

**NIBC BANK N.V.**

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

**EUR 10,000,000,000 Covered Bond Programme**

**guaranteed as to payments of interest and principal by**

**NIBC SB COVERED BOND COMPANY B.V.**

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

This base prospectus (the "**Base Prospectus**") has been approved by the Dutch Authority for the Financial Markets ("**Stichting Autoriteit Financiële Markten**", the "**AFM**") as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") for a period of twelve (12) months from the date of this Base Prospectus. The AFM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer and/or the CBC that is the subject of this Base Prospectus nor as an endorsement of the quality of any covered bonds (the "**Covered Bonds**") that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. This Base Prospectus will be published in electronic form on website [www.nibc.com](http://www.nibc.com).

**This Base Prospectus shall be valid for use only by the Issuer or others who have obtained the Issuer's consent for a period of up to twelve (12) months after its approval by the AFM and shall expire on 30 May 2023, at the latest. The obligation to supplement this Base Prospectus, in the event of significant new factors, material mistakes or material inaccuracies only, shall cease to apply upon the expiry of the validity period of this Base Prospectus.**

Under its EUR 10,000,000,000 Covered Bond Programme (the "**Programme**") NIBC Bank N.V. (the "**Issuer**" or "**NIBC Bank**") may from time to time issue Covered Bonds denominated in euro as agreed between the Issuer and the relevant Dealer, if any. Subject as set out herein, the maximum aggregate nominal amount of the Covered Bonds from time to time outstanding under the Programme will not exceed EUR 10,000,000,000.

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

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

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

are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).

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

It is expected that each issue of a Series of Covered Bonds will, on issue, be assigned a "AAA" rating by S&P Global Ratings Europe Limited ("**S&P**", the "**Rating Agency**"), unless otherwise specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. Where a Series or Tranche of Covered Bonds is rated, the applicable rating(s) on the date of issue will be specified in the relevant Final Terms. Whether or not in relation to a relevant Series of Covered Bonds the credit rating is issued by a credit rating agency which is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), is included in the list of registered rating agencies published on the website of the European Securities and Markets Authority ("**ESMA**") and is established in the European Union or established outside the European Union or of which the credit ratings assigned are endorsed by a credit rating agency established in the European Union and registered in accordance with the CRA Regulation, will be disclosed in the relevant Final Terms. For a discussion of the risks associated with an investment in the Covered Bonds, see section 3 (*Risk Factors*). S&P is established in the European Economic Area and has been registered by ESMA as credit rating agency in accordance with the CRA Regulation and (ii) the rating of S&P is endorsed by S&P Global Ratings UK Limited, which is established in the United Kingdom and has been registered with the Financial Conduct Authority as credit rating agency in accordance with Regulation (EU) No 1060/2009 as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**").

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

The Covered Bonds of each Tranche are in bearer form or in registered form. Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a Global Covered Bond. Global Covered Bonds will be deposited on or about the issue date thereof (each an "**Issue Date**") either (i) with a common safekeeper or common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or (ii) with the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Nederland**") and/or (iii) any other agreed clearance system. Registered Covered Bonds will be issued to each relevant holder by a registered covered bonds deed. See section 6 (*Covered Bonds*) under '*Form of Covered Bonds*'.

The Covered Bonds may be issued in a new global note form ("**NGN-form**") which will allow Eurosystem eligibility. This means that the Covered Bonds in NGN-form are intended upon issue to be deposited with one of the International Central Securities Depositories (the "**ICSDs**") as common safekeeper. The Covered Bonds may also be issued and deposited with Euroclear Nederland, which will also allow Eurosystem eligibility. In each case, this does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria from time to time.

For the page reference of the definitions of capitalised terms used herein see section 20 (*Index of Defined Terms*).

The date of this Base Prospectus is 30 May 2022.

**Arranger**

**NIBC Bank N.V.**

**Co-Arranger**

**ABN AMRO Bank N.V.**

**Dealers**

**NIBC Bank N.V.**

**ABN AMRO Bank N.V.**

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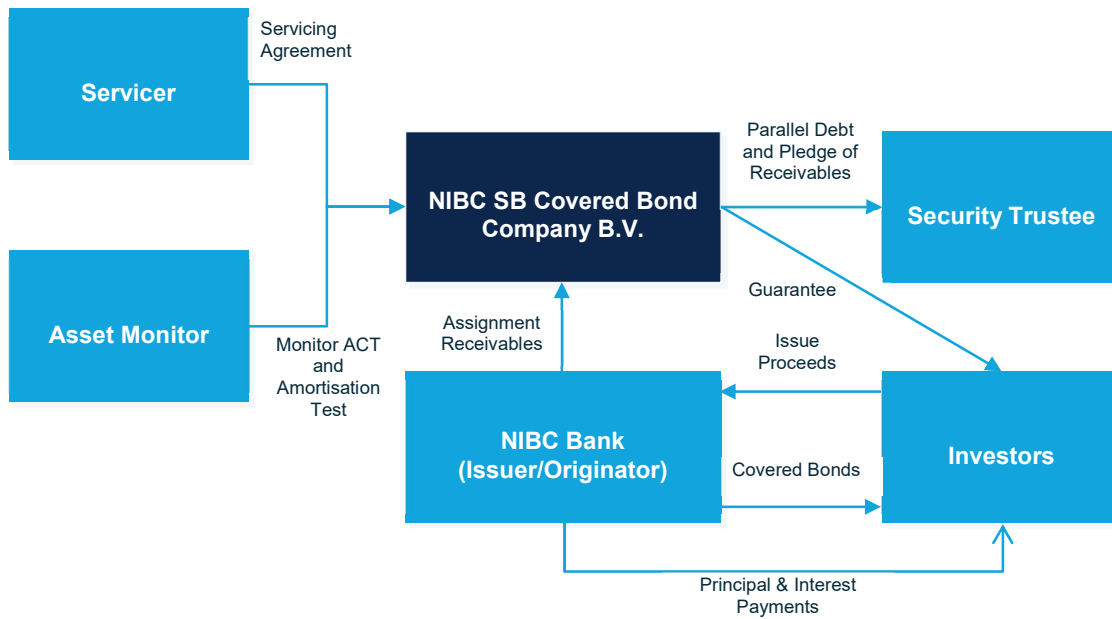
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## 2. GENERAL DESCRIPTION OF THE PROGRAMME

### 2.1 STRUCTURE DIAGRAM

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



## 2.2 OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMME

The following provides an overview of the parties and the principal features of the Programme. The overview must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Base Prospectus. This overview is not a summary within the meaning of Article 7 of the Prospectus Regulation.

### 1. PARTIES

**Issuer:** NIBC Bank N.V., incorporated under the laws of the Netherlands as a public limited liability company (*naamloze vennootschap*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 27032036 ("**NIBC Bank**"). The Legal Entity Identifier (LEI) of the Issuer is B64D6Y3LBJ54ANNPCU93. Further information on the Issuer can be found in section 5 (*NIBC Bank N.V.*).

**Transferors:** Hypinvest B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 27169419 ("**Hypinvest**");

Hypinvest Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands, and registered with the Commercial Register of the Chamber of Commerce under number 27258412 ("**Hypinvest Hypotheken**");

NIBC Direct Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands, and registered with the Commercial Register of the Chamber of Commerce under number 53084179 ("**NIBC Direct Hypotheken**");

Quion 30 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands, and registered with the Commercial Register of the Chamber of Commerce under number 27169414 ("**Quion 30**"); and

NIBC Bank (NIBC Bank will only become a transferor to transfer Eligible Collateral to the CBC and will not transfer Eligible Receivables to the CBC).

All outstanding shares in the capital of each of the Transferors (other than NIBC Bank) are indirectly held by NIBC Bank.

**CBC:** NIBC SB Covered Bond Company B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 8602186. The Legal Entity Identifier (LEI) of the CBC is 724500815MF8PQ975Z24. Further information on the CBC can be found in section 7 (*Asset Backed Guarantee*) under '**CBC**'.

**Guarantor:** CBC.

**Administrator:** NIBC Bank in its capacity as administrator under the Administration Agreement or its successor or successors, or Intertrust Administrative Services B.V. in its capacity as administrator if the suspensive condition has been fulfilled that the

appointment of NIBC Bank as administrator has been terminated as set out in the Back-up Administration Agreement (as defined below).

<b>Back-up Administrator:</b>	Intertrust Administrative Services B.V.
<b>Servicer:</b>	<p>NIBC Bank in its capacity as servicer, in respect of Mortgage Receivables or in respect of Transferred Assets in respect of which it has been appointed as Servicer under the Servicing Agreement or its successor or successors.</p> <p>The Servicer will initially appoint each of Stater Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. as the Sub-servicers to provide certain of the Pool Services in respect of the Mortgage Receivables.</p>
<b>Sub-servicers:</b>	Stater Nederland B.V. and Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V., each incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) (each a " <b>Sub-servicer</b> ").
<b>Collection Foundations:</b>	In respect of Quion 30 and Hypinvest Hypotheken, Stichting Hypotheek Ontvangsten and in respect of NIBC Direct Hypotheken and Hypinvest, Stichting Ontvangsten Hypotheek gelden.
<b>Asset Monitor:</b>	Ernst & Young Accountants LLP, or any successor asset monitor.
<b>Arranger:</b>	NIBC Bank.
<b>Co-Arranger:</b>	ABN AMRO Bank N.V. (and together with the Arranger referred to as the " <b>Arrangers</b> ").
<b>Dealers:</b>	NIBC Bank, ABN AMRO Bank N.V. and any other dealer appointed from time to time.
<b>Security Trustee:</b>	Stichting Security Trustee NIBC SB Covered Bond Company, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 85798339.
<b>Stichting Holding:</b>	The entire issued share capital of the CBC is held by Stichting Holding NIBC SB Covered Bond Company, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 85940097.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the CBC, Intertrust Management B.V., the sole director of the Stichting Holding and IQ EQ Structured Finance B.V., the sole director of the Security Trustee.
<b>Savings Participants:</b>	Any saving insurance company which will enter into a Savings Participation Agreement with the CBC.
<b>Previous Transaction SPVs:</b>	Each of the special purpose vehicles and, at any time, any additional special purpose vehicle to which a Transferor has assigned mortgage receivables and which has acceded to the relevant Receivables Proceeds Distribution Agreement and has not resigned therefrom.



**Previous Trustees:**      **Transaction Security** Each security trustee and, at any time from the date hereof, any additional security trustee relating to an additional special purpose vehicle as mentioned above, to which mortgage receivables are pledged or assigned and which has acceded to the relevant Receivables Proceeds Distribution Agreement and has not resigned therefrom.

**CBC Account Bank:**      Société Générale S.A., Amsterdam Branch.

**Foundation Accounts Provider:**      ABN AMRO Bank N.V.

**Principal Paying Agent:**      Citibank, N.A., London Branch.

**Paying Agent:**      Any paying agent appointed under the agency agreement (and together with the Principal Paying Agent, the "**Paying Agents**").

