:

**"Adjusted Required Redemption Amount"** means an amount equal to the euro equivalent of:

- (a) in respect of Selected Receivables being sold or refinanced pursuant to a failure of the Pre-Maturity Test in respect of any Series of HB Covered Bonds, the Required Redemption Amount of such Series of HB Covered Bonds less amounts standing to the credit of the Pre-Maturity Liquidity

Ledger that are not otherwise required to provide liquidity for any Series of HB Covered Bonds which have their Final Maturity Date prior to or in the same CBC Payment Period as the Final Maturity Date of such Series of HB Covered Bonds; or

- (b) in respect of Selected Receivables being sold or refinanced following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, pursuant to subparagraph (ii) at the beginning of this Section 4.4, the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the AIC Account and the principal amount of any Authorised Investments and Substitution Assets (excluding all amounts to be applied on the following CBC Payment Date to repay higher ranking amounts in the Post-Notice-to-Pay Priority of Payments and those amounts that are required to repay any Series of HB Covered Bonds or SB Covered Bonds, respectively, which have (in the case of Series of HB Covered Bonds) their Final Maturity Date or (in the case of Series of SB Covered Bonds) their Extended Due for Payment Date prior to or in the same CBC Payment Period as the Final Maturity Date of the relevant Series of HB Covered Bonds or the Extended Due for Payment Date of the relevant Series of SB Covered Bonds, respectively);

**"Earliest Maturing Covered Bonds"** means at any time the relevant Series of HB Covered Bonds or SB Covered Bonds, respectively, that has the earliest Final Maturity Date or Extended Due for Payment Date, respectively, 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); and

**"Purchaser"** means any third party or any Originator to whom the CBC offers to sell Selected Receivables pursuant to the Asset Monitor Agreement.

#### 4.5. ASSET MONITOR

Under the terms of an asset monitor appointment agreement entered into on the Programme Date between Ernst & Young Accountants LLP (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, the Amortisation Test, the Mandatory Asset Quantity Test and the liquidity buffer to be maintained by the CBC in accordance with the 2015 CB Legislation with a view to confirmation of the accuracy of such calculations.

##### **Asset Cover Test and Amortisation Test**

The Asset Monitor will within five Business Days upon receipt of the relevant information conduct such tests (i) in respect of the Asset Cover Test carried out by the Administrator on the Calculation Date immediately preceding each anniversary of the Programme Date; and (ii) in respect of the Amortisation Test carried out by the Administrator on each Calculation Date. If and for so long as the ratings of the Issuer or the Administrator fall below the minimum ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update 'Baa3(cr)' by Moody's and 'BBB-' by Fitch, respectively, the Asset Monitor will be required to conduct such tests in respect of the Asset Cover Test carried out by the Administrator on each Calculation Date unless and until the Administrator and the Issuer regain the minimum ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, following which the relevant tests will be conducted by the Asset Monitor in accordance with the first part of this paragraph.

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 as at the end of a calendar month (where the Administrator had recorded it as being satisfied) or (b) the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount is misstated by an amount exceeding 1 per cent. of the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount, as applicable, all as at the end of the relevant calendar month, the Asset Monitor will be required to conduct such tests for each of the four consecutive Calculation Dates thereafter.

The results of the tests conducted by the Asset Monitor in respect of the Asset Cover Test or, as applicable, the Amortisation Test 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 (i) set out the correct calculation of the Asset Cover Test or Amortisation Test, as applicable (ii) indicate whether the Asset Cover Test or Amortisation Test, as applicable, has been passed or failed and (iii) set out the result of such correct calculation together with the incorrect calculation and the result of such incorrect calculation as carried out by the CBC (or the Administrator on its behalf).

##### **Tests pursuant to the 2015 CB Legislation**

In addition, subject to the terms of the Asset Monitor Agreement, the Asset Monitor will perform mandatory annual audits (i) in respect of the calculations of the mandatory asset quantity tests and liquidity buffer and (ii) for so long as required pursuant to the 2015 CB Legislation, in respect of certain loan files relating to the Portfolio, each in accordance with the requirements of the 2015 CB Legislation. Any failure to meet a Mandatory Asset Quantity Test or such test in respect of the mandatory liquidity buffer shall in itself not entitle the Trustee to service a Notice to Pay or constitute a CBC Event of Default.

##### **General**

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.

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, terminate the appointment of the Asset Monitor by providing at least 30 days' prior written notice to the Asset Monitor, **provided that** such termination may not be effected unless and until a replacement asset monitor has been found by the CBC (such replacement to be approved by the Trustee if the replacement is an accountancy firm of international standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

The Asset Monitor may, at any time, resign from its appointment under the Asset Monitor Appointment Agreement upon providing the CBC and the Trustee (copied to the Rating Agencies) with 60 days' prior written notice **provided that** such resignation may not be effected unless and until a replacement has been found by the CBC (such replacement to be approved by the Trustee provided 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 60 days of notice of resignation by the Asset Monitor, the Asset Monitor shall immediately use its best endeavours to propose a replacement (such replacement to be approved by the Trustee provided 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.

In the Trust Deed the Trustee agrees to, upon receipt of each Monthly Investor Report, verify whether it states that the Asset Cover Test or the Amortisation Test, as the case may be, has been passed or failed.



## 5. SERVICING AND CUSTODY

### 5.1. SERVICING

Pursuant to the terms of a servicing agreement entered into on the Programme Date and between the CBC, the Initial Originators, ABN AMRO Bank (as Issuer and in its capacity as servicer, the "**Initial Servicer**") and the Trustee (the "**Initial Servicing Agreement**"), the Initial Servicer has agreed to service on behalf of the CBC the Portfolio, unless any New Originator and the Initial Servicer agree that such New Originator or a third party servicer shall act as servicer in relation to Eligible Receivables transferred by such New Originator to the CBC subject to fulfilling the Servicer Criteria (as described below).

If the Initial Servicer is to service the Eligible Receivables transferred by such New Originator, this will be provided for through an amendment to the Initial Servicing Agreement. If it is agreed that the New Originator or third party servicer will service, on behalf of the CBC, the New Receivables transferred by such New Originator to the CBC, then a servicing agreement will be entered into between such New Originator or third party servicer, as applicable, (in its capacity as servicer, the "**New Servicer**" and, together with the Initial Servicer and any other New Servicer, a "**Servicer**"), the CBC and the Trustee on substantially the same terms as the Initial Servicing Agreement so that each New Servicer has substantially the same rights and obligations as the Initial Servicer (each a "**New Servicing Agreement**" and, together with the Initial Servicing Agreement, a "**Servicing Agreement**").

Each Servicer will be required to:

- (i) administer the relevant Transferred Receivables in accordance with the relevant Originator's Lending Criteria and the relevant Servicing Agreement;
- (ii) collect as agent for the CBC and, following the occurrence of a CBC Event of Default, for the Trustee, all amounts due under each Transferred Receivable; and
- (iii) use all reasonable endeavours to collect all payments due under or in connection with the Transferred Receivable and to enforce all covenants and obligations of each Borrower in accordance with the Enforcement Procedures and take such action as is not materially prejudicial to the interest of the CBC and in accordance with such actions that a Reasonable Prudent Lender would undertake.

Each Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the CBC in relation to the Receivables that it is servicing pursuant to the terms of the relevant Servicing Agreement, and to do anything which it reasonably considers necessary or convenient or incidental to the administration of those Receivables.

Each Servicer has undertaken or will undertake, as the case may be, to, amongst other things, perform the services listed below (the "**Services**") in relation to those Receivables that it is servicing, and to:

- assist the Administrator in the preparation of a Monthly Investor Report in accordance with the Administration Agreement and deliver to the CBC and the Trustee two Business Days prior to the last CBC Payment Date of the relevant month all portfolio characteristics and other information relating to the Receivables reasonably required to complete the relevant Monthly Investor Report;
- keep records and books of account on behalf of the CBC in relation to the Transferred Receivables;
- notify relevant Borrowers of any change in their payments;
- assist the auditors of the CBC and provide information to them upon reasonable request;
- notify relevant Borrowers of any other matter or thing which the applicable Loan Agreement require them to be notified of in the manner and at the time so required;
- subject to the provisions of the relevant Servicing Agreement take all reasonable steps to recover all sums due to the CBC including without limitation by the institution of proceedings and/or the enforcement of any Transferred Receivable;

- to the extent permitted under applicable data protection and other laws provide on a timely basis to the Rating Agencies all information on the Borrowers and the Loan Agreements which is reasonably required in order for the Rating Agencies to be able to establish their credit estimates on Borrowers at all reasonable times upon reasonable notice subject to the relevant Servicer being reasonably capable of providing such information without significant additional cost;
- make all calculations and render all other services required for compliance with the Master Sub-Participation Agreements;
- take all other action and do all other things which it would be reasonable to expect a Reasonable Prudent Lender to do in administering its Loan Agreements and their Related Security; and
- act as collection agent on behalf of the CBC in accordance with the provisions of the Servicing Agreement.

In addition, 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 of at least 1.50 per cent. per annum (the "**Minimum Mortgage Interest Rate**"), which rate may be amended by the CBC and the Issuer, subject to Rating Agency Confirmation and prior consent of the Trustee, subject to the Loan Agreement and to applicable law (including but not limited to principles of reasonableness and fairness).

The Initial Servicer will represent and warrant that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and covenants to comply with the information duties towards the Borrowers under or pursuant to the Wft. Furthermore, the Initial Servicer will covenant that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft. The Initial Servicer may only terminate the Initial Servicing Agreement if a New Servicer has been appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit provider or intermediary.

The Initial Servicer also undertakes that with respect to Moody's (for so long as it is a Rating Agency) and Fitch (for so long as it is a Rating Agency) within 60 days, of the Initial Servicer ceasing to be assigned a rating as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update at least 'Baa3(cr)' by Moody's and 'BBB-' by Fitch, it will use reasonable efforts to enter into a master servicing agreement with a third party in accordance with the terms of the Initial Servicing Agreement.

The CBC will pay to the Initial Servicer a servicing fee of 0.08% per annum (inclusive of VAT) of the aggregate outstanding amount of the Transferred Receivables serviced by the Initial Servicer in accordance with the Initial Servicing Agreement as of the beginning of the relevant Calculation Period. Fees payable to New Servicers and/or the Initial Servicer acting as Servicer in respect of Receivables transferred by New Originators to the CBC will be determined on the date that they accede to the Programme.

Furthermore, in connection with the role of the Initial Servicer to collect as agent for the CBC and, following the occurrence of a CBC Event of Default, for the Trustee, all amounts due under each Transferred Receivable, the following is relevant.

Until a Notification Event has occurred and all Borrowers owing Transferred Receivables have been notified of the assignment of the Transferred Receivables and instructed to make all payments under the Transferred Receivables directly to the AIC Account or such other account as the Trustee or the CBC may designate for such purpose in accordance with the Guarantee Support Agreement, all payments by the Borrowers are required to be made into a bank account held with:

- (a) ABN AMRO Bank in the name of ABN AMRO Bank in respect of Loans originated by ABN AMRO;
- (b) Coöperatieve Rabobank U.A. ("**Rabobank**") in the name of ABN AMRO Hypotheken Groep B.V. in respect of Loans originated by ABN AMRO Hypotheken Groep (the "**AAHG Rabobank Collection Account**"); and

- (c) Rabobank in the name of Moneyou B.V. ("**Moneyou**") in respect of Loans originated by Moneyou, which is different from the AAHG Rabobank Collection Account (the "**MoneYou Rabobank Collection Account**").

Amounts credited to the AAHG Rabobank Collection Account and the MoneYou Rabobank Collection Account are on a daily basis required to be on-paid to a bank account held with ABN AMRO Bank in the name of ABN AMRO Hypotheken Groep and, where appropriate, subsequently on a daily basis on-paid from such bank account held with ABN AMRO Bank in the name of ABN AMRO Hypotheken Groep to another bank account held with ABN AMRO Bank in the name of ABN AMRO Hypotheken Groep (the "**ABN AMRO Collection Accounts**") and, together with the AAHG Rabobank Collection Account, the MoneYou Rabobank Collection Account and any other bank account in the name of a relevant Initial Originator into which payments in respect of Loans originated by such Initial Originator are to be made, including the account mentioned under (a) above, the "**Collection Accounts**"). The Collection Accounts will also be used for the collection of monies paid in respect of Loans other than Loans relating to Transferred Receivables and in respect of other monies belonging to the relevant Initial Originator.

Pursuant to the Initial Servicing Agreement, the Initial Servicer has agreed to pay (or cause to be paid) any monies collected in respect of the Transferred Receivables (a) in any calendar month, to the relevant Originator no later than the 8<sup>th</sup> Business Day of the subsequent calendar month for as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served or (b) within two Business Days of receipt (i) to the AIC Account following a Notification Event or service of a Notice to Pay (but prior to service of a CBC Acceleration Notice) or (ii) to an account specified by the Trustee following service of a CBC Acceleration Notice. See also the risk factor entitled "*In the event of a Dutch Insolvency Proceeding against an Originator, prior to the notification of the transfer of the Transferred Receivables to the debtors, the CBC's claims to payments by such Originator under such Transferred Receivables may rank in priority behind the claims of other creditors of the Originator, in turn adversely affecting the ability of the CBC to collect fully and/or timely payments under the Transferred Receivables and subsequently meet its obligations fully and/or timely to Covered Bondholders*" in Section B.3 *Guarantee Support* above in relation to the position of the CBC as creditor of an Originator in the event of such Originator being the subject of a Dutch Insolvency Proceeding.

"**Enforcement Procedures**" means the procedures for the enforcement of the Receivables undertaken by a Servicer from time to time in accordance with the relevant Originator's Lending Criteria; and

"**New Receivables**" means Eligible Receivables, other than the Eligible Receivables comprised in the Initial Portfolio, which an Originator may assign and transfer, to the CBC on a Transfer Date following the First Transfer Date pursuant to the Guarantee Support Agreement.

## 5.2. SERVICERS

The CBC and the Trustee may, upon written notice to the relevant Servicer and the Rating Agencies, terminate the relevant Servicer's rights and obligations immediately if any of the following events (a "**Servicer Event of Default**") occurs:

- the relevant Servicer defaults in the payment of any amount due to the CBC under the relevant Servicing Agreement and fails to remedy that default for a period of 7 days after the earlier of the relevant Servicer becoming aware of the default and receipt by the relevant Servicer of written notice from the Trustee or the CBC requiring the same to be remedied;
- the relevant Servicer fails to comply with any of its other obligations under the Servicing Agreement which failure in the opinion of the Trustee is materially prejudicial to Covered Bondholders and does not remedy that failure within 14 days after the earlier of the relevant Servicer becoming aware of the failure and receipt by the relevant Servicer of written notice from the Trustee or the CBC requiring the same to be remedied;
- the relevant Servicer is subjected to Insolvency Proceedings; or
- at any time it becomes unlawful for the relevant Servicer to perform all or a material part of its obligations under the relevant Servicing Agreement or the relevant Servicer ceases to be duly licensed to act as consumer credit provider or intermediary pursuant to the Wft.

Subject to the fulfilment of a number of conditions, a Servicer may voluntarily resign by giving not less than 12 months' notice to the Trustee and the CBC **provided that** a substitute servicer which meets the Servicer Criteria has been appointed and enters into a servicing agreement with the CBC which meets the relevant requirements of the Data Protection Legislation and is otherwise substantially on the same terms as the Initial Servicing Agreement. The resignation of a Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Covered Bonds unless the Covered Bondholders agree otherwise by a Programme Resolution.

If the appointment of a Servicer is terminated, the relevant Servicer must deliver the Borrower Files and other documentation held by it relating to the Transferred Receivables administered by it to, or at the direction of, the CBC. The relevant Servicing Agreement will terminate at such time as the CBC has no further interest in any of the Transferred Receivables serviced under the relevant Servicing Agreement.

A Servicer may sub-contract the performance of its duties under the Servicing Agreement **provided that** it meets conditions as set out in the relevant Servicing Agreement. As at the 2018 Programme Update, the Initial Servicer has sub-contracted the performance of its duties under the Initial Servicing Agreement to Stater.

Each new Servicer and any assignee or transferee of an existing Servicer will have to fulfil, amongst other things, the following criteria (the "**Servicer Criteria**"):

- (a) it has experience with and systems capable of administering portfolios of residential mortgage loans in The Netherlands, complies with Rating Agency servicer criteria and is approved by the CBC and the Trustee;
- (b) it enters into an agreement substantially on the same terms as the Initial Servicing Agreement;
- (c) it has all necessary consents, licences, authorities and approvals required under the laws of The Netherlands (including the Wft) which may be necessary in connection with the performance of the Services; and
- (d) the then current ratings of the Covered Bonds are not adversely affected by the appointment of the new Servicer.

For the purposes of this Section:

"**Data Protection Legislation**" means (i) the EU General Data Protection Regulation (EU) 2016/679 and (ii) any other applicable data protection and data privacy laws and regulations.

### 5.3. CUSTODY

If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets. The Substitution Assets will be serviced in accordance with a custody agreement, the terms and conditions of which will be agreed with the Trustee to be entered into with an eligible custodian (the "**Custody Agreement**").

## 6. SWAPS

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the CBC under the Transferred Receivables, the AIC Accounts, the Authorised Investments and the Substitution Assets and/or amounts payable by the CBC under the Guarantee to the Covered Bondholders in respect of the Covered Bonds, the CBC has entered into certain, and may enter into further, swap transactions with one or more Swap Providers, including, a total return swap transaction, interest rate swap transactions and structured swap transactions.

The CBC is only permitted to enter into Swap Agreements and transactions thereunder with either (a) ABN AMRO Bank or (b) third party Eligible Swap Providers, as the case may be (each a "**Swap Provider**"). All such Swap Agreements will be required to be either in Approved Form or in form and substance acceptable to each of the CBC, the Trustee and subject to Rating Agency Confirmation. A Swap Agreement may govern the terms of the Total Return Swap and/or one or more Interest Rate Swaps and/or one or more Structured Swaps. There is no requirement for the CBC or the relevant Eligible Swap Provider to enter into a Swap Agreement for each Swap separately.

In the Swap Undertaking Letter ABN AMRO Bank undertakes to, or to procure an Eligible Swap Provider to, enter into one or more (as agreed between the CBC and such Eligible Swap Provider) Swap Agreements with the CBC governing (a) Structured Swap(s) for each Series if (i) a Notification Event occurs, (ii) a Notice to Pay or CBC Acceleration Notice is served, (iii) the rating(s) of ABN AMRO Bank are, or fall, below the minimum rating(s) set for an Eligible Swap Provider for Structured Swaps or (iv) the unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank are rated lower than 'F1+' (short-term) or 'AA-' (long-term) from Fitch (or any other minimum rating as determined to be applicable or agreed by Fitch from time to time (in which case Structured Swaps will be required) or (b) one or more Total Return Swap(s) and/or one or more Interest Rate Swap(s) for any Series if so requested by the CBC.

Pursuant to the provisions of the Trust Deed and the Swap Agreements, regardless of whether a Notification Event has occurred, unless and until (a) both an Issuer Acceleration Notice and a Notice to Pay are served or (b) a CBC Acceleration Notice is served, all amounts to be paid and received by the CBC under any Swap Agreement will be paid and received on behalf of the CBC by the Issuer. However, any amounts of collateral payable by a relevant Swap Provider to the CBC (or, returned by the CBC to the relevant Swap Provider, as the case may be) will be paid directly by the relevant Swap Provider to the CBC (or by the CBC to the relevant Swap Provider, as the case may be), regardless of whether an Issuer Acceleration Notice, Notice to Pay or CBC Acceleration Notice is served or whether a Notification Event has occurred.

### **Minimum Rating of Swap Provider**

Under the terms of each Swap Agreement, in the event that the rating(s) of the Swap Provider is below, or is downgraded by a Rating Agency below, the minimum rating(s) specified in the relevant Swap Agreement for that Swap Provider (in accordance with the requirements of the relevant Rating Agency), that Swap Provider will, in accordance with the relevant Swap Agreement, be required to take certain remedial measures which may include:

- (a) providing collateral for its obligations under the Swap Agreement;
- (b) arranging for its obligations under the relevant Swap Agreement to be transferred to an entity with the ratings required by the relevant Rating Agency;
- (c) procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Swap Agreement; or
- (d) taking such other action or putting in place such alternative hedging as it may agree with the relevant Rating Agency (subject to Rating Agency Confirmation).

A failure to take such steps within the time periods specified in the Swap Agreement will allow the CBC to terminate the Swap Agreement.

## Other Termination Events

A Swap Agreement may also be terminated early in certain other circumstances, including:

- (a) at the option of either party to the Swap Agreement, if there is a failure by the other party to pay any amounts due under such Swap Agreement and any applicable grace period has expired;
- (b) upon the occurrence of an insolvency of the Swap Provider, or any guarantor, or the merger of one of the parties without an assumption of the obligations under the relevant Swap Agreement (except in respect of the security interests created by the CBC in favour of the Trustee in accordance with the Security Documents);
- (c) if there is a change of law or change in application of the relevant law which results in the CBC or the Swap Provider (or both) being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party to the other party under the Swap Agreement and the Swap Provider thereby being required under the terms of the Swap Agreement to gross up payments made to the CBC, or to receive net payments from the CBC (which is not required under the terms of the Swap Agreement to gross up payments made to the Swap Provider); and
- (d) if there is a change in law which results in the illegality of the obligations to be performed by either party under the Swap Agreement.

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.

For the purpose hereof:

**"ABN AMRO Swap Agreement"** means the 1992 (Multicurrency - Cross Border) ISDA Master Agreement together with the relevant schedule and confirmation(s) entered into between ABN AMRO Bank N.V. as Swap Provider, the CBC and the Trustee and dated as of 30 August 2005 (as most recently amended and restated on 17 July 2013), governing Structured Swaps and, if applicable, any Total Return Swap or any Interest Rate Swap;

**"Approved Form"** means a 1992 Multicurrency - Cross Border or 2002 ISDA Master Agreement, Schedule and Credit Support Annex thereto and confirmation in a form attached to the Swap Undertaking Letter, as amended from time to time by agreement of the Trustee, the CBC and the relevant Swap Provider (subject to prior receipt of Rating Agency Confirmation 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 debt obligations are rated not lower than:

- (a) in the case of the Total Return Swap, the ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update (if no remedial action would be taken as provided for in the relevant Swap Agreement) 'P-2(cr)' (short-term) and 'F3' (short-term) from Moody's and Fitch, respectively, and 'A3(cr)' (long-term) and 'BBB-' (long-term) from Moody's and Fitch, respectively;
- (b) in the case of a Structured Swap, the ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update (if no remedial action would be taken as provided for in the relevant Swap Agreement) 'P-2(cr)' (short-term) and 'F3' (short-term) from Moody's and Fitch, respectively, and 'A3(cr)' (long-term) and 'BBB-' (long-term) from Moody's and Fitch, respectively; and
- (c) in the case of an Interest Rate Swap, the ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update (if no remedial action would be taken as provided for in the relevant Swap Agreement) 'P-2(cr)' (short-term) and 'F3' (short-term) from Moody's and Fitch, respectively, and 'A3(cr)' (long-term) and 'BBB-' (long-term) from Moody's and Fitch, respectively;

**"Swap Agreements"** means a 1992 (Multicurrency Cross Border) or 2002 ISDA Master Agreement together with the relevant schedule and confirmation(s) entered into between a Swap Provider, the CBC and the Trustee, governing one or more Swaps in the Approved Form, including the ABN AMRO Swap Agreement, each Total Return Swap Agreement, each Interest Rate Swap Agreement and each Structured Swap Agreement;

**"Swap Undertaking Letter"** means a letter pursuant to which ABN AMRO Bank, the Trustee and the CBC agree that ABN AMRO Bank shall enter into (or procure an Eligible Swap Provider to enter into) Interest Rate Swaps and/or Structured Swaps in the Approved Form; and

**"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).



## 6.1. TOTAL RETURN SWAP

In order to hedge the risk of possible mismatches, on a monthly basis between:

- (a) the rates of interest or revenues on the Transferred Receivables, the Authorised Investments, the Substitution Assets and the balance of the AIC Account; and
- (b) the Agreed Base Reference Rate,

the CBC, ABN AMRO Bank (in its capacity as total return swap provider, the "**Total Return Swap Provider**") and the Trustee (in respect of certain provisions) entered into the ABN AMRO Swap Agreement and may enter into a total return swap transaction (the "**Total Return Swap**" and together with the ABN AMRO Swap Agreement, the "**Total Return Swap Agreement**").

A Total Return Swap may be entered into by the CBC, in respect of all or part of the Transferred Receivables, Authorised Investments and Substitution Assets acquired by the CBC from time to time and the balance of the AIC Account from time to time, to ensure that certain interest rate and revenue risks in respect of such Transferred Receivables, Authorised Investments, Substitution Assets and the balance of the AIC Account are hedged.

The ABN AMRO Swap Agreement provides that in case of a sale or refinancing of Selected Receivables, the prospective purchaser of such Selected Receivables (**provided that** such purchaser has been approved by the Total Return Swap Provider) has the option to elect for the rights and obligations of the CBC under the Total Return Swap (or part thereof) relating to such Selected Receivables to be transferred to it and the ABN AMRO Swap Agreement permits the CBC to make such transfer subject to certain conditions, as specified in the ABN AMRO Swap Agreement. If the prospective purchaser elects for the rights and obligations of the CBC under the Total Return Swap (or part thereof) relating to such Selected Receivables not to be transferred to it (or does elect for such transfer but such transfer is not possible due to non-compliance with the relevant conditions specified in the ABN AMRO Swap Agreement), the Total Return Swap (or part thereof) relating to such Selected Receivables will be terminated.

For the purposes of the foregoing a Transferred Receivable will be "performing" on any CBC Payment Date if it is not a Defaulted Receivable.

## 6.2. INTEREST RATE SWAPS

In order to hedge the risk (**provided that** there is such risk) of any possible mismatches between:

- (1) the Agreed Base Reference Rate; and
- (2) the rate of interest payable under any euro denominated Series,

the CBC, one or more Swap Providers (each in its capacity as interest rate swap provider, an "**Interest Rate Swap Provider**") and the Trustee (in respect of certain provisions) may enter into one or more swap agreements in the Approved Form or in form and substance acceptable to each of the CBC, the Trustee and subject to Rating Agency Confirmation and interest rate swap transactions in relation to one or more Series (each an "**Interest Rate Swap**" and together with any such swap agreement, an "**Interest Rate Swap Agreement**") in relation to the relevant Series.