**Listing Agent:**      NIBC Bank.

**Registrar:**      Citibank, N.A., London Branch.

**Calculation Agent:**      In relation to the Covered Bonds of any Series, the institution appointed as calculation agent in relation to such Covered Bonds pursuant to the Calculation Agency Agreement (Schedule 3 to the Agency Agreement) or the Agency Agreement.

**Rating Agencies:**      Any rating agency (or its successor) who, at the request of the Issuer assigns, and for as long as it assigns, one or more ratings to the Covered Bonds under the Programme from time to time, which at the date of this Base Prospectus includes S&P, the "**Rating Agency**".

**Portfolio Swap Counterparty:**      Any swap counterparty under any Portfolio Swap Agreement.

**Interest Swap Counterparty:**      Any swap counterparty under any Interest Swap Agreement.

**Swap Counterparty:**      Any swap counterparty under any Portfolio Swap Agreement and/or any Interest Swap Agreement.

## **2. THE COVERED BONDS**

**Programme size:**      Up to EUR 10,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the programme agreement dated 30 May 2022 between, *inter alia*, the Issuer and the CBC as the same may be amended and/or supplemented and/or restated or otherwise modified from time to time (the "**Programme Agreement**").

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

**Form:**      Each Covered Bond will be in a bearer or registered form.

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

Nederland, (ii) with a common depository for Euroclear and/or Clearstream, Luxembourg or (iii) with (a 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 Global Covered Bond is exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event or, if a Global Covered Bond is deposited with Euroclear Nederland, only upon the occurrence of a Delivery Event, all as described in section 2 (*Covered Bonds*) under '*Form of Covered Bonds*'. 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 and/or Clearstream, Luxembourg and/or (ii) Euroclear Nederland (and the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*)) and/or (iii) any other agreed clearing system, as appropriate. See section 2 (*Covered Bonds*) under '*Form of Covered Bonds*'.

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

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

**Denomination:**

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

**Currency:**

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

**Status and Ranking:**

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

**Interest:**

Interest (which may be fixed or floating) shall be payable on each Series or Tranche of Covered Bonds on the Interest Payment Dates specified in the applicable Final Terms up to the Maturity Date or the Extended Due for Payment Date, if applicable. Interest shall be payable monthly, bi-monthly, quarterly, semi-annually, annually or upon redemption of the relevant Covered Bonds as further specified in the applicable Final Terms (other than Zero Coupon Covered Bonds).

**Fixed Rate Covered Bonds:**

Fixed Rate Covered Bonds means Covered Bonds which will bear interest at a fixed rate, payable on such date or dates as set forth in the applicable Final Terms ("**Fixed Rate Coupon**") and on redemption and will be calculated on the

basis of such Day Count Fraction as set forth in the applicable Final Terms.

**Floating Rate Covered Bonds:**

Floating Rate Covered Bonds means Covered Bonds which will bear interest at a rate determined, as specified in the applicable Final Terms, being either:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in euro governed by an agreement incorporating either the 2006 ISDA Definitions or the 2021 ISDA Definitions, as applicable (in each case as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of Covered Bonds of the relevant Series), as specified in the applicable Final Terms; or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as set forth in the applicable Final Terms.

The relevant margin (the "**Margin**") (if any) relating to such floating rate will be specified as being the Margin in the applicable Final Terms.

If the Reference Rate has been discontinued or another Benchmark Event or, in case of Compounded Daily €STR, an €STR Index Cessation Event has occurred, the Rate of Interest on the Covered Bonds may be determined for the relevant period by reference to a substitute, alternative or successor rate, in accordance with the fallback provisions set out in Condition 5B(c) in case of Compounded Daily €STR or Condition 5B(d) in case of a Reference Rate other than Compounded Daily €STR, applicable to such Covered Bonds, being the Replacement Reference Rate. If the Issuer is unable to or otherwise does not determine a Replacement Reference Rate, the Rate of Interest may ultimately be determined as at the last preceding Interest Determination Date before the Benchmark Event occurred, which may ultimately result in the effective application of a fixed rate to what was previously a Floating Rate Covered Bond.

**Other provisions in relation to Floating Rate Covered Bonds:**

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

**Zero Coupon Covered Bonds**

Zero coupon covered bonds are Covered Bonds which will not bear interest except in case of a late payment ("**Zero Coupon Covered Bonds**").

**Redemption:**

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

**Maturities:**

Such maturities as set forth in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the Issuer, subject to a maximum maturity

(i.e. the Extended Due for Payment Date) for each Series of forty-eight (48) years.

- Maturity Date:** In respect of a Series, the date on which the Covered Bonds of such Series are expected to be redeemed at their Principal Amount Outstanding, as specified in the relevant Final Terms, which date falls no more than forty-seven (47) years after the Issue Date of such Series. Each Series is due by the Issuer on its respective Maturity Date.
- Extended Due for Payment Date:** The final maturity date which falls one (1) year after the Maturity Date of such Series of Covered Bonds.
- Withholding Tax:** All payments of, or in respect of, interest and principal in respect of the Covered Bonds will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by law. In the event the withholding or deduction of such taxes or duties is imposed or levied by or on behalf of any Tax Jurisdiction, the Issuer will, subject to the exceptions as provided in Condition 8 (*Taxation*), be required to pay such additional amounts to cover such withholding or deduction to such Covered Bondholders or, if the Issuer so elects, it may redeem the Series affected. The CBC will not be required or liable to pay such additional amounts.
- FATCA Withholding:** The Issuer and the CBC shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471(b) of the US IR Code or otherwise imposed pursuant to Sections 1471 through 1474 of the US IR Code 1986, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental agreement thereto ("**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.
- Method of Payment:** For as long as the Covered Bonds are represented by a Global Covered Bond, payments of principal and interest will be made (i) by giro transfer in euro to Euroclear Nederland or, as the case may be, (ii) in euro to the Principal Paying Agent for the credit of the respective accounts of the Covered Bondholders through Euroclear and Clearstream, Luxembourg, as the case may be, or (iii) in accordance with the rules of another agreed clearing system and as set forth in the applicable Final Terms.
- Use of proceeds:** The net proceeds from each issue of Covered Bonds will be used by the Issuer for (i) its general corporate purposes or (ii) such other purposes as further specified in the applicable Final Terms.
- Listing:** Application may be made for the Covered Bonds to be listed on the official list of Euronext Amsterdam during the period of twelve (12) months from the date of this Base Prospectus, which listing will apply for Covered Bonds if so indicated in the applicable Final Terms. In addition, Covered Bonds issued under the Programme may be listed or admitted to trading, as the case may be, on any other stock exchange or regulated market specified in the applicable Final Terms. The Issuer may also issue unlisted Covered Bonds under the Programme.
- Selling Restrictions:** There are selling restrictions in relation to the United States, the European Economic Area (including Italy, the Netherlands and Belgium), the United Kingdom and Japan and such other restrictions as may apply in connection with the offering and sale of a particular Tranche or Series. See '*Subscription and*

*Sale*'.

### 3. SECURITY FOR THE COVERED BONDS

**Guarantee, Security, CBC:**

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

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

**Parallel Debt Agreement:**

The CBC and the Security Trustee have entered into a parallel debt agreement (the "**Parallel Debt Agreement**") on the Programme Date for the benefit of the Covered Bondholders and the other Secured Parties under which the CBC, by way of parallel debt, undertakes to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create claims of the Security Trustee thereunder which can be validly secured by the rights of pledge created by any Security Trustee Receivables Pledge Agreement and any Security Trustee Rights Pledge Agreement.

**Security over Collection Foundations Accounts balances:**

The Collection Foundations shall grant a first ranking right of pledge on the balance standing to the credit of the relevant Collection Foundation Account in favour of the CBC and the Previous Transaction SPVs jointly, and the CBC and the Previous Transaction SPVs shall by way of repledge create a first ranking right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees each subject to the agreement that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by NIBC will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such rights of pledge will be notified to the Foundation Accounts Provider.

**Interest under the Guarantee:**

If the CBC is obliged to pay under the Guarantee, the CBC is obliged to pay any Guaranteed Amount (other than the Guaranteed Final Redemption Amount, see below) when Due for Payment.

**Extendable obligations:**

An Extended Due for Payment Date will apply in relation to each Series of Covered Bonds. In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, in which case:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on the Extended Due for Payment Date, unless any amounts are available to the CBC for such purpose prior to such date and will be paid on the relevant Interest Payment Date or the Extension Date; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount in accordance with Condition 3 (*The Guarantee*).

#### 4. GUARANTEE SUPPORT AND THE MORTGAGE RECEIVABLES

##### Guarantee Support:

As consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, pursuant to the Guarantee Support Agreement, the Issuer will use its best efforts, upon request of the CBC, to offer to transfer or procure that the other Transferors offer to transfer further Eligible Assets to the CBC, provided that the CBC shall only request a transfer of Eligible Assets if it (or the Administrator on its behalf) determines that the Asset Cover Test has been breached (or would be breached when at that moment the Asset Cover Test would be performed) under the Asset Monitoring Agreement.

At the option of the Issuer, subject always to Rating Agency Confirmation, New Transferors may accede to the Guarantee Support Agreement. The Issuer will use its best efforts, and the CBC will use reasonable efforts, to ensure, among other things, that the Asset Cover Test is satisfied as at the end of each calendar month, as calculated on the immediately succeeding Calculation Date and the Issuer shall use its best efforts to transfer or procure the transfer of sufficient Eligible Assets either directly by the Issuer or indirectly, upon instruction of the Issuer, by the other Transferors to the CBC. See section 9 (*Guarantee Support*).

As part of the Asset Cover Test the Issuer will use its best efforts, and the CBC will use its reasonable efforts to ensure that as at the end of each calendar month until the service of a Notice to Pay or CBC Acceleration Notice:

- (i) the Adjusted Aggregate Asset Amount shall be an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B of the Asset Cover Test, up to the date specified in item B), all as calculated on the immediately succeeding Calculation Date;
- (ii) the First Regulatory Current Balance Amount shall be at least equal to 105 per cent., or such other percentage as may be required from time to time under the CB Regulations, of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B of the Asset Cover Test, up to the date specified in item (B)) all as calculated on the immediately succeeding Calculation Date; and
- (iii) the Second Regulatory Current Balance Amount shall be at least equal to 100 per cent., or such other percentage as may be required from time to time under the CB Regulations, of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B of the Asset Cover Test, up to the date specified in item (B)) all as calculated on the immediately succeeding Calculation Date.