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

- (a) on or before each Interest Payment Date, the relevant Interest Rate Swap Provider will pay the CBC an amount equal to the product of (i) the aggregate Principal Amount Outstanding of such Series as at the preceding Interest Payment Date and (ii) the relevant swap rate corresponding to the interest rate payable on the relevant Series; and
- (b) on each Floating Rate Payer Payment Date, the CBC will pay to the Interest Rate Swap Provider an amount equal to the product of (i) the aggregate Principal Amount Outstanding of such Series as at the preceding Interest Payment Date and (ii) the sum of the Agreed Base Reference Rate and the Spread (as defined in the applicable Interest Rate Swap Agreement).

Unless otherwise agreed between the CBC and the relevant Interest Swap Provider in the relevant Interest Rate Swap, each Interest Rate Swap will terminate on the Final Maturity Date of the relevant Series of Covered Bonds, subject to the early termination provisions of the relevant Swap Agreement as outlined above.

For the purpose of this Section 6.2 "**Floating Rate Payer Payment Date**" means the floating rate payer payment date as defined in the relevant confirmation for the Interest Rate Swap, which is expected to be the CBC Payment Date.

### 6.3. STRUCTURED SWAPS

In order to hedge against certain interest rate and/or currency risks in respect of mismatches between:

- (1) the Agreed Base Reference Rate and the rate of interest payable and the currency in which it is payable under any Series; and/or
- (2) euro denominated Principal Receipts and amounts of principal payable under any non-euro denominated Series,

the CBC, one or more Swap Providers (each in its capacity as structured swap provider, a "**Structured Swap Provider**"), and the Trustee (in respect of certain provisions) will (if required by the Swap Undertaking Letter) or may (if not required by the Swap Undertaking Letter) enter into one or more swap agreements in the Approved Form or in form and substance acceptable to each of the CBC, the Trustee and subject to Rating Agency Confirmation and swap transactions in relation to one or more Series (each a "**Structured Swap**" and together with any such swap agreement, a "**Structured Swap Agreement**"). Any Structured Swaps, Interest Rate Swaps and the Total Return Swap are together referred to as "**Swaps**".

One or more of the following payments will be made under each Structured Swap entered into in respect of a Series (depending on whether any applicable interest and/or currency risk is hedged):

- (a) on or before each Interest Payment Date, the Structured Swap Provider will pay the CBC an amount in the currency of the relevant Series equal to the product of (i) the aggregate Principal Amount Outstanding of such Series as at the preceding Interest Payment Date and (ii) the relevant swap rate corresponding to the interest rate payable on, or interest basis applicable to, the relevant Series;
- (b) on each Floating Rate Payer Payment Date, the CBC will pay to the Structured Swap Provider an amount in euro equal to the product of (i) the aggregate Principal Amount Outstanding of such Series or, if such Series is denominated in a currency other than euro, an amount equal to the euro equivalent of the aggregate Principal Amount Outstanding of such Series and (ii) the sum of the Agreed Base Reference Rate and the Spread (as defined in the applicable Structured Swap Agreement); and
- (c) on the Termination Date, if such Series is denominated in a currency other than euro, the CBC will pay to the Structured Swap Provider an amount equal to the euro equivalent of the aggregate 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 aggregate Principal Amount Outstanding of such Series in the currency in which such Series is denominated.

Unless otherwise agreed between the CBC and the relevant Structured Swap Provider in the relevant Structured Rate Swap, each Structured Swap will terminate on the Final Maturity Date of the relevant Series of Covered Bonds, (such date, the "**Termination Date**"), subject to the early termination provisions of the relevant Swap Agreement as outlined above.

For the purpose of this Section 6.3 "**Floating Rate Payer Payment Date**" means the floating rate payer payment date as defined in the relevant confirmation for the relevant Structured Swap, which is expected to be the CBC Payment Date.

## 7. CASHFLOWS

- (A) For as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served:
- (a) pursuant to the Guarantee Support Agreement any proceeds from the Transferred Assets will be received and retained by the Originators for their own benefit; and
  - (b) pursuant to the Trust Deed, the following will apply:
    - (i) all costs and expenses of the CBC (including for the avoidance of doubt the minimum taxable profit to be deposited in the Capital Account) will be paid on behalf of the CBC by the Issuer for its own account, as consideration for the CBC assuming the Guarantee;
    - (ii) all amounts to be paid and received, respectively, by the CBC under any Swap Agreement or, if applicable, Further Master Transfer Agreement and/or Master Sub-Participation Agreement will be paid and received, respectively, on behalf of the CBC by the Issuer for its own account (except that any collateral to be provided by a Swap Provider following its downgrade will be delivered to the CBC irrespective of whether any Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time and, accordingly, any payments or deliveries to be made in respect of any such collateral arrangements shall be made directly between the CBC and the relevant Swap Provider); and
    - (iii) on each CBC Payment Date the CBC or the Administrator on its behalf will distribute all amounts (if any) then standing to the credit of the CBC Accounts, but excluding any amounts standing to the credit of the Swap Collateral Ledger and, to the extent amounts are required to be maintained thereon in accordance with the Administration Agreement, the Asset Monitor Agreement or the Trust Deed, the Pre-Maturity Liquidity Ledger, the Reserve Fund Ledger, the Interest Cover Reserve Fund Ledger, the Mandatory Liquidity Revenue Ledger and the Mandatory Liquidity Principal Ledger, to the Issuer or, if the Issuer is subject to an Insolvency Proceeding, any solvent Originator to the extent permitted by the Asset Cover Test. The CBC need not concern itself as to how such proceeds are allocated between the Issuer and the Originators; and
  - (c) pursuant to the Trust Deed, if any of the Issuer's ratings falls below the minimum ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update 'A' (long-term) or 'P-1(cr)' (short-term) by Moody's, and 'F1' (short-term) or 'A' (long-term) by Fitch, the CBC will be required to:
    - (i) establish a reserve fund (the "**Reserve Fund**") on the AIC Account which will be credited by the Issuer with an amount equal to the Reserve Fund Required Amount and such further amounts as are necessary from time to time to ensure that an amount up to the Reserve Fund Required Amount is credited to the Reserve Fund for as long as the above rating trigger is breached; and
    - (ii) establish an "**Interest Cover Reserve Fund**" on the AIC Account which will be credited by the Issuer with an amount equal to the Interest Cover Reserve Funds Required Amount and such further amounts as are necessary from time to time to ensure that an amount up to the Interest Cover Reserve Fund Required Amount is credited to the Interest Cover Reserve Fund for as long as the above rating trigger is breached,
- and, in each case, the Issuer will do so as consideration for the CBC assuming the Guarantee.

- (B) If a Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served on the CBC:
- (a) pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following such Notification Event or service of such Notice to Pay or CBC Acceleration Notice;
  - (b) pursuant to the Trust Deed, the following will apply:
    - (i) if a Notification Event has occurred but no Notice to Pay or CBC Acceleration Notice has been served, all costs, expenses, Swaps, Further Master Transfer Agreements and Master-Sub-Participation Agreements will continue to be settled on behalf of the CBC by the Issuer as abovementioned and all amounts standing to the credit of the CBC Accounts will continue to be distributed as abovementioned;
    - (ii) if a Notification Event has occurred and a Notice to Pay has been served, but no Issuer Acceleration Notice or CBC Acceleration Notice has been served, all costs, expenses, Swaps, Further Master Transfer Agreements and Master Sub-Participation Agreements will continue to be settled on behalf of the CBC by the Issuer as abovementioned but no further amounts standing to the credit of the AIC Account will be distributed as mentioned under paragraph (A)(b)(iii) above;
    - (iii) if a Notification Event has occurred and an Issuer Acceleration Notice and a Notice to Pay have been served, but no CBC Acceleration Notice has been served, the Administrator will apply all (1) Available Revenue Receipts and all Available Principal Receipts on behalf of the CBC in accordance with the Post-Notice-to-Pay Priority of Payments and (2) other monies standing to the credit of the CBC Accounts in accordance with the Administration Agreement, the AIC Account Agreement, the Trust Deed and any other Transaction Document; or
    - (iv) if a CBC Acceleration Notice has been served, all monies received or recovered by the Trustee or any other Secured Creditor and all monies held by or on behalf of the CBC will be applied in accordance with the Post-CBC-Acceleration-Notice Priority of Payments (other than amounts standing to the credit of the Participation Ledger or the Swap Collateral Ledger, or amounts required to be deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts, which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Participation Ledger and the Swap Collateral Ledger); and
  - (c) pursuant to the Trust Deed, after (i) the date falling three months after the occurrence of a Notification Event pursuant to which the relevant Borrowers have been notified of the transfer of the related Transferred Receivables and have been instructed to direct any payments under such Transferred Receivables to the CBC or (ii) the date on which the CBC demonstrates that the relevant Borrowers pay the required amounts under the Transferred Receivables to the CBC, the CBC will no longer be required to maintain the Reserve Fund and any amounts standing to the credit of the Reserve Fund will be added to certain other income of the CBC in calculating the Available Revenue Receipts and applied in accordance with the relevant Priority of Payments.
- (C) Pursuant to the Trust Deed, unless a liquidity buffer is no longer required to be maintained or provided for pursuant to the 2015 CB Legislation, the CBC will be required to maintain a mandatory liquidity fund (the "**Mandatory Liquidity Fund**") on the AIC Account (which Mandatory Liquidity Fund is administered through the Mandatory Liquidity Revenue Ledger and the Mandatory Liquidity Principal Ledger). In consideration for the CBC to assume the Guarantee, the Issuer will transfer to the CBC an amount equal to the Mandatory Liquidity Required Amount and such further amounts as are necessary from time to time to ensure that an amount up to the Mandatory Liquidity Required Amount. The CBC will credit any such amount to the Mandatory Liquidity Fund.

For the purposes hereof:

**"Available Principal Receipts"** means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (a) the amount of Principal Receipts received during the previous Calculation Period and required to be credited to the AIC Account Principal Ledger, *less* the equivalent of any Third Party Amounts due and payable or expected to become due and payable in the immediately following CBC Payment Period;
- (b) any other amount standing to the credit of the Principal Ledger;
- (c) all amounts in respect of principal (if any) to be received by the CBC under the Transaction Documents (other than the Master Sub-Participation Agreements) on the relevant CBC Payment Date (other than the Swap Principal Excluded Amounts and, for the avoidance of doubt, any Swap Collateral Excluded Amounts and Swap Replacement Excluded Amounts); and
- (d) following repayment of any Series of HB Covered Bonds by the Issuer and/or the CBC on their Final Maturity Date any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series and which are required to be transferred to the Principal Ledger pursuant to paragraphs (B)3(a) or (c) of *Section 7.1 Ledgers* below;

**"Available Revenue Receipts"** means on a Calculation Date an amount equal to the aggregate of:

- (a) the amount of Revenue Receipts received during the previous Calculation Period;
- (b) other net income of the CBC including all amounts of interest received on the CBC Accounts, the Substitution Assets and Authorised Investments in the preceding Calculation Period and amounts received by the CBC under the Total Return Swap on the relevant CBC Payment Date (for the avoidance of doubt excluding any Swap Collateral Excluded Amounts and Swap Replacement Excluded Amounts);
- (c) any other amount standing to the credit of the Revenue Ledger; and
- (d) following the service on the CBC of a Notice to Pay, amounts standing to the credit of the Reserve Fund Ledger;

**"Interest Cover Reserve Fund Required Amount"** means, as at the Interest Cover Reserve Fund Trigger Date or any Calculation Date during the Interest Cover Reserve Fund Trigger Period, an amount equal to the higher of:

- (a) zero;
- (b) the sum of the Relevant ICRF Amount and the Previous ICRF Amount (the "**ICRF Sum**"), calculated on an aggregated basis for each ICRF Period falling after the Interest Cover Reserve Fund Trigger Date or such Calculation Date (as the case may be) up to and including the sixteenth ICRF Period, whereby:
  - (i) "**Relevant ICRF Amount**" means an amount (positive or negative) equal to:
    - (1) the aggregate amount of Scheduled Interest payable during an ICRF Period for all Series outstanding; *minus*
    - (2) the aggregate amount of interest (to be) received under the Transferred Assets during such ICRF Period taking into account their respective contractual amortisation profile *less*, with respect to interest in respect of each Participation Receivable, an amount equal to the net amount (to be) received during such ICRF Period *multiplied* by the applicable Participation Fraction,

whereby (a) (without double counting) any amount (to be) received or (to be) paid by the CBC in connection with any Swap Agreement during such ICRF Period is added or deducted (as the case may be) and (b) if, in respect of any Transferred Asset or any Series of Covered Bonds, any floating or fixed interest rate is reset during such ICRF Period, solely for the purpose of this calculation, a notional interest rate (including any spread) shall be applied in respect of such Transferred Asset or Series of Covered Bonds (as the case may be) for the remainder of such ICRF Period which is notified to the Rating Agencies; and

- (ii) **"Previous ICRF Amount"** means an amount (positive or negative) equal to the aggregate Relevant ICRF Amount calculated for all preceding ICRF Periods (if any) falling after the Interest Cover Reserve Fund Trigger Date or such Calculation Date (as the case may be); and
- (c) the highest ICRF Sum calculated for any ICRF Period falling after the Interest Cover Reserve Fund Trigger Date or such Calculation Date (as the case may be);

**"Interest Cover Reserve Fund Trigger Date"** means the date on which the ratings of the Issuer cease to be any of the minimum ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the 2018 Programme Update 'P-1(cr)' (short-term) by Moody's, and 'F1' (short-term) or 'A' (long-term) by Fitch;

**"Interest Cover Reserve Fund Trigger Period"** means the period starting on the Interest Cover Reserve Fund Trigger Date and ending on the date on which all of the ratings of the Issuer would not cause the occurrence of an Interest Cover Reserve Fund Trigger Date;

**"ICRF Period"** means each period of three (3) consecutive months falling after the Interest Cover Reserve Fund Trigger Date or a Calculation Date (as the case may be) until the date falling forty eight (48) months after the Interest Cover Reserve Fund Trigger Date or such Calculation Date (as the case may be);

**"Mandatory Liquidity Required Amount"** means, at any time, an amount equal to the amount which is at such time required to be maintained by the CBC to ensure compliance with article 40g of the Decree after taking into account any certain amounts standing to the credit of the AIC Account as permitted to be taken into account pursuant to 40g of the Decree and any other amounts (whether held or generated and) permitted to be taken into account pursuant to 40g of the Decree, (in each case all as calculated on each relevant Calculation Date for the relevant period prescribed by article 40g of the Decree);

**"Participant"** means with respect to (i) a Participation Receivable which is a Category 4 Receivable, any relevant Insurer which enters into a Master Sub-Participation Agreement with the CBC and the Trustee, and which is acknowledged by the relevant Originator(s) and (ii) a Bank Savings Receivable, the Bank Savings Deposit Bank;

**"Pre-Notice-to-Pay Priority of Payments"** means the arrangement set out in paragraphs (A)(b)(i) through (iii) and (B)(b)(i) and (ii) of this *Section 7 Cashflows*;

**"Principal Receipts"** means:

- (a) any amount, sales proceeds, refinancing proceeds, arrears and other amount relating to principal, and any Accrued Interest and Arrears of Interest as at the Transfer Date of the relevant Transferred Receivable, received or recovered by the CBC in respect of the Transferred Receivables (i) other than any prepayment penalties, (ii) net of any relevant foreclosure costs and (iii) less, with respect to each Participation Receivable, an amount equal to the relevant Redemption Amount;
- (b) any Initial Settlement Amount received from any Participant under the relevant Master Sub-Participation Agreement;
- (c) an amount equal to any Increase which applies to any Participation pursuant to the relevant Master Sub-Participation Agreement; and

- (d) any on-payments of savings premium received from the relevant Originator or the relevant insurer (as the case may be) as purchase price for the relevant (part of the) MTA Receivable pursuant to the Guarantee Support Agreement in connection with a Master Transfer Agreement between that relevant insurer and that relevant Originator;

**"Reserve Fund Required Amount"** means an amount equal to (i) the aggregate for all Series of (a) to the extent that no Interest Rate Swap or Structured Swap has been entered into in relation to any Series, the aggregate Scheduled Interest for each such Series due in the next three following CBC Payment Periods and (b) to the extent that an Interest Rate Swap or a Structured Swap has been entered into in relation to any Series and (x) a party other than ABN AMRO Bank is the Interest Rate Swap Provider or Structured Swap Provider, the aggregate interest component due by the CBC under such Interest Rate Swap or Structured Swap for each such Series in the next three following CBC Payment Periods or (y) ABN AMRO Bank is the Interest Rate Swap Provider or Structured Swap Provider, as applicable, the higher of the aggregate (A) Scheduled Interest due and (B) interest component due by the CBC under such Interest Rate Swap or Structured Swap for each such Series in the next three following CBC Payment Periods, all as calculated on each relevant Calculation Date, plus (ii) the anticipated aggregate amount payable in the next three following CBC Payment Periods in respect of the items referred to in paragraphs (a) up to and including (d) of the Post-Notice-to-Pay Priority of Payments, as calculated on each relevant Calculation Date;

**"Revenue Receipts"** means:

- (a) interest, fees and other amounts received or recovered by the CBC in respect of the Transferred Receivables (i) other than the Principal Receipts and any payment penalties, (ii) net of any relevant foreclosure costs and (iii) *less*, with respect to interest in respect of each Participation Receivable, an amount equal to the net amount received or recovered *multiplied* by the applicable Participation Fraction; and
- (b) prepayment penalties received or recovered by the CBC in respect of the Transferred Receivables;

**"Savings Receivable"** means a Transferred Receivable resulting from a Savings Loan;

**"Swap Collateral Excluded Amounts"** means amounts standing to the credit of the Swap Collateral Ledger;

**"Swap Interest Excluded Amounts"** means amounts standing to the credit of the Swap Interest Ledger;

**"Swap Principal Excluded Amounts"** means amounts standing to the credit of the Swap Principal Ledger; and

**"Swap Replacement Excluded Amounts"** means amounts standing to the credit of the Swap Replacement Ledger.



## 7.1. LEDGERS

### (A) Credits to ledgers

Pursuant to the Administration Agreement, the CBC (or the Administrator on its behalf) agreed to open, administer and maintain the following ledgers and credit amounts thereto as follows:

1. A revenue ledger of the AIC Account (the "**AIC Account Revenue Ledger**"), to which the following euro amounts shall be credited upon deposit of the same into the AIC Account:
  - (a) all Revenue Receipts;
  - (b) all amounts of interest paid on the AIC Account;
  - (c) all amounts of interest paid in respect of any Substitution Assets and Authorised Investments;
  - (d) to the extent that any Substitution Asset or Authorised Investment is redeemed or sold, the difference (if positive) between the acquisition price thereof, on the one hand, and sale or redemption price thereof, on the other; if such difference is negative, it will be debited to the AIC Account Revenue Ledger upon completion of such redemption or sale;
  - (e) all euro amounts (other than Swap Collateral Excluded Amounts, Swap Interest Excluded Amounts, Swap Principal Excluded Amounts and Swap Replacement Excluded Amounts) received by the CBC under the Swap Agreements;
  - (f) any amount to be transferred to the AIC Account Revenue Ledger from the Mandatory Liquidity Revenue Ledger in accordance with paragraph (B)11(a) or (c) below;
  - (g) any amount to be transferred to the AIC Account Revenue Ledger from the Interest Cover Reserve Fund Ledger in accordance with paragraph (B)13(b) below; and
  - (h) all euro amounts otherwise required to be credited to the AIC Account Revenue Ledger in accordance with the relevant provisions of the Administration Agreement.

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.

2. A principal ledger of the AIC Account (the "**AIC Account Principal Ledger**"), to which the following amounts shall be credited upon deposit of the same into the AIC Account:
  - (a) all Principal Receipts other than to the extent required to be credited to the Pre-Maturity Liquidity Ledger pursuant to a sale or refinancing of Selected Receivables pursuant to Clause 7.1.1 of the Asset Monitor Agreement;
  - (b) any amount received (other than from redemption or sale) from any Substitution Asset or Authorised Investment which is not required to be credited to the Revenue Ledger;
  - (c) the principal amount of any Transferred Collateral in the form of cash other than to the extent required to be credited to the Pre-Maturity Liquidity Ledger pursuant to Clause 4.2.2 of the Asset Monitor Agreement;
  - (d) 100% of the aggregate acquisition price paid by the relevant Originator for any Transferred Collateral in the form of Substitution Assets, to the extent not required to be credited to the Pre-Maturity Liquidity Ledger;
  - (e) any amount to be transferred to the Principal Ledger from the Pre-Maturity Liquidity Ledger in accordance with paragraph (B)3(a) or (c) below;

- (f) any amount required to be transferred to the AIC Account in accordance with item (h) of the Post-Notice-to-Pay Priority of Payments to the extent not required to be credited to the Pre-Maturity Liquidity Ledger, **provided that** if on a CBC Payment Date an amount is credited or to be credited to the AIC Account Principal Ledger pursuant to item (h) of the Post-Notice-to-Pay Priority of Payments and on such CBC Payment Date or during the CBC Payment Period starting on such CBC Payment Date there is an unexpected default by a Swap Provider in the performance of its obligation to pay to the CBC an amount (for the avoidance of doubt excluding any Swap Collateral Excluded Amounts and Swap Replacement Excluded Amounts) of interest or principal under any Interest Rate Swap or Structured Swap, then an amount equal to the lower of (i) the amount so credited or to be credited to the AIC Account Principal Ledger and (ii) the amount by which the available proceeds in respect of such Series standing to the credit of the Swap Interest Ledger or Swap Principal Ledger falls short of the corresponding Scheduled Interest and/or Scheduled Principal that is Due for Payment in such CBC Payment Period under the Guarantee, shall on such CBC Payment Date or during such CBC Payment Period be credited to the Swap Interest Ledger or the Swap Principal Ledger, as the case may be; and
- (g) any amount to be transferred to the Principal Ledger from the Mandatory Liquidity Principal Ledger in accordance with paragraph (B)12(c) below.

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.

3. A ledger of the AIC Account (the "**Pre-Maturity Liquidity Ledger**"), to which shall be credited upon deposit of the same into the AIC Account:
  - (a) all Principal Receipts pursuant to a sale or refinancing of Selected Receivables pursuant to Clause 7.1.1 of the Asset Monitor Agreement, to the extent required to be credited to the Pre-Maturity Liquidity Ledger pursuant to Clause 4.2 of the Asset Monitor Agreement;
  - (b) 100% of the aggregate acquisition price paid by the relevant Originator for the Substitution Assets that qualify as surplus under the Asset Cover Test or have been transferred to the CBC pursuant to Clause 4.2.2 of the Asset Monitor Agreement, to the extent required to be credited to the Pre-Maturity Liquidity Ledger pursuant to Clause 4.2 of the Asset Monitor Agreement; and
  - (c) up to the relevant Pre-Maturity Maximum Required Amount, any amounts that are available on the basis of item (h) of the Post-Notice-to-Pay Priority of Payments, if:
    - (i) a failure of the Pre-Maturity Test has occurred in respect of any Series of HB Covered Bonds; and
    - (ii) on any subsequent Calculation Date falling prior to the Final Maturity Date of such Series of HB Covered Bonds, the amount standing to the credit of the Pre-Maturity Liquidity Ledger is less than the Required Redemption Amount of such Series of HB Covered Bonds (after taking into account the Required Redemption Amount of all other Series of HB Covered Bonds and all Series of SB Covered Bonds which have (in the case of Series of HB Covered Bonds) their Final Maturity Date or (in the case of Series of SB Covered Bonds) their Extended Due for Payment Date prior to or in the same CBC Payment Period as the Final Maturity Date of that Series of HB Covered Bonds) (such shortfall amount a "**Pre-Maturity Maximum Required Amount**").
4. For each CBTF Standby Loan drawn in respect of a Series of HB Covered Bonds, a separate sub-ledger of the Pre-Maturity Liquidity Ledger for such Series (a "**CBTF Sub-Ledger**"), to which the amount so drawn will be credited.

5. A ledger of the AIC Account (the "**Swap Collateral Ledger**") to which shall be credited any collateral provided by a Swap Provider not or no longer having the minimum ratings required for an Eligible Swap Provider.
6. A ledger of the AIC Account (the "**Swap Replacement Ledger**") 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.
7. A ledger of the AIC Account (the "**Reserve Fund Ledger**") to which shall be credited all amounts received from the Issuer for the purpose of the Reserve Fund.
8. A ledger of the AIC Account (the "**Participation Ledger**") to which shall be credited all Redemption Amounts deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts.
9. A ledger of the AIC Account (the "**Swap Interest Ledger**") to which shall be credited (i) all amounts (for the avoidance of doubt excluding any Swap Collateral Excluded Amount and Swap Replacement Excluded Amounts) in respect of interest received by the CBC under any Interest Rate Swap or Structured Swap, whether by way of netting or otherwise, and (ii) any amount that may be credited to the Swap Interest Ledger pursuant to paragraph (A)2(f) above or (B)2 below.
10. A ledger of the AIC Account (the "**Swap Principal Ledger**") to which shall be credited (i) all amounts (for the avoidance of doubt Excluding any Swap Collateral Excluded Amounts and Swap Replacement Excluded Amount) in respect of principal received by the CBC under any Structured Swap, whether by way of netting or otherwise, and (ii) any amount that may be credited to the Swap Principal Ledger pursuant to paragraph (A)2(f) above or (B)2 below.
11. A ledger of the AIC Account (the "**Mandatory Liquidity Revenue Ledger**") to which shall be credited all amounts received from the Issuer for the purpose of the Mandatory Liquidity Fund, to the extent such amounts are required to ensure compliance with article 40g(1)(a) and 40g(1)(c) of the Decree.
12. A ledger of the AIC Account (the "**Mandatory Liquidity Principal Ledger**") to which shall be credited all amounts received from the Issuer for the purpose of the Mandatory Liquidity Fund, to the extent such amounts are required to ensure compliance with article 40g(1)(b) of the Decree.
13. A ledger of the AIC Account (the "**Interest Cover Reserve Fund Ledger**") to which shall be credited all amounts received by the Issuer for the purpose of the Interest Cover Reserve Fund.