##### Mortgage Receivables:

As consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, under the Guarantee Support Agreement, the Transferors may assign to the CBC any and all rights under Mortgage Loans ("**Mortgage Receivables**") of the relevant Transferor against certain borrowers (the "**Borrowers**") and all claims which the Transferors have or will have as beneficiary vis-à-vis an Insurance Company in respect of the relevant Insurance Policy under which the relevant Transferors have been appointed as first beneficiary (*begunstigde*) in connection with a Mortgage Receivable (the "**Beneficiary Rights**"), subject to the fulfilment of certain conditions. The "**Mortgage Loans**" shall, after assignment of Eligible Receivables having taken place and to the extent not redeemed, retransferred, sold or otherwise disposed of by the CBC, be the loans entered into or acquired by the relevant Transferor vis-à-vis the relevant Borrowers set out in the relevant deed of assignment and pledge and will result from loans secured by a first-ranking Mortgage over (i) a real property (*onroerende zaak*), (ii) an apartment

right (*appartementsrecht*) or (iii) a long lease (*erfpacht*), (together with real property and apartment rights, the "**Mortgaged Assets**"), situated in the Netherlands and entered into or acquired by the relevant Transferor vis-à-vis the relevant Borrowers. See '*Guarantee Support*' above.

The Mortgage Loans have the characteristics that demonstrate the capacity to produce funds to service payments by the CBC under the Guarantee and each of the Mortgage Receivables shall meet the Eligibility Criteria.

**Borrowers:** "**Borrowers**" means the debtors under the Mortgage Loans or, as the context may require, other Eligible Assets.

**Savings Participation Agreements:** The CBC may enter into participation agreements substantially in the form as attached to the Guarantee Support Agreement (each a "**Savings Participation Agreement**") with savings insurance companies. Each Insurance Policy in connection with an Insurance Savings Mortgage Loan or a Switch Mortgage Loan with an alternative whereby the premiums are deposited into an account held in the name of the relevant Insurance Company with the relevant Transferor (the "**Savings Alternative**") (such insurance policies are collectively referred to as "**Savings Linked Insurance Policies**", the Switch Mortgage Loans with a Savings Alternative and Insurance Savings Mortgage Loans are referred to as the "**Savings Mortgage Loans**" and the Mortgage Receivables relating to such Savings Mortgage Loans are referred to as the "**Savings Mortgage Receivables**").

In the Savings Participation Agreement the relevant Savings Participant will be obliged to pay to the CBC amounts equal to such part of the insurance premium received from the relevant Borrowers as savings amount used to build up capital ("**Savings Premium**"). In return, the Savings Participant will be entitled to receive the Participation Redemption Available Amount from the CBC.

The rights and obligations of the Savings Participant and the CBC will be effective as from the date of signing of the relevant Savings Participation Agreement. See further section 13 (*Savings Participation Agreements*).

**Administration Agreement:** Under the terms of the Administration Agreement entered into on the Programme Date between the CBC, the Administrator and the Security Trustee, the Administrator agrees to provide certain administration, calculation and cash management services to the CBC on a day-to-day basis, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Covered Bonds. The Administrator is permitted to sub-contract its administration role to a third party administrator subject to any applicable conditions in the Administration Agreement.

**Back-up Administration Agreement:** Under the terms of the Back-up Administration Agreement (the "**Back-up Administration Agreement**") entered into on the Programme Date between the CBC, the Administrator, the Security Trustee and the Back-up Administrator, the Back-up Administrator is appointed as substitute administrator to perform certain administration, calculation and cash management services for the CBC on a day-to-day basis, in accordance with and subject to the provisions of the Administration Agreement and the provisions of the Back-up Administration Agreement under the condition precedent (*opschortende voorwaarde*), that the appointment of NIBC Bank as administrator under the Administration Agreement has been terminated.

**Servicing Agreement:** Under the terms of a servicing agreement (the "**Servicing Agreement**") entered into on the Programme Date between the CBC, the Servicer and the Security Trustee, the Servicer agrees (i) to provide administration and management

services in relation to the relevant Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the relevant Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages, any other related security and other collateral, if applicable; (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies. The Servicer is permitted to sub-contract its servicing role to an affiliate of the Issuer or any third party, after having notified the Rating Agency, and provided that the Servicer shall continue to be liable as if no such delegation had taken place.

In accordance with the Servicing Agreement, the Servicer will initially appoint Stater Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. as the Sub-servicers to provide certain of the services in respect of the Mortgage Loans as set out in Servicing Agreement ("**Pool Services**").

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

**CBC Account Agreement:**

The CBC and the CBC Account Bank have entered into a floating rate guaranteed investment contract (the "**CBC Account Agreement**") on the Programme Date, under which the CBC Account Bank agrees to pay a guaranteed rate of interest equal to €STR plus 3.5 basis points per annum, or such other interest rate as may be agreed between the CBC Account Bank and the CBC (the "**CBC Transaction Accounts Interest Rate**") on the balance standing to the credit of each CBC Transaction Account from time to time (the "**CBC Transaction Accounts Funds**").

**CBC Account:**

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

**Swap Collateral Account:**

The CBC shall maintain with the CBC Account Bank an account (the "**Swap Collateral Account**") to hold Swap Collateral in the form of cash.

**Reserve Account:**

The CBC shall maintain with the CBC Account Bank an account (the "**Reserve Account**") to which the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount will be credited (as applicable and available to the CBC) (such account together with the CBC Account and the Swap Collateral Account referred to as the "**CBC Transaction Accounts**").

**Collection Foundations Accounts:**

All payments made by the Borrowers in respect of the Mortgage Loans will be paid or have been directed to be paid into the bank accounts maintained by the relevant Collection Foundation (the "**Collection Foundations Accounts**").

**Collection Foundation Account Pledge Agreements:**

(i) In respect of Quion 30 and Hypinvest Hypotheken, the pledge agreement between, among others, the CBC, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees, Quion 30 and Hypinvest Hypotheken dated 8 June 2018 and (ii) in respect of NIBC Direct Hypotheken and Hypinvest, the pledge agreement between, among others, the CBC, the Security Trustee, Previous Transaction SPVs, the Previous Transaction Security Trustees, NIBC Direct Hypotheken and Hypinvest dated 31 January 2019 (each a "**Collection Foundation Account Pledge Agreement**").



**Receivables Proceeds Distribution Agreements:**

(i) In respect of Quion 30 and Hypinvest Hypotheken, the receivables proceeds distribution agreement between, among others, the Issuer, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees, Quion 30 and Hypinvest Hypotheken and Stichting Hypotheek Ontvangsten dated 17 June 2014, as lastly amended and restated on 8 June 2018 and (ii) in respect of Hypinvest and NIBC Direct Hypotheken, the receivables proceeds distribution agreement between, among others, the Issuer, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees, Hypinvest, NIBC Direct Hypotheken and Stichting Ontvangsten Hypotheekgelden dated 12 May 2016, as amended and restated on 1 June 2018.

**Portfolio Swap Agreement:**

There may be certain mismatches between the interest to be received on the Transferred Assets and the CBC Transaction Accounts and the amounts payable under the Covered Bonds. In order to mitigate certain mismatches, the CBC may (but is not obliged to) enter into appropriate hedging arrangements subject to Rating Agency Confirmation with respect to one or more Series or all Series of Covered Bonds whereby revenue scheduled to be received on all Transferred Assets and the CBC Transaction Accounts multiplied by the Portfolio Swap Fraction is exchanged for a fixed or floating rate of interest on a specific Covered Bond or a rate payable under the Interest Swap Agreement in respect of a specific Covered Bond. The Portfolio Swap Fraction is calculated by dividing the euro equivalent notional amount of such specific Covered Bond by the euro equivalent notional amount of all outstanding Covered Bonds.

**Interest Swap Agreement:**

In addition to Portfolio Swap Agreements and in order to mitigate certain mismatches, the CBC may (but is not obliged to) enter into appropriate hedging arrangements subject to Rating Agency Confirmation whereby a certain fixed or floating interest rate is exchanged for a specific interest rate on one or more Series or all Series of Covered Bonds.

**Management Agreements:**

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

**Sale or Refinancing of Transferred Assets:**

If an Issuer Event of Default occurs and a Notice to Pay has been served on the CBC, then upon the earliest to occur on or after such Issuer Event of Default and service of a Notice to Pay of (i) any amount remaining unpaid in respect of a Series on the Maturity Date and (ii) any Maturity Date of a Series of Covered Bonds falling within a period of twelve (12) calendar months of such date, but prior to the service of a CBC Acceleration Notice, or such other date as the Security Trustee may approve, the CBC shall sell or refinance the Transferred Assets that are randomly selected by the CBC pursuant to the terms of the Asset Monitoring Agreement (the "**Selected Transferred Assets**").

The CBC shall first offer all the Selected Transferred Assets for sale to the relevant Transferor after the occurrence of an Issuer Event of Default. If, for whatever reason, the relevant Transferor informs the CBC, within a period of twenty (20) Business Days after such event has occurred, that it will not repurchase the Selected Transferred Assets, the CBC shall offer the Selected Transferred Assets to a third party or third parties.

If, after the non-exercise of the right of the relevant Transferor to repurchase the Selected Transferred Assets, the CBC receives an offer from a third party to purchase the Selected Transferred Assets, the CBC will notify the relevant Transferor of such offer and, within five (5) Business Days after such notice, the

relevant Transferor has the right to match the offer to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party and, if the relevant Transferor offers to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party, the CBC shall accept such offer of the relevant Transferor.

Such sale or refinance of Selected Transferred Assets and subsequent redemption of the respective Covered Bonds must not result in a breach of the Amortisation Test.

If, on the date falling six (6) months before the first Extended Due for Payment Date of any Series outstanding, such sale or refinancing is insufficient to redeem the relevant Series of Covered Bonds in full, then the CBC will (i) offer the Selected Transferred Assets for sale for the best terms reasonably available, including but not limited to the best price reasonably available at that time considering the then current market circumstances, or (ii) seek to refinance the Selected Transferred Assets on the best terms reasonably available at that time considering the then current market circumstances, in each case subject to the consent of the Security Trustee, notwithstanding that such amount may be less than the amount to redeem the relevant Series of Covered Bonds in full.

See further section 15 (*Asset Monitoring*) under '*Sale or Refinancing of Selected Assets*'.

## 5. OTHER

### **Ratings:**

It is a condition precedent for the first issue of Covered Bonds under the Programme that the Covered Bonds on issue, will be assigned an 'AAA' rating by the Rating Agency. Each further issue of a Series of Covered Bonds will have ratings equal to the then current rating assigned to the outstanding Series of Covered Bonds.

### **Personal data of Borrowers:**

The personal data of the relevant Borrowers is held by the relevant Sub-servicer and will be released by the relevant Sub-servicer to the CBC after the occurrence of an Assignment Notification Event in accordance with the quion release letter between Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V., Quion Services B.V., the CBC, the Issuer and the Security Trustee (the "**Quion Release Letter**") and the stater release letter between Stater Nederland B.V., the CBC, the Issuer and the Security Trustee (the "**Stater Release Letter**").

### **Transaction Documents:**

The Programme Agreement, the Master Definitions Agreement, the Pledge Agreements, the Swap Agreements (if any), the Administration Agreement, the Back-up Administration Agreement, the Servicing Agreement, the CBC Account Agreement, the Trust Deed, the Parallel Debt Agreement, the Agency Agreement, any Calculation Agency Agreement, the Guarantee Support Agreement, the Receivables Proceeds Distribution Agreements, the Collection Foundation Account Pledge Agreements, any Savings Participation Agreement, the Asset Monitoring Agreement, any Asset Monitor Appointment Agreement, the Management Agreements, the Stater Release Letter and the Quion Release Letter.

### **Governing Law:**

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

### **Risk Factors:**

There are certain factors which may affect the ability of the Issuer and/or the CBC to fulfil its obligations under the Covered Bonds issued under the

Programme or the Guarantee, respectively, that are specific to the Issuer, the Covered Bonds, the Guarantor and/or the Guarantee and that are material for taking an informed investment decision. Prospective Covered Bondholders should take into account the fact that the liabilities of the CBC under the Guarantee are limited recourse obligations and that the ability of the Issuer and/or the CBC to meet such and/or their obligations will be affected by certain factors. These are set out in section 3 (*Risk Factors*) and include, among others, the fact that the Issuer's and/or the CBC's results and the performance of the Covered Bonds can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change, (iv) changes in fiscal laws, (v) standard banking risks including changes in interest and foreign exchange rates, (vi) operational, credit, market, liquidity, legal risk and (vii) certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks and other risks associated with Covered Bonds issued under the Programme, which include the following factors set out below per category:

**Risk factors regarding the Issuer**

- A. Risks related to financial conditions, market circumstances and economic trends;
- B. Internal control risks;
- C. Risks related to the Issuer's business and operations; and
- D. Legal and regulatory risks.

**Risk factors regarding the Covered Bonds**

- A. Risks related to the nature of the Covered Bonds;
- B. Market and liquidity risks related to the Covered Bonds;
- C. Legal and regulatory risks regarding the Covered Bonds;
- D. Legal and regulatory risks related to benchmarks; and
- E. Tax risks regarding the Covered Bonds.

**Risks regarding the Guarantor and the Guarantee**

**Risk factors regarding the Mortgage Receivables, Set-off and Security Rights**

- A. Risks regarding the payments under the Mortgage Receivables transferred to the CBC;
- B. Set-off risks and other defences that may affect the proceeds received under the Mortgage Receivables;
- C. Risks regarding Beneficiary Rights under the Insurance Policies;
- D. Risks regarding the Mortgaged Assets and other Security Rights; and
- E. Other risks regarding the Mortgage Receivables.

See section 3 (*Risk Factors*).

**Business Day:**

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

**Primary Cover Assets CB Regulations**

The primary cover assets (*primaire dekkingsactiva*) of this Programme comprise of receivables backed by residential property as referred to in Article 129(1)(d)(i) CRR. Each Borrower is a resident of the Netherlands and the Mortgage Receivables are governed by Dutch law. The Extended Due for Payment Date

is the date falling one (1) year after the Maturity Date, as specified in the applicable Final Terms.

## 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 Relevant 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 Rating Agency.

<b>Transaction Party</b>	<b>Rating threshold S&amp;P</b>	<b>Consequence if below rating threshold</b>	<b>Section in Base Prospectus</b>
<b>CBC Account Bank</b>	If rating falls below BBB (long-term issuer credit rating) or such other lower rating(s) as may be agreed by the Security Trustee, the CBC and the Issuer and which is based on the criteria of S&P as would be sufficient to maintain the then current rating(s) of the Covered Bonds.	The CBC Account Bank will use its best efforts to replace the CBC Account Bank or obtain a guarantee from a financial institution with Requisite Credit Rating.	Section 17 ( <i>Cash flows</i> ) under ' <i>CBC Transaction Accounts and Swap Replacement Ledger</i> '.
<b>The relevant bank where the Collection Foundation Accounts are held*</b>	If rating falls below BBB by S&P (long-term unsecured, unsubordinated and unguaranteed debt obligations of the issuer).	Requirement to (i) transfer the Collection Foundation Accounts to an alternative bank with at least the Collection Foundation Provider Rating, (ii) ensure that payments to be made in respect of amounts received on a Collection Foundation Account relating to Mortgage Receivables will be guaranteed by a third party with at least the Collection Foundation Provider Rating, or (iii) implement any other actions agreed at that time with the relevant credit rating agency.	Section 17 ( <i>Cash flows</i> ) under ' <i>Cash Collection Arrangements</i> '.
<b>Issuer</b>	If rating falls below BBB (long-term issuer credit rating).	Item "α" (part of item "A" of the definition of Adjusted Aggregate Asset Amount will be increased).	Section 15( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> '.
<b>Swap Counterparties</b>	If rating falls below being A (long-term issuer credit rating) or such other rating as the Rating Agency may be comfortable with to maintain the then current rating of the Covered Bonds.	Replacement of relevant swap provider or other remedy.	Section 16 ( <i>Swaps</i> ).

\* There may be other rating thresholds included in the relevant Receivables Proceeds Distribution Agreements, such as at the date of this Base Prospectus a rating threshold of 'F1' (short-term) and 'A' (long-term) by Fitch.

### 3. RISK FACTORS

*Each of the Issuer and the CBC (in respect of the CBC only as far as it concerns the CBC) believe that the following factors may affect its ability to fulfil its obligations under the Covered Bonds and/or the CBC's ability to fulfil its obligations under the Guarantee, respectively. All of these risk factors and events are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with the Covered Bonds and the Guarantee are also described below.*

*Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's or the CBC's business, financial condition, results of operations and prospects. The Issuer and/or the CBC may face a number of these risks described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories and each risk factor has been placed in the category deemed most appropriate by the Issuer and the CBC, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.*

*The Issuer and the CBC believe that the factors described below represent the material risks inherent to investing in the Covered Bonds, but the inability of the Issuer or the CBC to pay interest, principal or other amounts on or in connection with any Covered Bonds or the Guarantee, as applicable, may occur for other reasons which may not be considered significant risks by the Issuer and the CBC. Additional risks, events, facts or circumstances not presently known to the Issuer and/or the CBC, or that the Issuer and/or the CBC currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on the Issuer's or the CBC's group business, financial condition, results of operations and prospects. Prospective investors should carefully read and review the entire Base Prospectus and should form their own views before making an investment decision with respect to the Covered Bonds.*

*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.*

#### **RISK FACTORS REGARDING THE ISSUER**

##### **A. RISKS RELATED TO FINANCIAL CONDITIONS, MARKET CIRCUMSTANCES AND ECONOMIC TRENDS**

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

The Issuer is a multinational banking and financial services enterprise which is active in various geographic regions, and may be impacted by ongoing turbulence, turmoil and volatility in the global financial markets as well as economic, business and capital markets environments specific to the geographic regions in which it conducts business. Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate and private equity valuations, government spending, inflation, the volatility and strength of the capital markets, political events and trends, environmental developments, pandemics (including the COVID-19 pandemic), epidemics, health emergencies and terrorism all impact the business of the Issuer and the economic environment in which it operates (including the global financial markets) and, ultimately, its solvency, liquidity and the amount of and profitability of the business of the Issuer. Unforeseeable and/or catastrophic events, pandemics, epidemics and other health and environmental crises may also lead to an abrupt interruption of activities, the Issuer's business operations may be subject to losses resulting from such disruptions (as discussed further below under the risk factor '*Operational risks are inherent to the Issuer's business*'), in particular where business continuity plans are not able to be put into action or do not take such events into account.

The political events in Russia and the Ukraine and the subsequent Russian invasion of the Ukraine pose a geopolitical risk to the world economy and more specifically to the Issuer. Although the Issuer does not have any

direct exposure in Russia or the Ukraine, recent and future developments could indirectly have a material adverse effect on the Issuer's business and financial condition. The conflict in the Ukraine has led to supply disruptions across industries, including for a number of commodities such as oil and gas as well as agricultural produce. Issuer clients may be adversely affected by these supply disruptions which could lead to financial distress for these clients. In such cases the Issuer may see arrears and loan losses go up.

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

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

The Issuer is in particular exposed to financial, business, health, market and political conditions in the Netherlands, the United Kingdom and Germany from which markets it derives a significant portion of its revenues. To a lesser extent the Issuer is exposed to circumstances in other European economies. These markets may in turn be affected by broader global and European circumstances. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments, and lower consumer spending, the demand for banking products is usually adversely affected and the Issuer's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted, and any such losses would be realised through profit and loss and shareholders' equity. The Issuer also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads. See also the risk factors '*Interest rate volatility and other interest rate changes may adversely affect the Issuer's profitability*', '*Continued turbulence and volatility in the financial markets and economy generally may adversely affect the Issuer results and prospects*' and '*Market conditions observed over the past few years may increase the risk of loans being impaired. The Issuer is exposed to declining values on the collateral supporting corporate, residential and commercial real estate, as well as shipping and infrastructure lending*'.

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

Adverse capital market conditions may affect the availability and cost of borrowed funds, thereby impacting the Issuer's ability to support or grow its businesses.

The Issuer needs liquidity in its day-to-day business activities to pay its operating expenses, interest on its debt, dividends on its capital stock, to maintain its repo activities and to replace certain maturing liabilities. Without sufficient liquidity, the Issuer may be forced to curtail its operations and its business may suffer. The principal sources of its funding are client deposits, including from retail clients, and medium- and long-term debt securities. Other sources of funding may also include a variety of short- and long-term instruments, including repurchase agreements, commercial paper, medium- and long-term debt, subordinated debt securities, securitised debt, capital securities and shareholders' equity.

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

Disruptions, uncertainty or volatility in the capital and credit markets, such as that experienced over the past few years, including in relation to the ongoing European sovereign debt crisis, may also limit the Issuer's access to capital required to operate its business. It is possible that the current COVID-19 pandemic may also disrupt markets

in a significant manner and restrict the Issuer's ability to access the capital markets and other liquidity sources. Adverse market conditions (including as a result of the COVID-19 pandemic) may in the future limit the Issuer's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital requirements. This could force the Issuer to (1) delay raising capital, (2) reduce, cancel or postpone interest payments on its capital securities (if outstanding at such time), (3) issue capital of different types or under different terms than the Issuer would otherwise offer, or (4) incur a higher cost of capital than it would in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

### **3. The default of a major market participant could disrupt the markets**

Within the financial services industry the severe distress or default of any one institution (including sovereigns) could lead to defaults or severe distress by other institutions. Such distress or defaults could disrupt securities markets or clearance and settlement systems in the Issuer's markets. This could cause market declines or volatility. Because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships, a failure by one such institution could lead to a chain of defaults that could adversely affect the Issuer and its contract counterparties. Even concerns about the creditworthiness of a sovereign or financial institution (or a default by any such entity) could lead to significant liquidity and/or solvency problems, losses or defaults by other institutions. Even the perceived lack of creditworthiness of, or questions about, a sovereign or a counterparty may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which the Issuer invests. Systemic risk could impact the Issuer directly as a result of significant credit losses on transactions entered into with defaulting counterparties or indirectly by impacting the Issuer's ability to access the reduced levels of available market liquidity. Ultimately, systemic risk may have a material adverse effect on the Issuer's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

### **4. Continued turbulence and volatility in the financial markets and economy generally may adversely affect the Issuer results and prospects**

There are continued concerns about weaker economic conditions, the debt burden of various European countries, the uncertain consequences of the United Kingdom's withdrawal from the European Union, increasing political instability, the ability of certain countries to remain in the Eurozone, unemployment, the availability and cost of credit, inflation levels, climate change, the COVID-19 pandemic and the economic consequences thereof and geopolitical issues may all contribute to adverse developments and circumstances within the financial markets and the economy in general.