(B) **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, subject to the Post-CBC-Acceleration Notice Priority of Payments:

1. The Revenue Ledger: in accordance with the relevant Priority of Payments.
2. The Principal Ledger: in accordance with the relevant Priority of Payments **provided that** if on a CBC Payment Date an amount is credited or to be credited to the Principal Ledger pursuant to item (h) of the Post-Notice-to-Pay Priority of Payments and on such CBC Payment Date or during the CBC Payment Period starting on such CBC Payment Date there is an unexpected default by a Swap Provider in the performance of its obligation to pay to the CBC an amount (for the avoidance of doubt excluding any Swap Collateral Excluded Amounts and Swap Replacement Excluded Amounts) of interest or principal under any Interest Rate Swap or Structured Swap, then an amount equal to the lower of (i) the amount so credited or to be credited to the Principal Ledger and (ii) the amount by which the available proceeds in respect of such Series standing to the credit of the Swap Interest Ledger or Swap Principal Ledger falls short of the corresponding Scheduled Interest and/or Scheduled Principal that is Due for Payment in such CBC Payment Period under the Guarantee, shall on such CBC Payment Date or during such CBC Payment Period be credited to the Swap Interest Ledger or the Swap Principal Ledger, as the case may be.

3. The Pre-Maturity Liquidity Ledger: if amounts are standing to the credit of the Pre-Maturity Liquidity Ledger in respect of a Series of HB Covered Bonds and:
  - (a) no Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice has been served and the Issuer fully repays such Series of HB Covered Bonds on the Final Maturity Date thereof and all other Series which have their Final Maturity Date prior to or in the same CBC Payment Period as the Final Maturity Date of that Series of HB Covered Bonds, then the amount standing to the credit of the Pre-Maturity Liquidity Ledger shall be transferred to the Principal Ledger unless:
    - (i) the Issuer is failing the Pre-Maturity Test in respect of any other Series of HB Covered Bonds, in which case the amount will continue to stand to the credit of the Pre-Maturity Liquidity Ledger in order to provide liquidity for that other Series of HB Covered Bonds; or
    - (ii) the Issuer is not failing the Pre-Maturity Test, but the Trustee decides to retain the amount on the Pre-Maturity Liquidity Ledger in order to provide liquidity for any future Series of HB Covered Bonds;
  - (b) a Notice to Pay and an Issuer Acceleration Notice have, but no CBC Acceleration Notice has, been served on the CBC, then on the Final Maturity Date of the Earliest Maturing Covered Bonds of any Series of HB Covered Bonds or the Extended Due for Payment Date of the Earliest Maturing Covered Bonds of any Series of SB Covered Bonds, as the case may be, the Pre-Maturity Liquidity Ledger will be debited for an amount equal to the lower of:
    - (i) the amount (in respect of principal) then due and payable on the relevant Series or, as applicable, the amount then due and payable (in respect of principal) under a Structured Swap (if applicable) in respect of the relevant Series (in both cases after taking account of any payment made by the Issuer in respect thereof); and
    - (ii) funds standing to the credit of the Pre-Maturity Liquidity Ledger.

The funds so debited to the Pre-Maturity Liquidity Ledger shall be used by the CBC (or the Administrator on its behalf) on the relevant Final Maturity Date or Extended Due for Payment Date, as the case may be, to make a payment to the Trustee or (if so directed by the Trustee) to the Principal Paying Agent in and towards the amount due on the relevant Series or, as applicable, to the Structured Swap Provider in and towards the amount due (in respect of principal) under the relevant Structured Swap in respect of the relevant Series; or
  - (c) there are no further Series of HB Covered Bonds outstanding, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger shall be transferred to the Principal Ledger.
4. The CBTF Sub-Ledger: amounts standing to the credit of a CBTF Sub-Ledger in respect of a Series of HB Covered Bonds, shall be applied on the Final Maturity Date of such Series of HB Covered Bonds:
  - (a) *first*, if and to the extent there are insufficient amounts standing to the credit of the Pre-Maturity Liquidity Ledger to repay the principal amount of such Series of HB Covered Bonds in full or, as applicable, to pay the amount then due and payable (in respect of principal) under a Structured Swap in respect of such Series of HB Covered Bonds in full: in repayment of the remaining principal amount of such Series of HB Covered Bonds or, as applicable, in payment of the remaining amount (in respect of principal) under a Structured Swap in respect of such Series of HB Covered Bonds; or
  - (b) *second*, if any amount remains: in repayment of the relevant CBTF Standby Loan.
5. 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 and (ii) 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 relevant Swap Agreement is to be entered into, for credit to the Revenue Ledger.

6. 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.
7. The Reserve Fund Ledger: in accordance with the relevant Priority of Payments or, if the rating trigger requiring the CBC to establish a Reserve Fund is no longer breached, to repay amounts to the Issuer.
8. The Participation Ledger: Redemption Amounts standing to the credit of the Participation Ledger will only be available to be on-paid to the relevant Participant under the relevant Participation on a CBC Payment Date.
9. The Swap Interest Ledger: amounts that are credited to the Swap Interest Ledger in a CBC Payment Period in respect of a particular Series will only be available (i) to be on-paid to the Trustee or (if so directed by the Trustee) the Principal Paying Agent on behalf of the Covered Bondholders of such Series as Scheduled Interest that is Due for Payment in such CBC Payment Period under the Guarantee in respect of such Series and (ii) to the extent in excess of Scheduled Interest that is Due for Payment in such CBC Payment Period under the Guarantee in respect of such Series, for credit to the Revenue Ledger.
10. The Swap Principal Ledger: amounts that are credited to the Swap Principal Ledger in a CBC Payment Period in respect of a particular Series will only be available (i) to be on-paid to the Trustee or (if so directed by the Trustee) the Principal Paying Agent on behalf of the Covered Bondholders of such Series as Scheduled Principal that is Due for Payment under the Guarantee in respect of such Series and (ii) to the extent in excess of Scheduled Principal that is Due for Payment in such CBC Payment Period under the Guarantee in respect of such Series, for credit to the Principal Ledger.
11. The Mandatory Liquidity Revenue Ledger: if amounts are standing to the credit of the Mandatory Liquidity Revenue Ledger and:
  - (a) such amounts are necessary to be applied to pay the amounts referred to in article 40(g)(1)(a) and (c) of the Decree, then any such amounts standing to the credit of the Mandatory Liquidity Revenue Ledger so necessary shall be transferred to the Revenue Ledger;
  - (b) no Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice has been served and there are no Series of Covered Bonds and/or other amounts outstanding for which, in each case, amounts are required to be maintained to ensure compliance with article 40g(1)(a) and (c) of the Decree, then any amounts standing to the credit of the Mandatory Liquidity Revenue Ledger which are no longer required to be so maintained shall be repaid to the Issuer; or
  - (c) a liquidity buffer for amounts referred to in article 40g(1)(a) and (c) of the Decree is no longer required to be maintained or provided for pursuant to the 2015 CB Legislation, then any amounts standing to the credit of the Mandatory Liquidity Revenue Ledger shall be transferred to the Revenue Ledger.
12. The Mandatory Liquidity Principal Ledger: if amounts are standing to the credit of the Mandatory Liquidity Principal Ledger and:
  - (a) no Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice has been served and there are no Series of HB Covered Bonds outstanding for which amounts are required to be maintained to ensure compliance with article 40g(1)(b) of the Decree, then any

amounts standing to the credit of the Mandatory Liquidity Principal Ledger which are no longer required to be so maintained shall be repaid to the Issuer; or

- (b) a Notice to Pay and an Issuer Acceleration Notice have, but no CBC Acceleration Notice has, been served on the CBC, then on the Final Maturity Date of the Earliest Maturing Covered Bonds of any Series of HB Covered Bonds, the Mandatory Liquidity Principal Ledger will be debited for an amount equal to the lower of:
  - (i) the amount (in respect of principal) then due and payable on the relevant Series or, as applicable, the amount then due and payable (in respect of principal) under a Structured Swap Agreement (if applicable) in respect of the relevant Series (in both cases after taking account of any payment made by the Issuer in respect thereof) minus any amounts otherwise available to the CBC for such purpose in accordance with the Transaction Documents; and
  - (ii) funds standing to the credit of the Mandatory Liquidity Principal Ledger.

The funds so debited to the Mandatory Liquidity Principal Ledger shall be used by the CBC (or the Administrator on its behalf) on the relevant Final Maturity Date to make a payment to the Trustee or (if so directed by the Trustee) to the Principal Paying Agent in and towards the amount due on the relevant Series or, as applicable, to the Structured Swap Provider in and towards the amount due (in respect of principal) under the relevant Structured Swap Agreement in respect of the relevant Series; or

- (c) a liquidity buffer for amounts referred to in article 40g(1)(b) of the Decree is no longer required to be maintained or provided for pursuant to the 2015 CB Legislation, then any amounts standing to the credit of the Mandatory Liquidity Principal Ledger shall be transferred to the Principal Ledger.

13. The Interest Cover Reserve Fund Ledger: if amounts are standing to the credit of the Interest Cover Reserve Fund Ledger and:

- (a) no Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice has been served and the Interest Cover Reserve Fund is no longer required to be maintained, then any amounts standing to the credit of the Interest Cover Reserve Fund Ledger shall be repaid to the Issuer;
- (b) a Notice to Pay, Issuer Acceleration Notice but no CBC Acceleration Notice has been served, the Interest Cover Reserve Fund Ledger will be debited for an amount equal to the lower of:
  - (a) the amount (in respect of interest) then due and payable under the Covered Bonds of any Series minus any amounts otherwise available to the CBC for such purpose in accordance with the Transaction Documents; and
  - (b) funds standing to the credit of the Interest Cover Reserve Fund Ledger.

The funds so debited shall be transferred to the Revenue Ledger; or

- (c) there are no Series of Covered Bonds outstanding then any amounts standing to the credit of the Interest Cover Reserve Fund shall be repaid to the Issuer.

## 7.2. POST-NOTICE-TO-PAY PRIORITY OF PAYMENTS

On each CBC Payment Date following the occurrence of an Issuer Event of Default and 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 (1) 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 (2) all Available Revenue Receipts and all Available Principal Receipts on behalf of the CBC to make the following payments and provisions in the following order of priority (the "**Post-Notice-to-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 CBC Payment Period under the provisions of the Trust Deed (other than under the Parallel Debt), together with interest and plus any applicable VAT (or similar taxes) thereon as provided therein;
- (b) *second*, to the payment of (i) amounts equal to the minimum profit stated in the Dutch tax agreement obtained on behalf of the CBC to be deposited in the Capital Account from time to time and of (ii) taxes owing by the CBC to any tax authority accrued and unpaid (other than any Dutch corporate income tax in relation to the amounts equal to the minimum profit referred to under (i) above);
- (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 Agents and any 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 CBC Payment Period and to pay or discharge any liability of the CBC for taxes;
- (d) *fourth*, 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 Servicers and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicers in the immediately following CBC Payment Period under the provisions of the Servicing 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 CBC Payment 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 the Managing Director and the Trustee's Director pursuant to the Management Agreements, plus any applicable VAT (or similar taxes) thereon as provided therein; and
  - (v) any amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (j) below) pursuant to the terms of the Asset Monitor Appointment Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein;
- (e) *fifth*, to pay *pro rata* and *pari passu* according to the respective amounts owing thereto in or towards satisfaction of any amounts due and payable to the Total Return Swap Providers in respect

of the relevant Total Return Swap (including any termination payment due and payable by the CBC under the relevant Swap Agreement **provided that** any such termination payment shall not exceed an amount equal to the Capped TRS Termination Amount, but excluding any Excluded Swap Termination Amount) pursuant to the terms of the relevant Swap Agreement to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger;

- (f) *sixth*, to pay *pro rata* and *pari passu* according to the respective amounts owing thereto to the extent not paid or expected to be paid from the Swap Collateral Ledger, the Swap Interest Ledger or the Swap Replacement Ledger:
  - (i) to each Interest Rate Swap Provider, all amounts in respect of each Interest Rate Swap (including any termination payment due and payable by the CBC under the relevant Swap Agreement (or, in the case of a Swap Agreement which also governs a Total Return Swap, the remaining portion thereof that is attributable to such Interest Rate Swap), but excluding any Excluded Swap Termination Amount), due and payable on such CBC Payment Date or in the CBC Payment Period starting on such CBC Payment Date in accordance with the terms of the relevant Swap Agreement;
  - (ii) to each Structured Swap Provider, all amounts in respect of each Structured Swap (including any termination payment due and payable by the CBC under the relevant Swap Agreement (or, in the case of a Swap Agreement which also governs a Total Return Swap, the remaining portion thereof that is attributable to such Structured Swap), but excluding any Excluded Swap Termination Amount), other than in relation to principal due and payable on such CBC Payment Date or in the CBC Payment Period starting on such CBC Payment Date in accordance with the terms of the relevant Swap Agreement; and
  - (iii) to the Trustee or (if so directed by the Trustee) the Principal Paying Agent, any Scheduled Interest that is Due for Payment under the Guarantee in respect of each Series on such CBC Payment Date or in the CBC Payment Period starting on such CBC Payment Date;
- (g) *seventh*, to pay *pro rata* and *pari passu* according to the respective amounts owing thereto to the extent not paid or expected to be paid from the Swap Collateral Ledger, the Swap Principal Ledger, the Swap Replacement Ledger, the Pre-Maturity Liquidity Ledger and the CBTF Sub-Ledger:
  - (i) to each Structured Swap Provider, all amounts in respect of each Structured Swap (excluding any Excluded Swap Termination Amount) in relation to principal due and payable on such CBC Payment Date or in the CBC Payment Period starting on such CBC Payment Date in accordance with the terms of the relevant Swap Agreement; and
  - (ii) to the Trustee or (if so directed by the Trustee) the Principal Paying Agent, any Scheduled Principal that is Due for Payment under the Guarantee in respect of each Series on such CBC Payment Date or in the CBC Payment Period starting on such CBC Payment Date;
- (h) *eighth*, to deposit the remaining monies in the AIC Account 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);
- (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 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;
- (j) *tenth*, towards payment of any indemnity amount due to the Originators pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement; and
- (k) *eleventh*, thereafter any remaining monies will be paid to the Issuer or, if the Issuer is subject to a Dutch Insolvency Proceeding, any Originator which is not subject to an Insolvency Proceeding, **provided that** the CBC may assume that the Issuer and any Originator are not subject to an Insolvency Proceeding unless it has received at least five Business Days' prior written notice to the



contrary from any Originator (and the CBC need not concern itself as to how such proceeds are allocated between the Originators).