Adverse developments in the financial markets have included reduced consumer confidence volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. There are also significant risks that any default or credit down grade of sovereign debt or major financial institution may in itself trigger a broad economic downturn in Europe or elsewhere, with significant concerns having been raised in this respect in recent years. Sovereign governments across the globe, including in regions where the Issuer operates, have also experienced budgetary and other financial difficulties, which have resulted in austerity measures, downgrades in credit ratings by credit agencies, planned or implemented bail-out measures and, on occasion, civil unrest and may ultimately trigger economic downturns. These concerns have recently flared up again as a result of the ongoing COVID-19 pandemic which put further stress on (in particular) already at risk-economies.

The Issuer's business and results of operations are impacted by conditions in the global capital markets and the economy generally, and any adverse development such as an economic downturn and increased volatility market could have a material adverse effect on the Issuer's revenues and results of operations and prospects, including through an increase defaults and withdrawal of client deposits that the Issuer has among other things originated via internet banking.

### **5. Interest rate volatility and other interest rate changes may adversely affect the Issuer's profitability**



Changes in prevailing interest rates may negatively affect the Issuer's business including the level of net interest revenue the Issuer earns, and for its banking business the levels of deposits and the demand for loans. In a period of changing interest rates, interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. Changes in the interest rates may negatively affect the value of the Issuer's assets and its ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings.

Declining interest rates may result in:

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

## **6. The Issuer's business may be disrupted by benchmark reform**

The Euro-zone inter-bank offered rate ("EURIBOR") and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing regulatory reform, or have already been reformed, including those introduced by Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") which entered into force on 1 January 2018). 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. These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely or to perform differently and may dissuade market participants from using certain benchmarks such as EURIBOR or to continue to administer or participate in such benchmarks.

The Issuer relies on various benchmarks (including those subject to regulatory reform) to set its prices and changes and changes in the administration of such benchmarks (including any discontinuation thereof) or any such benchmarks no longer being consistent with the requirements imposed on the Issuer under the Benchmarks regulation may result in a number of risks to the Issuer, its clients and the financial markets generally. Such risks include (i) the costs and operational burden involved in the Issuer having to amend its existing contracts and transactions as a result of such reforms (which may also require the Issuer to adapt its IT systems and reporting procedures), (ii) financial risks resulting from changes in valuation of instruments and contracts referencing benchmarks subject to reform as well as reduced levels of liquidity for instruments and contracts referencing certain benchmarks subject to reform, (iii) the risk of litigation and complaints following the making of changes to existing contracts and instruments to address such reforms as well as any associated financial risks described in paragraph (ii) above and (iv) a reduced ability of the Issuer to adequately price its products.

At the date of this Base Prospectus, it is not possible to determine the ultimate effects of benchmark reform on the Issuer, as significant uncertainties remain. However, such benchmark reform and the transition to alternative benchmark rates may have a material adverse effect on the Issuer's financial position, results of operations and prospects.

## **7. Market conditions observed over the past few years may increase the risk of loans being impaired. The Issuer is exposed to declining values on the collateral supporting corporate, residential and commercial real estate, as well as shipping and infrastructure lending**

The Issuer is exposed to the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. The Issuer may see adverse changes in the credit quality of its borrowers and counterparties, for example as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors. This may lead to impairment charges on loans and other assets, higher costs and additions to loan loss provisions. A significant increase in the size of the Issuer's provision for loan losses could have a material adverse effect on its financial position and results of operations.

Economic and other factors (including access to funding, prevailing interest rates, catastrophic events, climate change and pandemics, such as the COVID-19 pandemic) could lead to a contraction in the residential mortgage,

commercial, shipping and infrastructure lending market (including, without limitation, SME lending) and to further decreases in residential and commercial property prices and in shipping and infrastructure asset prices which could generate substantial increases in impairment losses.

**8. Brexit has resulted in an uncertain situation which may adversely affect the financial markets and the Issuer's activities in the United Kingdom**

On 31 January 2020, the United Kingdom has withdrawn from the European Union as a Member State. Until 31 December 2020, a transitional phase was in effect in which the rules and regulations of the European Union remain applicable for the United Kingdom. On 1 January 2021, this transitional phase ceased to apply. The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation (made under powers provided in these Acts) ensure there is a functioning statute book in the United Kingdom. Although on 24 December 2020, the European Union and the United Kingdom agreed a post-Brexit "EU-UK Trade and Cooperation" Agreement, which entered into force on 1 May 2021, as at the date of this Base Prospectus the precise impact of the future relationship between the United Kingdom and the European Union on the business of the Issuer is still difficult to determine. The United Kingdom's decision to leave the European Union and the lack of certainty scope and nature of the relationship between the European Union and the United Kingdom has caused, and is anticipated to continue to cause, significant new uncertainties and instability in the financial markets.

The Issuer could be adversely impacted by related market developments such as increased exchange rate movements of the pound sterling versus the euro and higher financial market volatility in general due to increased uncertainty, any of which could affect the results of the Issuer's operations in the European Union or the United Kingdom. The Issuer's activities in the United Kingdom could also be adversely impacted as a result of a move away from agreed and implemented European Union legislation. Ultimately, these uncertainties may have a material adverse effect on the business, results of operations, financial condition and prospects of the Issuer and its counterparties. In addition, it is unclear at this stage what the consequences of the United Kingdom's departure from the European Union will ultimately be for the Issuer or the trading price of the Covered Bonds.

**9. The Issuer's business may be negatively affected by a sustained increase in inflation and by deflation**

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

(1) decrease the estimated fair value of certain fixed income securities the Issuer holds in its investment portfolios resulting in:

- reduced levels of unrealised capital gains available to it which could negatively impact its solvency position and net income; and/or
- a decrease of collateral values; and/or

(2) require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities it issues in the financial markets from time to time to finance its operations which would increase its interest expenses and reduce its results of operations.

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

(1) result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income and negatively impact its solvency position; and/or

(2) negatively impact the ability of the Issuer's asset management activities to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations.

On the other hand, deflation (that is, continued periods with negative rates of inflation) in the Issuer's principal markets could also adversely affect the Issuer. In the past years, low inflation and deflation has materialised in the

Eurozone. Deflation may erode collateral value, diminish the quality of loans as well as result in a decrease in borrowing levels which may adversely affect the Issuer's business, solvency position and results of operations.

## **B. INTERNAL CONTROL RISKS**

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

The Issuer has developed risk management policies and procedures and the Issuer expects to continue to do so in the future. Nonetheless, the Issuer's policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times, which may result from natural disasters, war or acts of terrorism, human rights violations, pandemics (such as the COVID-19 pandemic), epidemics, other health crises and environmental matters such as extreme weather and climate change. Although the Issuer has implemented measures to ensure business continuity and adequate service to its clients, enactment of such policies and procedures, especially during extended periods of time, may prove insufficient or burdensome to the Issuer's operation and may lead to discontinuation, inefficiencies in or slowdown of its operational business processes. The methods the Issuer uses to manage, estimate and measure risk are partly based on historic market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than what is suggested by historic experience. For instance, these methods may not adequately allow prediction of circumstances arising due to the government interventions, stimulus and/or austerity packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to the Issuer. Such information may not always be correct, updated or correctly evaluated.

A lack of effectiveness or circumvention of the Issuer's risk management policies and procedures may negatively affect the Issuer's operations and may ultimately adversely affect the Issuer's operations, financial condition and prospects.

### **2. Operational risks are inherent to the Issuer's business**

The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequately trained or skilled personnel, IT failures (including due to a computer virus, ransomware or a failure to anticipate or prevent cyber-attacks or other attempts to gain unauthorised access to the Issuer's systems), inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct including fraud or from external events that interrupt normal business operations. The Issuer depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer's computer systems and networks may not be capable of processing, storing or transmitting information as expected. Certain of the Issuer's computer systems and networks may also have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, such systems and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact and jeopardise the Issuer's confidential information or that of its clients or its counterparts. Similarly, the Issuer's computer systems and networks may have insufficient recovery processes in the case of a loss of data. The Issuer also faces the risk that the design and operating effectiveness of its controls and procedures prove to be inadequate or are circumvented and a failure in its controls and procedures may ultimately hamper its ability to comply with regulatory requirements regarding the robustness of its systems and procedures and the handling of personal data and the Issuer's ability to serve its clients. These events can potentially result in financial loss, harm to the Issuer's reputation and hinder its operational effectiveness and ultimately adversely affect the Issuer's operations, financial condition and prospects.

Widespread outbreaks of communicable diseases (including COVID-19) may impact the health of the Issuer's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business. Unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and the Issuer's operations may be subject to losses resulting from such disruptions. Losses can result from destruction or impairment of property, financial assets, trading positions, the payment of insurance and pension benefits to employees and the loss of key personnel. If the Issuer's business continuity plans are not able to be implemented or do not take such events into account, losses may increase further. Any such events may result in financial loss, harm to the Issuer's reputation and hinder its operational effectiveness and ultimately adversely affect the Issuer's operations, financial condition and prospects.

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

### **3. The Issuer may be unable to manage its risks successfully through derivatives**

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets, credit spread changes and the occurrence of credit defaults. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts including from time to time macro hedges for parts of its business, either directly as a counterparty or as a credit support provider to affiliate parties. Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding its assets, liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. Poorly designed strategies or improperly executed transactions could actually increase its risks and losses.

Hedging instruments used by the Issuer to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses such as credit value adjustment risks or unexpected profit and loss effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, the Issuer's hedging strategies involve transaction costs and other costs, and if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. It is possible that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, perhaps significant, after taking into account the Issuer's hedging strategies. Further, the nature and timing of the Issuer's hedging transactions could actually increase its risk and losses. The Issuer's hedging strategies and the derivatives that the Issuer uses and may use, may not adequately mitigate or offset the risk of interest rate volatility and its hedging transactions may result in losses.

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

## **C. RISKS RELATED TO THE ISSUER'S BUSINESS AND OPERATIONS**

### **1. Because the Issuer operates in highly competitive markets, including its home market, it may not be able to increase or maintain its market share, which may have an adverse effect on its results of operations**

There is substantial competition in the Netherlands and the other countries in which the Issuer does business for the types of corporate banking, consumer banking and other products and services it provides. Customer loyalty and retention can be influenced by a number of factors, including relative service levels, the prices and attributes of products and services and actions taken by competitors. If the Issuer is not able to match or compete with the products and services offered by the Issuer's competitors, it could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. Competition could also increase due to new entrants in the markets (including non-bank lenders) that may have new operating models that are not burdened by potentially costly legacy operations. Increasing competition in these or any of its other markets may significantly impact its results if the Issuer is unable to match the products and services offered by its competitors. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in the Issuer's competitors gaining greater access to capital and liquidity,

expanding their ranges of products and services, or gaining geographic diversity.

The Issuer may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices.

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

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

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

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to sell, rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Issuer's counterparties could also have a negative impact on its income and risk weighting, leading to increased capital requirements. While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The Issuer's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to the Issuer, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the recent financial crisis. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims for the improper exercise of its rights under such contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

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

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

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The Issuer's credit ratings are important to its ability to raise capital through the issuance of debt and to the cost of such financing. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on net results. Certain institutional investors may also be obliged to withdraw their deposits from the Issuer following a downgrade, which could have an adverse effect on its liquidity. The Issuer has credit ratings from S&P and Fitch which review their ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. In addition, other rating agencies may seek to rate the Issuer or the Covered Bonds on an unsolicited basis and if such unsolicited ratings are lower than comparable ratings granted, such unsolicited ratings could have a material

adverse effect on the Issuer's results of operations, financial condition and liquidity and may negatively affect the market value of the Covered Bonds. The decision to withdraw a rating or continue with an unsolicited rating remains with the relevant rating agency.

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

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

A downgrade of the Issuer could result in a downgrade of the Covered Bonds. See the risk factor '*Risk that a downgrade of the credit rating of Covered Bonds may reduce the market value of the Covered Bonds*'.

#### **4. The Issuer may be unable to retain key personnel**

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

As a part of the responses of the European Commission and governments throughout Europe to the financial crisis in 2008, there have been and will be various laws and regulations, including those set out in CRD (as defined below), the Guidelines on Remuneration Policies and Practices published by (the predecessor of) the European Banking Authority and the Regulation of the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**") on Sound Remuneration Policies 2017 (*Regeling beheerst beloningsbeleid Wft 2017*), the Act prohibiting the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid (*Wet bonusverbod staatsgesteunde ondernemingen*) and the Dutch Act on remuneration policy for financial enterprises (*Wet Beloningsbeleid financiële ondernemingen*), including (among other things) a bonus cap of 20 per cent. of fixed salary for employees that are employed in the Netherlands (subject to certain exceptions), to ensure that financial institutions' remuneration policies and practices are consistent with and promote for the employees of such financial enterprises sound and effective risk management, and that impose restrictions on the remuneration of personnel, with a focus on risk alignment of performance-related remuneration. In the future, there may be additional regulations applicable to the remuneration of the Issuer's employees.

These restrictions and political and public scrutiny of remuneration in the financial sector have had and will have an impact on the Issuer's existing remuneration policies and individual remuneration packages of personnel and may restrict the Issuer in its ability to offer competitive compensation relative to other financial and non-financial companies that are subject to fewer restrictions. Ultimately, this could adversely affect the Issuer's ability to retain or attract qualified employees.

#### **D. LEGAL AND REGULATORY RISK**

##### **1. The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing its business**

The Issuer is subject to detailed banking, investment services and other financial services laws and government regulation in each of the jurisdictions in which the Issuer conducts business. Regulatory agencies have broad administrative power over many aspects of the Issuer's business, which may include liquidity, capital adequacy and

permitted investments, ethical issues, anti-money laundering, anti-terrorism measures, privacy, record keeping, product and sale suitability, and marketing and sales practices, and the Issuer's own internal governance practices. Banking, investment services and other financial services laws, regulations and policies currently governing the Issuer may also change at any time and in ways which have an adverse effect on its business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. Bank regulators and other supervisory authorities continue to scrutinise the financial services industry and its activities under regulations governing such matters as money-laundering, prohibited transactions with countries and persons subject to sanctions, and bribery or other anti-corruption measures.

Regulation is becoming increasingly more extensive and complex and regulators are focusing with increased scrutiny on the industries in which the Issuer operates, often requiring additional resources from the Issuer. These regulations can serve to limit the Issuer's activities, including through its net capital, customer protection and market conduct requirements, and restrictions on businesses in which the Issuer can operate or invest. If the Issuer fails to address, or appears to fail to address, appropriately any of these matters, its reputation could be harmed, and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against the Issuer or subject it to enforcement actions, fines and penalties. In addition, changes in laws and regulations may restrict the Issuer in continuing to perform activities which it is currently undertaking or continuing to hold its current investment positions, which may adversely affect its operations. The Issuer cannot predict whether or when future legislative or regulatory actions may be taken, or how existing laws and regulations may be interpreted, or what impact, if any, actions taken to date or in the future could have on its business, financial condition, results of operations, capital, liquidity and/or prospects and the available or required regulatory capital which the Issuer is required to maintain.

Despite the Issuer's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, there is a risk that the Issuer may fail to meet applicable standards or may be unable to meet future standards, for example in areas where applicable regulations may be unclear, subject to multiple interpretation or under development or may conflict with one another or where regulators revise their previous guidance or courts overturn previous rulings. Regulators and other authorities have broad powers and discretions to bring administrative or judicial proceedings against the Issuer, which could result, amongst other things, in suspension or revocation of its licence, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm the Issuer's results of operations and financial condition.

## **2. The Issuer is subject to onerous capital and liquidity requirements**

The Issuer is subject to laws and regulations prescribing among other things its solvency and liquidity position. The Issuer is subject to the risk, inherent in all regulated financial businesses, of having insufficient resources to meet such minimum regulatory capital and liquidity requirements. Regulatory reforms could result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements. The Issuer believes that it will become subject to stricter capital and liquidity requirements which may also affect the scope, coverage or calculation of capital, liquidity and risk-weighted assets, all of which could significantly reduce the Issuer's income and require the Issuer to reduce business levels, to reduce or cease dividend payments, or to raise additional share capital. Furthermore, stricter liquidity requirements could hinder the Issuer's ability to manage its liquidity in a centralised manner and may cause trapped pools of liquidity, resulting in inefficiencies in the management of the Issuer's liquidity.

The Issuer notes that the following changes in laws and regulations form a material risk for its capital and liquidity financial position and results of operations and prospects:

- The Basel Committee published reforms to the Basel III framework in December 2017, relating, among other things, to a revised standardised approach for credit risk, revisions to the internal ratings-based approach for credit risk, revision to the credit valuation adjustment framework, a revised standardised approach for operational risk and an aggregate output floor, which is intended to ensure that a bank's risk-weighted assets ("**RWAs**") as generated by its internal models are no lower than 72.5 per cent. of RWAs as calculated by the Basel III framework's standardised approaches, thereby introducing a standardised RWA floor. The standardised RWA floor was intended to be implemented gradually over a period of nine years, but as a result of the ongoing COVID-19 pandemic will now be implemented over a period of ten years instead. A 50 per cent. floor is intended to come into effect at the start of 2023 (originally 2022), followed by yearly increases by 5 per cent. until 2028 (originally 2027) and a final increase of 2.5 per cent. in 2028 (originally 2027), resulting

in the final floor of 72.5 per cent. The impact of these reforms, which are sometimes informally referred to as "Basel IV", is still unclear as certain elements still require more clarity, and will need to be incorporated into European legislation, during which legislative process adjustments to the rules may be made and implemented. Based on an assessment and interpretation of the Basel IV regulation the Issuer expected the impact to be in a range of 15-25 per cent. of risk weighted assets (RWA) by 2028, compared to the RWAs as determined per year-end 2020. This already includes the impact of the 30 per cent. RWA add-on following DNB's internal model investigation in 2019. This analysis is based on the assumption that the Issuer will successfully implement the required improvements in its model landscape. This does not take into account possible management actions, nor potential changes to pillar 2 requirements. This also assumes a portfolio composition in 2028 that is equal to the current portfolio, as well as risk weights that reflect the current economic environment.

- On 15 October 2019 DNB published a press release announcing the intention to implement a minimum floor requirement on the risk weighting for the portfolio of non-NHG residential mortgages under the internal ratings-based model. DNB assessed that systemic risk increased due to the continued rise in house prices, resulting in signs of overvaluation. DNB originally intended to implement the minimum floor in the autumn of 2020 for a two-year period, but this was temporarily deferred to a later moment in light of the ongoing COVID-19 pandemic. In a report published by DNB on 26 May 2021 (*Overzicht Financiële Stabiliteit – Voorjaar 2021*), DNB announced its intention to no longer postpone the introduction of the minimum floor requirement. Provided the economic recovery continues as currently envisaged, the measure has been introduced as of 1 January 2022.
- On 23 November 2016, the European Commission announced a further package of reforms to CRD, including measures to increase the resilience of European Union institutions and enhance financial stability, potentially resulting in changes to pillar 2 regulatory capital framework, a binding leveraged ratio of 3 per cent., the introduction of a binding minimum net stable funding ratio of 100 per cent. and the implementation of the Basel Committee's fundamental review of the trading book (FRTB) into law (the "**EU Banking Reforms**").
- On 4 December 2018, the Council endorsed the agreement between the Council Presidency and the European Parliament on various elements of the EU Banking Reforms. During February 2019, the Committee of Permanent Representatives endorsed the positions agreed with the European Parliament on all elements of the EU Banking Reforms. The agreed measures address three of the key objectives set out by the Council roadmap on completing the banking union agreed in 2016: (i) enhancing the framework for bank resolution, in particular the necessary level and quality of the subordination of liabilities (MREL) to ensure an effective and orderly "bail-in" process, (ii) introducing the possibility for resolution authorities to suspend a bank's payments and/or contractual obligations when it is under resolution (the so-called "moratorium tool"), in order to help stabilise the bank's situation and (iii) strengthening bank capital requirements to reduce incentives for excessive risk taking, by including a binding leverage ratio, a binding net stable funding ratio and setting risk sensitive rules for trading in securities and derivatives. However, the Council noted that work on remaining outstanding issues will continue both at technical and political levels, in view of finalising negotiations on the banking package. The agreed text was adopted by the European Parliament on 16 April 2019 and formally approved by the Council on 14 May 2019. The text relating to the EU Banking Reforms has been published in the Official Journal of the European Union entered into force on 27 June 2019. The majority of the rules started applying from 18 months after that date, provided that the principal rules brought into force by the amended CRR started applying from two years after that date.

The EU Banking Reforms may affect the Issuer (including with regard to the liabilities it must maintain which are capable of bail-in) and the Covered Bonds. Various elements of the EU Banking Reforms adopted text remain subject to finalisation, implementation and entry into force at the Member State level. However, the EU Banking Reforms may have a material impact on the Issuer's operations and financial condition, including that the Issuer may be required to obtain additional capital.