For the purposes hereof:

**"Capped TRS Termination Amount"** means an amount equal to any amount that would have been determined as payable by the CBC (i) in respect of an Early Termination Date (as defined in the relevant Swap Agreement) under "Section 6(e) (*Payments on Early Termination*)" of the relevant Swap Agreement if it is in the form of a 1992 (Multicurrency - Cross Border) ISDA Master Agreement or (ii) as Early Termination Amount under the relevant Swap Agreement if it is in the form of a 2002 ISDA Master Agreement, in each case before the application of any set-off, as if the Total Return Swap had been the sole Swap entered into under such Swap Agreement;

**"CBC Payment Period"** means each period from (and including) a CBC Payment Date to (but excluding) the next CBC Payment Date;

**"Excluded Swap Termination Amount"** means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Provider as a result of a Swap Provider Default or Swap Provider Downgrade Event with respect to such Swap Provider;

**"Hedged Series Amount"** means an amount listed in paragraph (f)(iii) or (g)(ii), as the case may be, of the Post-Notice-to-Pay Priority of Payments and relating to any outstanding Series which is the subject of an Interest Rate Swap and/or a Structured Swap, as the case may be, and which is as of the relevant CBC Payment Date expected to be paid from the Swap Interest Ledger or the Swap Principal Ledger, as the case may be;

**"Swap Provider Downgrade Event"** means the occurrence of any Additional Termination Event pursuant to Part 1(h)(vi) (*Moody's*), Part 1(h)(vii) (*Fitch*) and Part 1(h)(viii) (*Standard and Poor's*) of the Schedule forming part of the ABN AMRO Swap Agreement and any similar provision of the Schedule forming part of any other Swap Agreement; and

**"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 AIC Account.

### 7.3. POST-CBC-ACCELERATION-NOTICE PRIORITY OF PAYMENTS

Under the terms of the Trust Deed, each of the Secured Creditors agrees 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 (other than, if applicable, amounts standing to the credit of the Participation Ledger or the Swap Collateral Ledger, or required to be deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts, which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Participation Ledger and 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 (other than under the Parallel Debt) together with interest and 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 Agents and any 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 Servicers and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicers under the provisions of the Servicing 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 the Managing Director and the Trustee's Director pursuant to the terms of the Management Agreements, plus any applicable VAT (or similar taxes) thereon as provided therein;
- (d) *fourth*, in or towards satisfaction of any amounts due and payable to the Total Return Swap Provider in respect of the Total Return Swap (including any termination payment due and payable by the CBC under the relevant Swap Agreement **provided that** any such termination payment shall not exceed an amount equal to the Capped TRS Termination Amount, but excluding any Excluded Swap Termination Amount) pursuant to the terms of the relevant Swap Agreement 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 in respect of each Interest Rate Swap under the Swap Agreements (including any termination payment due and payable by the CBC under such Swap Agreement (or, in the case of a Swap Agreement which also governs the Total Return Swap, the remaining portion thereof that is attributable to such Interest Rate Swap), but excluding any Excluded Swap Termination Amounts) pursuant to the respective terms of the relevant Swap Agreements to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger;

- (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:
- (i) to each Structured Swap Provider in respect of each Structured Swap under the relevant Swap Agreement (including any termination payment due and payable by the CBC under such Swap Agreement (or, in the case of a Swap Agreement which also governs the Total Return Swap, the remaining portion thereof that is attributable to such Structured Swap), but excluding any Excluded Swap Termination Amounts); and
  - (ii) to the Trustee or (if so directed by the Trustee) the Principal Paying Agent for payment to the Covered Bondholders *pro rata* and *pari passu* in respect of interest and principal due and payable on each Series in accordance with the Guarantee;
- (g) *seventh*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the CBC to the relevant Swap 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 subject to an Insolvency Proceeding, any Originator which is not subject to an Insolvency Proceeding, **provided that** the CBC may assume that the Issuer and any Originator are not subject to an Insolvency Proceeding unless it has received at least five Business Days' prior written notice to the contrary from any Originator (and the CBC need not concern itself as to how such proceeds are allocated between the Originators).

## 7.4. CBC ACCOUNTS

### AIC Account

Pursuant to the terms of an AIC Account Agreement dated the Programme Date between the CBC, ABN AMRO Bank as account bank (in such capacity, the "**Account Bank**"), and the Trustee (the "**AIC Account Agreement**"), 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 Assets; and
- (b) monies standing to the credit of which will on each CBC Payment Date be applied by the Administrator in accordance with the relevant Priority of Payments.

If the unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are not rated at least the Minimum Account Bank Ratings then within the relevant time period determined to be applicable or agreed to by a relevant Rating Agency from time to time:

- (a) the AIC Account will need to be closed and new accounts will need to be 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) whose unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Minimum Account Bank Ratings and (ii) having the regulatory capacity for offering such services as a matter of Dutch law;
- (b) the Account Bank will need to obtain a guarantee of its obligations under the AIC Account Agreement on terms acceptable to the Trustee, acting reasonably, from a financial institution whose unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Minimum Account Bank Ratings; or
- (c) any other action will need to be taken,

(in each case, **provided that** Rating Agency Confirmation has been obtained) unless each Rating Agency confirms that its then current rating of the Covered Bonds will not be adversely affected as a result of the ratings of the Account Bank falling below the Minimum Account Bank Ratings (or the reason for this having occurred) within the applicable time period specified in the AIC Account Agreement, of such downgrade. If the Rating Agency Confirmations are given as above, for this purpose only, reference to the "**Minimum 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 monies standing to the credit of the AIC Account at specified rates determined in accordance with the AIC Account Agreement.

### Foreign Currency Accounts

If a Notification Event occurs or 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.

### Capital Account

The CBC also opened an account with ABN AMRO Bank into which its paid-up share capital (*gestort aandelenkapitaal*) has been deposited (the "**Capital Account**"). The minimum taxable profit will be deposited in such Capital Account. No security rights are granted over the amounts standing to the credit of such Capital 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, the Accounts Pledge

and the supplemental accounts pledge dated 31 July 2018 or such additional or replacement account as may be for the time being be in place with the prior consent of the Trustee;

"**AIC Margin**" means 0.18% per annum or such other margin as may be agreed from time to time between the CBC, the Account Bank and the Trustee;

"**AIC Rate**" means the rate of interest accruing on the balance standing to the credit of the AIC Account equal to the rate of the Agreed Base Reference Rate, being as at the 2018 Programme Update, EURIBOR for one-month euro deposits less the AIC Margin, and if such rate is below zero, such rate will be deemed to be zero;

"**CBC Accounts**" means the AIC Account, any foreign currency account and any additional or replacement accounts opened in the name of the CBC, excluding the Capital Account;

"**Minimum Account Bank Ratings**" means the minimum ratings as determined to be applicable or agreed by each relevant Rating Agency from time to time in respect of the Account Bank or other relevant financial institution or institutions, being as at the 2018 Programme Update in respect of the Account Bank, 'F1' (short-term) and 'A' (long-term) by Fitch and 'P-1' (a short-term bank deposit rating) by Moody's; and

"**Priority of Payments**" means the Pre-Notice-to-Pay Priority of Payments, the Post-Notice-to-Pay Priority of Payments or the Post CBC-Acceleration-Notice Priority of Payments, as the case may be.

## 8. GENERAL INFORMATION

### Authorisation

The Programme and the issue of Covered Bonds under the Programme have been duly authorised by resolutions of the Board of Managing Directors of The Royal Bank of Scotland N.V. (at the time named ABN AMRO Bank N.V.) dated 29 June 2005. The issue of Covered Bonds has been authorised by resolutions of the Board of Managing Directors of the Issuer dated 26 November 2013 and 29 November 2016 and by resolutions of the Supervisory Board of the Issuer dated 2 December 2013 and 2 December 2016. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of Covered Bonds and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Covered Bonds.

The giving of the Guarantee has been duly authorised by resolutions of the Board of Managing Directors of the CBC dated on or about 29 August 2005. The amendments to the relevant Transaction Documents (to which the CBC is a party) forming part of the 2018 Programme Update have been duly authorised by resolutions of the Board of Managing Directors of the CBC dated 19 December 2018.

### Listing of Covered Bonds

Application has been made to Euronext Amsterdam for the Covered Bonds to be issued under the Programme to be admitted to listing, during the period of 12 months from the 2018 Programme Update. For so long as the Covered Bonds are listed on Euronext Amsterdam there will be a paying agent in The Netherlands. ABN AMRO Bank has been appointed as the principal paying agent in The Netherlands.

### Documents Available

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will be available, free of charge, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and from the specified office of the Listing Agent and the Principal Paying Agent:

- (i) copies of the documents listed under "*Section D.1 Incorporation by Reference*";
- (ii) an English translation of the most recent articles of association (*statuten*) of the Issuer, the Trustee and the CBC;
- (iii) ABN AMRO Group N.V.'s Annual Report 2017;
- (iv) ABN AMRO Group N.V.'s Annual Report 2016;
- (v) a copy of this Base Prospectus;
- (vi) any future 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
- (vii) each of the following documents listed below:
  - ABN AMRO Swap Agreement;
  - Administration Agreement;
  - Agency Agreement;
  - AIC Account Agreement;
  - Asset Monitor Agreement;
  - Asset Monitor Appointment Agreement;

- each Beneficiary Waiver Agreement;
- each Deed of Assignment and Pledge (as defined in the Incorporated Terms Memorandum);
- each Deed of Re-Assignment and Release (as defined in the Incorporated Terms Memorandum);
- Guarantee Support Agreement;
- Incorporated Terms Memorandum;
- Initial Servicing Agreement;
- each Management Agreement (as defined in the Incorporated Terms Memorandum);
- each Master Sub-Participation Agreement;
- Programme Agreement (including a form of subscription agreement (a "**Subscription Agreement**"));
- each Security Document;
- each Swap Agreement (other than the ABN AMRO Swap Agreement);
- Swap Undertaking Letter;
- 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); and
- Issuer-ICSD Agreement.

The documents set out above are, together with each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement), in this Base Prospectus collectively referred to as: the "**Transaction Documents**".

### **Clearing Systems**

The Bearer Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg, Euroclear Netherlands and/or any other agreed clearing system. The appropriate Common Code and ISIN Code for 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 relevant security code 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. In addition, the Registered Covered Bonds may, before issue, be designated as PORTAL securities and the Issuer may make an application for any Registered Covered Bonds and Registered Global Covered Bonds issued by it to be accepted for trading in book entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Covered Bonds and Registered Global Covered Bonds, together with the relevant ISIN and common code, will be specified in the relevant Final Terms.

### **Material Adverse or Significant Change**

The Registration Document, which is incorporated by reference into this Base Prospectus, contains a statement of the Issuer concerning any material adverse change in its prospects or any significant change in its financial or trading position.

There has been no (i) material adverse change in the prospects of or (ii) significant change in the financial or trading position of, in each case, the CBC since 31 December 2017.

## **Litigation**

The Registration Document, which is incorporated by reference into this Base Prospectus, contains the statement of the Issuer addressing any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the 2018 Programme Update, a significant effect on the financial position or profitability of the Group and/or the Issuer and its subsidiaries.

The CBC is not and has not been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the CBC is aware), which may have, or have had during the 12 months prior to the 2018 Programme Update, a significant effect on the financial position or profitability of the CBC.

## **Auditors**

The Registration Document, which is incorporated by reference into this Base Prospectus, contains a statement of the Issuer regarding its auditors.