As part of the Supervisory Review and Evaluation Process ("**SREP**"), supervisory authorities may perform an analysis of the business model, arrangements, strategies, processes and mechanisms of the Issuer on a consolidated as well as an individual basis to form a view on its viability and sustainability. If necessary, they may take measures to address any problems and concerns including, among other things, requiring additional capital and/or liquidity buffers. Such measures may result in changes to the business plan and strategy, or require the Issuer to reduce risks that are inherent in certain products by requiring changes to the offering of these products or



improvements of the governance and control arrangements around product development and maintenance. They may also include measures to reduce risks inherent to the Issuer's systems by requiring improvements of its systems. Any such measures may materially and adversely affect the Issuer's business and may force the Issuer to make substantial investments to meet the requirements. If the regulatory capital requirements, liquidity restrictions or ratios applied to the Issuer are increased in the future, any failure of the Issuer to maintain such increased capital and liquidity ratios could result in administrative actions and/or sanctions, which may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects or require the Issuer to raise new capital to meet higher regulatory capital standards. In addition, the Issuer for some of its assets uses internal models to assess the risks of its assets. Such models are subject to regulatory approval, which may be withdrawn on the basis of regulatory developments or the developments of the portfolios in respect of which they are applied. Any such withdrawal or required amendments may have a significant adverse effect on the risk weighted assets of the Issuer and may cause its capital ratios to decline or require it to obtain additional capital, all of which may have an adverse effect on the Issuer's business, results of operations, financial condition and prospects.

### 3. Risks related to the BRRD, the SRM and the Dutch Intervention Act

The Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended from time to time (the "**BRRD**") and the 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 (Single Resolution Mechanism) and as amended from time to time (the "**SRM Regulation**") set out a common European recovery and resolution framework applicable to banks and certain investment firms, group entities (including financial institutions subject to consolidated supervision) and (to a limited extent) branches of equivalent non-EEA banks and investment firms. In connection therewith, the SRM and BRRD recognize and enable the application of the recovery and resolution framework both on the level of an individual entity as well as on a group level.

If the Issuer (or a group entity, which may include the CBC) would be deemed to fail or to be likely to fail and the other resolution conditions would also be met, the resolution authority may decide to place the Issuer (and/or such group entity) under resolution. It may decide to apply certain resolution tools, such as tools which, in summary, provide for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the BRRD and the SRM provide for the bail-in tool, which may result in the write-down or conversion into shares of capital instruments and eligible liabilities. The resolution authority may furthermore decide to terminate or amend any agreement (including a debt instrument) to which the Issuer is a party or replace the Issuer as a party thereto. The SRM and BRRD does include certain (potential) safeguards for debt instruments, including in the context of bail-in, but there are uncertainties in the application and effectiveness of these safeguards.

An exemption applies to covered bonds pursuant to which covered bonds should normally be exempted from the applicability of the write down and conversion powers described above. However, this exemption does not apply if and to the extent the aggregate Principal Amount Outstanding of the Covered Bonds would exceed the value of the collateral available to secure such Covered Bonds. In addition, 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/or the Guarantee) would be determined. If the exemption does not apply or apply in full, the Covered Bonds could be subject to the application of the bail-in tool. The resolution framework as described above provides for certain safeguards against a partial transfer and the exercise of certain resolution powers in respect of covered bonds, which aims to ensure that rights arising out of covered bonds will not be affected by such partial transfer or exercise of such resolution power.

To support bail-in, a minimum requirement for own funds and eligible liabilities ("**MREL**") applies under the BRRD and SRM. The MREL is subject to ongoing change, and is expected to become more stringent. If the Issuer or a group entity were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the Issuer's business, financial position and results of operations of the Issuer or the group.

In addition to the BRRD and SRM Regulation, the *Wet op het Financieel Toezicht* ("**Wft**") enables the Dutch Minister of Finance to intervene with a bank or parent undertaking thereof established in the Netherlands, such as the Issuer,

if the Minister of Finance is of the view that the stability of the financial system is in serious and immediate danger due to the situation that the bank is in. These powers among others consist of the expropriation of assets and/or liabilities (*onteigening van vermogensbestandsdelen*) of the Issuer, claims against the Issuer and securities issued by or with the cooperation of the Issuer.

It is possible that the resolution authority may use its powers under the BRRD or SRM Regulation or Wft in a way that could result in debt instruments of the Issuer absorbing losses. The use of these could negatively affect the position of the holders of such debt instruments and the credit rating attached to debt instruments then outstanding and could result in losses to the holders of such debt instruments. These measures and consequences could increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's financial position and results of operation. In addition, there could be amendments (including, but not limited to, the amendments discussed above) to the SRM and the BRRD or the Wft, which may add to these effects.

Finally, any perceived or actual indication that the Issuer is no longer viable, may become subject to recovery or resolution and/or does not meet its other recovery or resolution requirements (such as MREL) may have a material adverse impact on the Issuer's financial position, regulatory capital position and liquidity position, including increased costs of funding for regulatory purposes.

#### **4. The minimum requirement for own funds and eligible liabilities (MREL) under BRRD and SRM Regulation is subject to ongoing change and difficulties in obtaining MREL may restrict its activities**

Pursuant to the BRRD and the SRM Regulation, banks such as the Issuer must meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**"). The minimum requirement shall be calculated as the amount of own funds and eligible liabilities (meaning under currently applicable MREL requirements, *inter alia*, liabilities which are issued and fully paid up and have a maturity of at least one year (or do not give the investor a right to repayment within one year) and do not arise from derivatives) expressed as a percentage of the total liabilities and own funds of the bank. In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD and the SRM Regulation, it is required that all banks (and their group, as applicable) meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution. The MREL requirement for each institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process.

The MREL Framework is subject to ongoing change, and is expected to become more stringent, including as a result of the EU Banking Reforms, which contemplate certain changes to align the MREL framework under the BRRD and the SRM Regulation with the Financial Stability Board's standards on total loss-absorbing capacity of global systemically important banks in resolution of 9 November 2015 (the TLAC standards). If the Issuer were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the Issuer's business, financial position and results of operations.

#### **5. Risks related to European Market Infrastructure Regulation (EMIR)**

The Issuer's derivative activities remain subject to significant reform as a result of Regulation (EU) No 648/2012, as amended ("**EMIR**"). EMIR already requires the Issuer to centrally clear certain OTC-derivatives and report its derivative contracts to a trade repository. It furthermore requires the Issuer to exchange variation and initial margin with certain of its counterparties, which group of counterparties will be extended in the near future. This will lead to an increased margining obligation for the Issuer. The Issuer runs the risk that it will not be able to have the necessary contractual documentation and operational process timely in place in order to be able to trade or continue trading with the relevant counterparties. This will lead to additional compliance costs for the Issuer.

#### **6. Changes to accounting standards may negatively affect the Issuer's results, operations and financial position**

The Issuer reports its results of operations and financial position in accordance with IFRS (including International

Accounting Standards (IAS) and Interpretations) as adopted by the EU. The IFRS guidelines are periodically revised or expanded and it is possible that such revisions or expansion could impact the accounting treatment that the Issuer applies to its financial statements, which may have an adverse effect on the Issuer's reported result or its regulatory capital position and may ultimately end up adversely affecting the Issuer's operations and financial condition, including that the Issuer may be required to obtain additional capital in order to continue to comply with regulatory standards applicable to it.

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

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

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

**8. Risk associated with Compensation Schemes and the Resolution Fund contributions**

*Compensation Schemes*

The Issuer is a participant in the Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*) (the "**Deposit Guarantee Scheme**") which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The Issuer and other financial institutions are required to quarterly pay risk-weighted contributions into a fund to cover future drawings under the Deposit Guarantee Scheme. The fund, in which the Issuer participates, is expected to grow to a target size of at least 0.8 per cent. of all deposits guaranteed under the Deposit Guarantee Scheme, which should be reached by 2024. This quick growth could have a material effect on the Issuer's financial condition. In the case of a failure of a participating bank, depositor compensation is paid from such fund. If the means of such fund are insufficient, the Issuer may be required to pay an extraordinary ex-post contribution of not more than 0.5 per cent. of their covered deposits per calendar year, with the exception that in exceptional circumstances and with the consent of the relevant competent authority, the Issuer may be required to make even higher additional contributions. The competent authority may defer, in whole or in part, a credit institution's payment of extraordinary ex-post contributions to the Deposit Guarantee Scheme if and as long the contributions would jeopardise the liquidity or solvency of the Issuer. The contributions so deferred would still have to be paid when such payment no longer jeopardises the liquidity or solvency of the Issuer. The target size should be reached by 3 July 2024. The costs associated with potential future contributions are today unknown, and will depend on the methodology used to calculate risk-weighting, but may be significant and may ultimately have a material adverse effect on the Issuer's result of operations and financial condition.

Since 2015, there have been discussions within the European for the creation of a single European deposit insurance scheme ("**EDIS**") to which banks such as the Issuer would be required to contribute. The proposals for the establishment of this are not yet finalised, and it is unclear if and when the legislative process on the establishment of EDIS would start. The extent of costs associated with the EDIS are therefore today unknown but may be significant.

*Resolution Fund*

The SRM provides for a single resolution fund (the "**Single Resolution Fund**"). The Single Resolution Fund is financed by ex-ante individual contributions from banks, such as NIBC Bank. These contributions are calculated on the basis of each bank's liabilities compared (excluding own funds and covered deposits), and adjusted for risk. The Single Resolution Fund is built up over a period of eight years to reach the target level of at least 1 per cent. of the amount of all covered deposits of all banks authorised in all Member States participating in the SRM by 31 December 2023. The contributions to the Single Resolution Fund place a significant burden on the Issuer's financial

resources.

## **RISK FACTORS REGARDING THE COVERED BONDS**

### **A. RISKS RELATED TO THE NATURE AND STRUCTURE OF THE COVERED BONDS**

#### **1. Risk that the Covered Bonds are solely the payment obligations of the Issuer**

The payment obligations under the Covered Bonds will be owed by the Issuer only and will not be an obligation or responsibility of, or represent or imply a guarantee (other than the Guarantee from the CBC) or indemnity from, any Transferor, any Savings Participant, any Swap Counterparty, the Servicer, the Sub-servicers, the Administrator, the Back-up Administrator, the Directors, any Paying Agent, any Calculation Agent, the Arrangers, any Dealer (excluding the Issuer), the CBC Account Bank, the Collection Foundations, the Foundation Administrator, the Foundation Accounts Provider, the Security Trustee and the Rating Agency. Furthermore, none of the Transferors (other than the Issuer), the Savings Participants, the Swap Counterparties, the Servicer, the Sub-servicers, the Administrator, the Back-up Administrator, the Directors, the Paying Agents, the Calculation Agent, the Arrangers, the Dealers (excluding the Issuer), the CBC Account Bank, the Collection Foundations, the Foundation Administrator, the Foundation Accounts Provider, the Security Trustee and the Rating Agency, nor any other person in whatever capacity acting (other than the Issuer), will accept any liability whatsoever to Covered Bondholders in respect of any failure by the Issuer to pay any amounts due under the Covered Bonds. An investment in the Covered Bonds involves the risk that a subsequent change in the creditworthiness of the Issuer, including for example a downgrade of the Issuer, adversely affects the ability of the Issuer to make payments under the relevant Covered Bonds and Coupons, which may result in losses to Covered Bondholders and/or Couponholders (see also risk factor 'Ratings are important to the Issuer's business for a number of reasons. Downgrades could have an adverse impact on its operations and net results').

#### **2. Risk related to conflict of interest of the Calculation Agent or Rate Determination Agent**

If any of the Transferors or any other member of the NIBC Group holds Covered Bonds, it will be able to exercise its voting rights in respect of such Covered Bonds. In case any of the Transferors holds Covered Bonds it may, *inter alia*, take into account its different roles in the transaction, including its role as Transferor, when exercising its voting rights with respect to such Covered Bonds. In case a member of the NIBC Group other than any of the Transferors holds Covered Bonds such member may, *inter alia*, take into account its relationship with the relevant Transferor when exercising its voting rights with respect to such Covered Bonds.

In addition, where the Issuer acts as Calculation Agent or Rate Determination Agent (as defined in Condition 5(B)(ii)(d)), or the Calculation Agent or the Rate Determination Agent is an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent or the Rate Determination Agent and Covered Bondholders, including with respect to certain determinations and judgements that the Calculation Agent or the Rate Determination Agent may make pursuant to the Conditions that may influence the amount receivable upon redemption of the Covered Bonds. The Issuer and/or any of its Affiliates may pursue actions and take steps that they or it deems necessary or appropriate as part of its business operations without regard to the consequences for the Covered Bondholder. This may lead to losses under the Covered Bonds.

A conflict of interest may for instance arise where the Issuer acts as Rate Determination Agent and would in accordance with the Conditions seek to (i) determine a Replacement Reference Rate and (ii) make certain other elections in that respect (including in relation to the Adjustment Spread, if any), whereby multiple options for such elections may be available each with different consequences for the interest amounts to be paid under the Covered Bonds and the decision(s) made by the Rate Determination Agent may have negative consequences for the Covered Bondholders (see also risk factor '*Risk that future discontinuance of EURIBOR, €STR or other interest rate benchmarks may affect the value or payment of interest under the Floating Rate Covered Bonds*').

#### **3. Risk that decisions are taken at a Programme level which may conflict with the interest of such Covered Bondholder**

Any Programme Resolution to direct the Security Trustee to serve an Issuer Acceleration Notice, a Notice to Pay or a CBC Acceleration Notice, and any direction to the Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding as set out in more

detail in Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*) and cannot be decided upon at a meeting of Covered Bondholders of a single Series. A Programme Resolution will be binding on all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority. Covered Bondholders are therefore exposed to the risk that decisions are taken at a programme level which may conflict with the interest of such Covered Bondholder and this may have an adverse effect on the (value of the) Covered Bonds, also if a Covered Bondholder intends to sell any Covered Bonds. This may lead to losses under the Covered Bonds.

**4. Risk of changes without the Covered Bondholders' or other Secured Party's prior consent as the Security Trustee may agree to, or is obliged to concur with the Issuer and/or the CBC in making changes and waivers to or under the Programme or is not willing to agree to certain modifications**

Pursuant to the terms of the Trust Deed the Security Trustee may in certain cases from time to time, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Parties (other than the Secured Party to such Transaction Document (where applicable)), concur with any person in making or sanctioning any modifications to or waivers under the Covered Bonds of any Series, the related Coupons or any Transaction Documents (including without limitation designating further creditors as Secured Parties) as set out in more detail in Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*).

Changes may therefore be made to the Programme based on the assessment of the Security Trustee in accordance with Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*) to which one or more, or all Covered Bondholders did not agree or would have disapproved of if proposed to them. This means, among other things, that as the Terms and Conditions of all Covered Bonds are the Terms and Conditions attached to the Trust Deed and therefore are the same for all Series outstanding, any amendments to the Terms and Conditions of the Covered Bonds for example as part of an annual update, such updated Terms and Conditions, will apply to all outstanding Covered Bonds. In addition, the fact that changes may be made to the Transaction Documents without the Covered Bondholder's prior knowledge or consent and which changes may be conflicting with the interests of such Covered Bondholder or potential Covered Bondholder, could have an adverse effect on the value of such Covered Bonds that are intended to be sold by a Covered Bondholder. Also, there is a risk that the Security Trustee is not willing to agree to certain modifications because these would expose the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or increase the Security Trustee's contractual obligations or duties, or decrease its contractual protections. These matters could have an adverse effect on (value of the) the Covered Bonds, also if a Covered Bondholder intends to sell any Covered Bonds.

**5. Risk that a downgrade of the credit rating of Covered Bonds may reduce the market value of the Covered Bonds**

Covered Bonds may be downgraded, including for example as a result of a downgrade of the Issuer. In addition, a credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds and 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 by any Rating Agency, the market value of the Covered Bonds may be reduced. This may lead to losses under the Covered Bonds.

**B. MARKET AND LIQUIDITY RISKS RELATED TO THE COVERED BONDS**

**1. Risk that Covered Bonds that are subject to optional redemption by the Issuer, including for tax reasons, have a lower market value and reinvestment risk**

The applicable Final Terms will indicate whether the Covered Bonds are subject to an optional redemption feature. In general, 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 may also be the case prior to any optional redemption period.

If the Issuer redeems the Covered Bonds prior to maturity, a holder of such Covered Bonds is exposed to the risk that, due to early redemption, its investment will have a lower than expected yield. In addition, the Issuer may be

expected to redeem Covered Bonds pursuant to an optional redemption feature when its cost of borrowing is lower than the interest rate on the Covered Bonds or when the Covered Bonds become subject to changes in tax law. If the Covered Bonds are redeemed at the option of the Issuer, 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.

Furthermore, if the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms prior to the Maturity Date and the Issuer cannot exercise its option because an Issuer Event of Default has occurred and is continuing, then the CBC will have the right to declare that all of the Covered Bonds then outstanding will mature on the Optional Redemption Date as specified in the applicable Final Terms and that the Maturity Date will be such Optional Redemption Date. If the CBC exercises such right, the Maturity Date will be the relevant Optional Redemption Date and the Extended Due for Payment Date will be the date falling one (1) year after such date. In such case, the Covered Bondholders may 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.

Any redemption prior to the Maturity Date as set out above could have a material adverse effect on the value of the Covered Bonds as the relevant redemption amount may be less than the then current market value of the Covered Bonds.

## **2. Risk that the Covered Bonds may not be recognised as Eurosystem eligible**

Covered Bonds may be issued with the intention to be held in a manner which will allow Eurosystem eligibility. In that case 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. 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. 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 or will remain to be recognised as such. If the Covered Bonds are in this case not recognised as such, this is likely to have a negative impact on the liquidity and/or market value of such Covered Bonds.

## **3. Risk that no secondary market may develop and limited liquidity risks**

There can be no assurance as to how any Covered Bonds will trade in the secondary market or whether such market will be liquid or illiquid. Application may or may not be made to list the Covered Bonds on a stock exchange, as indicated in the applicable Final Terms. The fact that Covered Bonds may be listed does not necessarily lead to greater liquidity. No assurance can be given that there will be a market for any Covered Bonds. If any Covered Bonds are not traded on any stock exchange, pricing information for such Covered Bonds may be more difficult to obtain, and the liquidity and market prices of such Covered Bonds may be adversely affected. The liquidity of the Covered Bonds may also be affected by restrictions on offers and sales of the Covered Bonds in some jurisdictions. Lack of liquidity may result in investors suffering losses on the Covered Bonds in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict if and when conditions of general market illiquidity for such Covered Bonds and instruments similar to such Covered Bonds will occur in the future. Illiquidity may have severely adverse effect on the market value of the Covered Bonds.

## **4. Risk of price 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 to 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. Therefore, the market value of such Covered Bonds may be lower than the market value of conventional interest-bearing Covered Bonds with comparable maturities.

**5. Risk that Covered Bonds issued with integral multiples of less than euro 100,000 in case of Definitive Covered Bonds may be illiquid and difficult to trade**

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

**6. Risks regarding the ECB asset purchase programme**

In September 2014, the ECB initiated an asset purchase programme whereby it envisaged 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 in Europe. The asset purchase programme also encompasses the covered bond purchase programme. On 14 June 2018, the ECB announced that at the end of December 2018 the covered bond purchase programme would end. As of 2019, the ECB would, however, maintain its policy to reinvest the principal payments from maturing securities under the programmes as long as deemed necessary. On 18 March 2020, the Governing Council of the ECB decided to launch a new temporary asset purchase programme of private and public sector securities to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the outbreak and escalating diffusion of COVID-19. This new Pandemic Emergency Purchase Programme (the "**PEPP**") initially had an overall envelope of EUR 750 billion. On 4 June 2020 the Governing Council of the ECB decided to increase the original EUR 750 billion envelope for the PEPP by EUR 600 billion, to a total of EUR 1,350 billion. On 10 December 2020 the overall envelope of the PEPP was increased to EUR 1,850 billion, and extended by nine months to at least the end of March 2022. All asset categories eligible under the existing asset purchase programme are also eligible under the new programme. The Governing Council will terminate net asset purchases under the PEPP once it judges that the COVID-19 crisis phase is over, but in any case not before the end of March 2022. The maturing principal payments from securities purchased under the PEPP will be reinvested until at least the end of 2024. It remains to be seen what the effect of this restart of the purchase programmes and the new Pandemic Emergency Purchase Programme will be on the volatility in the financial markets and the overall economy in the Eurozone and the wider European Union and the UK. The Covered Bondholders should be aware that they may suffer loss if they intend to sell any of the Covered Bonds on the secondary market for such Covered Bonds as a result of the impact the restart of the asset purchase programmes and/or a potential termination of the asset purchase programmes may have on the secondary market value of the Covered Bonds and the liquidity in the secondary market for the Covered Bonds.

**7. Risk related to no consent being required from Covered Bondholders for issuance of different Covered Bonds**

This Base Prospectus only describes Covered Bonds to be issued as part of the Programme under this Base Prospectus. In the future, the Issuer may issue Covered Bonds under the Programme (whether or not under this Base Prospectus) in different markets and/or with different features, which have not been described herein, and different risks associated with them, such as index or equity linked and dual currency Covered Bonds. It is not expected that the consent of Covered Bondholders will be obtained in order to provide for the inclusion of such Covered Bonds in the Programme. This may result in higher risks on the Issuer and the CBC whilst such higher risks may not be compensated by higher returns or adjustments in the Asset Cover Test or Amortisation Test. Therefore, Covered Bondholders are exposed to the risk that such decision is taken against the interest of such Covered Bondholder and new Covered Bonds are issued that negatively affect the market value and/or risks in relation to its Covered Bonds.

**C. LEGAL AND REGULATORY RISKS REGARDING THE COVERED BONDS**

## 1. Risk that Covered Bonds do not comply with Dutch CB Regulations, the UCITS Directive and/or CRR

The Issuer has under the CB Regulations applied for the Programme and the Covered Bonds issued thereunder to obtain the status of being compliant with the requirements for the legal covered bonds as set out therein (the "**Regulated Status**"), which includes compliance of Article 52(4) of the UCITS Directive and Article 129 of the CRR and has obtained the Regulated Status for the Programme and the Covered Bonds issued. The Issuer will only issue Covered Bonds under this Base Prospectus that obtain the Regulated Status. Investors should be aware that on the basis of the Covered Bond Directive as adopted on 27 November 2019, the Covered