Ernst & Young Accountants LLP have audited the CBC's accounts, without qualification, in accordance with Dutch law for the financial years ended 31 December 2016 and 31 December 2017. The auditor of the CBC does not have any material interest in the CBC. The individual auditors of Ernst & Young Accountants LLP are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

## **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any issue of Covered Bonds.

## **Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is BFXS5XCH7N0Y05NIXW11.

## **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.

## **US Taxes**

The Covered Bonds in bearer form for U.S. federal income tax purposes will bear a legend to the following effect: '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 Section 165(j) and 1287(a) of the Internal Revenue Code.

The sections referred to in such legend provide that a United States person who holds a Covered Bond will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Covered Bond and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

## **Non-Petition**

For so long as any Covered Bonds are outstanding, each Originator has agreed that it will not terminate or purport to terminate the CBC or institute any winding-up, administration, Insolvency Proceedings or other similar proceedings against the CBC. Furthermore, the Originators have agreed amongst other things not to demand or receive payment of any amounts payable by the CBC (or the Administrator on its behalf) or the Trustee unless all amounts then due and payable by the CBC to all other creditors ranking higher in the relevant Priority of Payments have been paid in full.



**Limited Recourse**

Each Transaction Party (as defined in the Incorporated Terms Memorandum) has agreed with the CBC that, notwithstanding any other provision of any Transaction Document, all obligations of the CBC to such Transaction Party are limited in recourse as set out in the limited recourse provisions of the Incorporated Terms Memorandum.

**Governing Law**

All Transaction Documents other than the Swap Agreements are governed by Dutch law. The Swap Agreements are governed by English law.

**Responsibility Statement**

The Issuer accepts responsibility for the information contained in this Base Prospectus and the CBC accepts responsibility for the information contained in this Base Prospectus relating to the CBC, and each declares that, having taken all reasonable care to ensure that such is the case, the information (in the case of the CBC, as such information relates to it) contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## INDEX OF DEFINED TERMS

|  |          |                                     |                |
|--|----------|-------------------------------------|----------------|
| α  | 188      | applicable Final Terms              | 78             |
| €  | 3        | Applicable Procedures               | 133            |
| 2010 PD Amending Directive               | 81       | Approved Form                       | 205            |
| 2015 CB Legislation                      | 144      | Arrears of Interest                 | 159            |
| 2018 Programme Update                    | i        | Article 129 CRR                     | 162            |
| 30/360                                   | 101, 106 | Article 52(4) UCITS                 | 144            |
| 30E/360                                  | 106      | Asset Cover Test                    | 187            |
| 30E/360 (ISDA)                           | 107      | Asset Monitor                       | 197            |
| A  | 188, 192 | Asset Monitor Agreement             | 187            |
| AAHG Bank Savings Receivable             | 162      | Asset Monitor Appointment Agreement | 197            |
| AAHG Rabobank Collection Account         | 200      | Asset Monitor Report                | 197            |
| ABN AMRO Bank                            | 4        | Asset Percentage                    | 188            |
| ABN AMRO Collection Account              | 201      | Authorised Investments              | 193            |
| ABN AMRO Hypotheken Groep                | 42       | Available Principal Receipts        | 212            |
| ABN AMRO Swap Agreement                  | 205      | Available Revenue Receipts          | 212            |
| Account Bank                             | 226      | AY                                  | 117            |
| Accounts Pledge                          | 149      | B                                   | 188, 192       |
| Accrual Period                           | 100      | Bank Savings Account                | 161            |
| Accrued Increases                        | 185      | Bank Savings Deduction Risk         | 43             |
| Accrued Interest                         | 158      | Bank Savings Deposit Bank           | 51             |
| Accrued Savings Interest                 | 185      | Bank Savings Interest Correction    | 185            |
| Actual/360                               | 106      | Bank Savings Loan                   | 161            |
| Actual/365 (Euro)                        | 106      | Bank Savings Receivable             | 162            |
| Actual/365 (Fixed)                       | 106      | Bank Savings Set-Off Amount         | 42             |
| Actual/Actual (ICMA)                     | 100      | Base Prospectus                     | 82             |
| Actual/Actual (ISDA)                     | 106      | Basel Committee                     | 27             |
| Additional Business Centre               | 100      | Basel II Framework                  | 27             |
| Adjusted Aggregate Asset Amount          | 187      | Basel III                           | 27             |
| Adjusted Current Balance                 | 188      | Bearer Covered Bond                 | 6              |
| Adjusted Required Redemption Amount      | 195      | Bearer Covered Bonds                | 96             |
| Adjustment Spread                        | 110      | Bearer Definitive Covered Bond      | 78             |
| Administration Agreement                 | 187      | Beneficiary Rights                  | 55, 166        |
| Administrator                            | 187      | Beneficiary Waiver Agreement        | 56             |
| Adverse Claim                            | 162      | BKR                                 | 173            |
| AFM                                      | i        | Borrower                            | 162            |
| Agency Agreement                         | 95       | Breach of the Amortisation Test     | 192            |
| Agents                                   | 95       | Breach of the Asset Cover Test      | 187            |
| Agreed Base Reference Rate               | 12       | Breach of the Pre-Maturity Test     | 190            |
| AI                                       | 186      | Business Day                        | 100            |
| AIC Account                              | 226      | Business Day Convention             | 99             |
| AIC Account Agreement                    | 226      | C                                   | 188, 192       |
| AIC Account Principal Ledger             | 215      | Calculation Agent                   | 103            |
| AIC Account Revenue Ledger               | 215      | Calculation Amount                  | 100            |
| AIC Margin                               | 227      | Calculation Date                    | 122            |
| AIC Rate                                 | 227      | Calculation Period                  | 122            |
| All-monies Security                      | 38       | Cap                                 | 7              |
| Alternative Reference Rate               | 111      | Capital Account                     | 226            |
| Amending Regulation                      | 68       | Capital Requirements Directive      | 27             |
| Amortisation Test                        | 122, 192 | Capped TRS Termination Amount       | 223            |
| Amortisation Test Aggregate Asset Amount | 192      | Category 4 Receivables              | 46             |
| Amortisation Test Current Balance        | 192      | Category 5 Receivables              | 51             |
| Amortised Face Amount                    | 117      | Category 6 Receivables              | 52             |
| Amsterdam Business Day                   | 107      | CB Regulations                      | 144            |
| Annual Report 2016                       | 74       | CBC                                 | i, 73, 95, 151 |
| Annual Report 2017                       | 74       | CBC Acceleration Notice             | 121            |
| Annuity Loan                             | 160      | CBC Accounts                        | 227            |

|   |               |  |             |
|---|---------------|--|-------------|
| CBC Event of Default .....                    | 121           | Early Redemption Amount .....            | 117         |
| CBC Payment Date .....                        | 122           | EEA .....                                | 3, 7        |
| CBC Payment Period.....                       | 223           | Eligibility Criteria .....               | 163         |
| CBC Rights Pledge.....                        | 149           | Eligible Assets .....                    | 160         |
| CBT Facility .....                            | 190           | Eligible Collateral .....                | 163         |
| CBTF Agreement .....                          | 190           | Eligible Receivable .....                | 163         |
| CBTF Provider .....                           | 190           | Eligible Swap Provider .....             | 205         |
| CBTF Standby Loan.....                        | 191           | EMIR .....                               | 20, 67, 127 |
| CBTF Sub-Ledger .....                         | 216           | Enforcement Event.....                   | 149         |
| Classic Temporary Global Covered Bond.....    | 6             | Enforcement Procedures .....             | 201         |
| Clearstream, Luxembourg .....                 | i, 78, 97     | <i>entity</i> .....                      | 135         |
| Code of Conduct.....                          | 163           | EUR .....                                | 3           |
| Collar.....                                   | 7             | EURIBOR .....                            | 18, 103     |
| Collection Accounts .....                     | 201           | euro .....                               | 3           |
| Commission's Proposal.....                    | 22            | Eurobond Basis .....                     | 106         |
| Conditions .....                              | 82, 95        | Euroclear .....                          | i, 78, 97   |
| CONSOB .....                                  | 138           | Euroclear Netherlands.....               | i, 78, 79   |
| Consolidated Annual Financial Statements 2016 |               | Eurodollar Convention.....               | 102         |
| ABN AMRO Group N.V.....                       | 74            | Euronext Amsterdam .....                 | i, 130      |
| Consolidated Annual Financial Statements 2017 |               | Eurosystem.....                          | 24          |
| ABN AMRO Group N.V.....                       | 74            | Excess Credit Enhancement.....           | 189         |
| Consolidated Annual Financial Statements ABN  |               | Excess Proceeds .....                    | 121         |
| AMRO Group N.V.....                           | 74            | Exchange Agent .....                     | 95          |
| Construction Deposit.....                     | 57            | Exchange Date .....                      | 78          |
| Couponholders.....                            | 96            | Exchange Event .....                     | 78          |
| Coupons.....                                  | 95            | Excluded Swap Termination Amount .....   | 223         |
| Covered Bondholder.....                       | 97, 131, 132  | Extended Due for Payment Date.....       | 99          |
| Covered Bondholders .....                     | 96            | Extension Date .....                     | 98          |
| Covered Bonds .....                           | i             | Extraordinary Resolution .....           | 128         |
| CRA Regulation .....                          | i, 91, 92     | FATCA Withholding .....                  | 8, 119      |
| CRD IV .....                                  | 27            | FCA Announcement .....                   | 18          |
| CRR.....                                      | 27, 162       | FFI.....                                 | 21          |
| Current Balance .....                         | 159           | Final Maturity Date.....                 | 101         |
| Custody Agreement.....                        | 203           | Final Redemption Amount.....             | 115         |
| D 188   |               | Final Terms .....                        | i           |
| D <sub>1</sub> .....                          | 101, 106, 107 | First Transfer Date .....                | 156         |
| D <sub>2</sub> .....                          | 101, 106, 107 | Fitch .....                              | i           |
| Data Protection Legislation .....             | 202           | Fixed Interest Period .....              | 101         |
| Day Count Fraction .....                      | 100, 106      | Fixed Security .....                     | 38          |
| Dealer .....                                  | i             | flip clauses .....                       | 68          |
| Dealers.....                                  | i             | Floating Rate.....                       | 103         |
| Decree.....                                   | 154           | Floating Rate Convention .....           | 102         |
| Decree No. 58.....                            | 138           | Floating Rate Option.....                | 103         |
| Deduction Risk .....                          | 43            | Floating Rate Payer Payment Date.....    | 208, 209    |
| Defaulted Receivable .....                    | 159           | Floor.....                               | 7           |
| Defaulted Receivables Notice .....            | 159           | Following Business Day Convention.....   | 99, 102     |
| Demerged Originator.....                      | 163           | FRN Convention .....                     | 102         |
| Demerger.....                                 | 163           | FSA .....                                | 186         |
| Deposit Amount .....                          | 189           | FSMA.....                                | 138         |
| Designated Maturity .....                     | 103           | FTT .....                                | 22          |
| Determination Period .....                    | 101           | Further Advance.....                     | 156         |
| Disputed Receivable.....                      | 159           | Further Master Transfer Agreement.....   | 48          |
| DNB .....                                     | 13            | Further Settlement Amount.....           | 185         |
| DNB-register .....                            | 13            | Global Covered Bond.....                 | 78          |
| Drawdown Prospectus.....                      | 76            | grandfathering period.....               | 21          |
| DTC.....                                      | 9, 132        | Gross Outstanding Principal Balance..... | 156         |
| Due for Payment.....                          | 147           | Group .....                              | 117         |
| Dutch Insolvency Proceedings .....            | 35            | Guarantee .....                          | 98          |
| E 188   |               | Guarantee Support Agreement.....         | 153         |
| Earliest Maturing Covered Bonds .....         | 196           | Guaranteed Amounts.....                  | 147         |

|  |          |   |               |
|--|----------|---|---------------|
| Guaranteed Final Redemption Amount.....          | 99       | Loan Agreement.....                             | 167           |
| HB Covered Bond.....                             | 96       | Loan Savings.....                               | 43            |
| Hedged Series Amount.....                        | 223      | Long Maturity Covered Bond.....                 | 112           |
| holder of Covered Bonds.....                     | 132      | LT.....   | 14            |
| Holding.....                                     | 73, 151  | LTV Cut-Off Percentage.....                     | 188           |
| Hybrid Loan.....                                 | 161      | M <sub>1</sub> .....                            | 101, 106, 107 |
| I.....   | 186      | M <sub>2</sub> .....                            | 101, 106, 107 |
| IA Determination Cut-off Date.....               | 108      | Management Agreement (CBC).....                 | 151           |
| ICRF Period.....                                 | 213      | Managing Director.....                          | 151           |
| ICRF Sum.....                                    | 212      | Mandatory Asset Quantity Test.....              | 156           |
| ICSDs.....                                       | 22       | Mandatory Liquidity Fund.....                   | 211           |
| IGA.....   | 21       | Mandatory Liquidity Principal Ledger.....       | 217           |
| IMD.....   | 3        | Mandatory Liquidity Required Amount.....        | 213           |
| Incorporated Terms Memorandum.....               | 96       | Mandatory Liquidity Revenue Ledger.....         | 217           |
| Increase.....                                    | 185      | Margin RTS.....                                 | 67            |
| Independent Adviser.....                         | 111      | Market Value.....                               | 179           |
| Index.....                                       | 189      | Master Definitions Schedule.....                | 96            |
| Indexed Valuation.....                           | 189      | Master Receivables Pledge Agreement.....        | 149           |
| Initial Advance.....                             | 156      | Master Sub-Participation Agreement.....         | 184           |
| Initial Originators.....                         | 177      | Master Transfer Agreement.....                  | 47            |
| Initial Portfolio.....                           | 156      | Merged.....                                     | 167           |
| Initial Servicer.....                            | 199      | Merged Originator.....                          | 167           |
| Initial Servicing Agreement.....                 | 199      | Merger.....                                     | 167           |
| Initial Settlement Amount.....                   | 186      | MiFID II.....                                   | i, 3, 137     |
| Insolvency Proceedings.....                      | 36       | Minimum Account Bank Ratings.....               | 226, 227      |
| Insurance Mediation Directive.....               | 138      | Minimum Mortgage Interest Rate.....             | 200           |
| Interest Amount.....                             | 105      | MIR.....  | 186           |
| Interest Cover Reserve Fund Required Amount..... | 212      | Mixed Insurance Policy.....                     | 167           |
| Interest Payment Date.....                       | 102      | Modified Following Business Day Convention..... | 99, 102       |
| Interest Period.....                             | 102      | MoneyYou.....                                   | 201           |
| Interest Rate Swap.....                          | 208      | MoneyYou Rabobank Collection Account.....       | 201           |
| Interest Rate Swap Agreement.....                | 208      | Monthly Interest.....                           | 186           |
| Interest Rate Swap Provider.....                 | 208      | Monthly Investor Report.....                    | 187           |
| Interest Reserve Fund.....                       | 210      | Moody's.....                                    | i             |
| Interest Reserve Fund Ledger.....                | 217      | Mortgage.....                                   | 167           |
| Interest Reserve Fund Trigger Date.....          | 213      | MREL.....                                       | 26            |
| Interest Reserve Fund Trigger Period.....        | 213      | MTA Receivable.....                             | 47            |
| Interest-Only Loan.....                          | 160      | necessary information.....                      | 76            |
| Investment Loan.....                             | 160      | Net Outstanding Principal Balance.....          | 156           |
| Investment Loss.....                             | 53       | Net Stable Funding Ratio.....                   | 27            |
| Investor's Currency.....                         | 28       | New Entity.....                                 | 128           |
| IRS RTS.....                                     | 67       | New Originators.....                            | 177           |
| ISDA Definitions.....                            | 103      | New Portfolio.....                              | 156           |
| ISDA Rate.....                                   | 103      | New Receivables.....                            | 201           |
| Issue Date.....                                  | 4        | New Servicer.....                               | 199           |
| Issuer.....                                      | i, 95    | New Servicing Agreement.....                    | 199           |
| Issuer Acceleration Notice.....                  | 120      | NGN.....  | 6, 78         |
| Issuer Determination Cut-off Date.....           | 109      | NGN Temporary Global Covered Bond.....          | 6             |
| Issuer Event of Default.....                     | 120      | NHG.....  | 167           |
| L.....   | 188, 192 | NHG Guarantee.....                              | 167           |
| Land Registry.....                               | 189      | Notice to Pay.....                              | 121           |
| Legal Demerger.....                              | 40       | Notification Event.....                         | 156           |
| Legend.....                                      | 133      | offer.....                                      | 138, 140      |
| Lending Criteria.....                            | 167      | OID.....  | 21            |
| LIBOR.....                                       | 18, 103  | Optional Redemption Date.....                   | 116           |
| Life Loan.....                                   | 160      | Original Foreclosure Value.....                 | 189           |
| Linear Loan.....                                 | 160      | Originators.....                                | 177           |
| Liquidity Coverage Ratio.....                    | 27       | OTC.....  | 67            |
| Loan.....  | 167      | Parallel Debt.....                              | 149           |

|   |          |  |            |
|---|----------|--|------------|
| Partial Portfolio .....                                 | 194      | Register .....                           | 131        |
| Participant.....  | 213      | Registered Covered Bond .....            | 6          |
| participating Member States .....                       | 22       | Registered Covered Bonds.....            | 96         |
| Participation .....                                     | 186      | Registered Covered Bonds Deed .....      | 6, 78, 131 |
| Participation Date .....                                | 186      | Registered Definitive Covered Bond ..... | 132        |
| Participation Fraction .....                            | 186      | Registered Global Covered Bonds .....    | 133        |
| Participation Ledger .....                              | 217      | Registrar.....                           | 95         |
| Participation Receivable.....                           | 168      | Registration Document .....              | 74         |
| Partner .....   | 55       | Regulation No. 11971 .....               | 138        |
| Partner Instruction .....                               | 55       | Regulation S.....                        | 132        |
| Paying Agents .....                                     | 95       | Regulation S Global Covered Bond.....    | 133        |
| Payment Day .....                                       | 114, 132 | Related Security .....                   | 168        |
| Permanent Global Covered Bond.....                      | 78       | Relevant Assets and Liabilities .....    | 163        |
| Portfolio.....  | 159      | Relevant Date.....                       | 119        |
| Post-CBC-Acceleration-Notice Priority of Payments ..... | 224      | relevant Dealer(s).....                  | i          |
| Post-Notice-to-Pay Priority of Payments.....            | 221      | Relevant ICRF Amount .....               | 212        |
| Potential CBC Event of Default .....                    | 129      | Relevant Member State.....               | 2, 81      |
| Potential Issuer Event of Default.....                  | 129      | Relevant Nominating Body.....            | 111        |
| Preceding Business Day Convention.....                  | 99, 103  | Representations and Warranties.....      | 157        |
| Pre-Maturity Liquidity Ledger .....                     | 216      | Required Redemption Amount .....         | 191        |
| Pre-Maturity Maximum Required Amount ..                 | 216      | Reserve Fund .....                       | 210        |
| Pre-Maturity Minimum Ratings .....                      | 191      | Reserve Fund Ledger .....                | 217        |
| Pre-Maturity Test .....                                 | 190      | Reserve Fund Required Amount .....       | 214        |
| Pre-Maturity Test Date.....                             | 190      | Reset Date .....                         | 103        |
| Pre-Notice-to-Pay Priority of Payments .....            | 213      | Residential Subsidy Right.....           | 168        |
| Previous ICRF Amount .....                              | 213      | Residual Claim.....                      | 154        |
| Price Indexed Valuation .....                           | 189      | Resolution Board .....                   | 25         |
| PRIIPs Regulation .....                                 | 3        | restricted period .....                  | 78         |
| Principal Amount Outstanding .....                      | 102      | Revenue Ledger .....                     | 215        |
| Principal Ledger .....                                  | 216      | Revenue Receipts.....                    | 214        |
| Principal Obligations.....                              | 149      | RP.....                                  | 117        |
| Principal Paying Agent.....                             | 95       | RRD .....                                | 25         |
| Principal Receipts.....                                 | 213      | Rule 144A .....                          | 133        |
| Priority of Payments .....                              | 227      | Rule 144A Global Covered Bond .....      | 133        |
| Proceeds .....  | 43       | S 186                                    |            |
| Programme .....   | i        | Savings.....                             | 186        |
| Programme Agreement.....                                | 137      | Savings Loan.....                        | 161        |
| Programme Date.....                                     | 95       | Savings Receivables.....                 | 214        |
| Programme Resolution.....                               | 129      | SB Covered Bond .....                    | 96         |
| Property .....  | 168      | Scheduled Interest.....                  | 147        |
| Prospectus Directive.....i, 3, 81, 138, 140             |          | Scheduled Payment Dates.....             | 147        |
| Purchaser .....   | 196      | Scheduled Principal.....                 | 147        |
| QIBs .....  | 133      | Second Beneficiary .....                 | 55         |
| Rabobank.....   | 200      | Secured Creditors .....                  | 149        |
| Rating Agency.....                                      | 147      | Secured Property.....                    | 150        |
| Rating Agency Confirmation .....                        | 129      | Securities Act.....                      | 2, 80, 133 |
| RBS N.V.....  | 40       | Security .....                           | 150        |
| RC Pledge Release Trigger Event .....                   | 39       | Security Documents .....                 | 150        |
| RC Pledge Trigger Event.....                            | 39       | Selected Receivables.....                | 159        |
| Reasonable Prudent Lender .....                         | 168      | Selection Date .....                     | 116        |
| Receivable .....  | 168      | Series.....                              | 96         |
| Receivable Due Date .....                               | 159      | Series Reserved Matter .....             | 126        |
| Receivable Interest Determination Date.....             | 158      | Servicer .....                           | 199        |
| Receivables Warranties .....                            | 157      | Servicer Criteria .....                  | 202        |
| Record Date.....  | 131      | Servicer Event of Default.....           | 202        |
| Redeemed Covered Bonds .....                            | 116      | Services.....                            | 199        |
| Redemption Amount .....                                 | 186      | Servicing Agreement.....                 | 199        |
| Reference Banks.....                                    | 105      | SFH .....                                | 173        |
| Reference Rate .....                                    | 111      | SFTR.....                                | 67         |
|   |          | Specified Currency.....                  | 5          |

|  |     |                                  |               |
|--|-----|----------------------------------|---------------|
| Specified Denomination .....           | 21  | Third Party Amounts.....         | 223           |
| SRM .....                              | 25  | Total Return Swap .....          | 207           |
| SSM.....                               | 25  | Total Return Swap Agreement..... | 207           |
| ST .....                               | 14  | Total Return Swap Provider.....  | 207           |
| Standardised Approach.....             | 168 | Tranche .....                    | 96            |
| Sterling .....                         | 3   | Transaction Documents.....       | 229           |
| Structured Swap Agreement.....         | 209 | Transfer Agents.....             | 132           |
| Structured Swap Provider.....          | 209 | Transfer Date .....              | 157           |
| Structured Swap Rate .....             | 193 | Transferred Assets.....          | 157           |
| Structured Swaps.....                  | 209 | Transferred Collateral .....     | 157           |
| Sub-Participation Loan.....            | 47  | Transferred Receivables.....     | 157           |
| Subscription Agreement .....           | 229 | Transitional Period.....         | 70            |
| Substitution Assets .....              | 168 | Trust Deed.....                  | 95            |
| Substitution Assets Pledge .....       | 149 | Trustee .....                    | 73, 95, 142   |
| sub-unit.....                          | 102 | Trustee's Director.....          | 73, 129       |
| Successor Reference Rate.....          | 111 | U.S. Dollars.....                | 3             |
| Swap Agreements.....                   | 206 | Unadjusted .....                 | 100, 103      |
| Swap Collateral Excluded Amounts.....  | 214 | US Paying Agent.....             | 95            |
| Swap Collateral Ledger .....           | 217 | Valuation Procedures .....       | 168           |
| Swap Interest Excluded Amounts.....    | 214 | WAFF .....                       | 187           |
| Swap Interest Ledger .....             | 217 | WALS .....                       | 187           |
| Swap Principal Excluded Amounts .....  | 214 | WEW .....                        | 62            |
| Swap Principal Ledger .....            | 217 | <i>Wft</i> .....                 | 4             |
| Swap Provider .....                    | 204 | <i>Wge</i> .....                 | 6, 44         |
| Swap Provider Default .....            | 206 | WoonNexxt .....                  | 177           |
| Swap Provider Downgrade Event.....     | 223 | Woonquote .....                  | 178           |
| Swap Replacement Excluded Amounts..... | 214 | Written-Off Receivable.....      | 159           |
| Swap Replacement Ledger .....          | 217 | y                                | 117           |
| Swap Undertaking Letter.....           | 206 | Y                                | 189           |
| Swaps .....                            | 209 | Y <sub>1</sub> .....             | 101, 106, 107 |
| Talons .....                           | 95  | Y <sub>2</sub> .....             | 101, 106, 107 |
| TARGET2 .....                          | 100 | Zero Coupon Covered Bonds.....   | 140           |
| Tax Jurisdiction .....                 | 119 | α                                | 192           |
| Temporary Global Covered Bond .....    | 78  | β                                | 188, 192      |
| Termination Date.....                  | 209 |                                  |               |

**ISSUER**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**THE CBC**

**ABN AMRO Covered Bond Company B.V.**

Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

**TRUSTEE**

**Stichting Trustee ABN AMRO Covered Bond Company**

Hoogoorddreef 15  
1101 BA Amsterdam  
The Netherlands

**PRINCIPAL PAYING AGENT, PAYING AGENT AND EXCHANGE AGENT**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**REGISTRAR**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**LEGAL ADVISERS**

*To the Issuer, the CBC and ABN AMRO Bank N.V. as Originator*

*As to Dutch law:*

**Clifford Chance LLP**  
Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

*As to Dutch tax law:*

**Clifford Chance LLP**  
Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

*As to English law:*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*To the Arranger and the Dealer*

*As to Dutch law:*

**NautaDutilh N.V.**  
Beethovenstraat 400  
1082 PR Amsterdam  
The Netherlands

**AUDITORS**

*To the CBC*

**Ernst & Young Accountants LLP**

Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

*To the Issuer and ABN AMRO Group N.V.*

**Ernst & Young Accountants LLP**

Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

**ARRANGER**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**DEALER**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**LISTING AGENT**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands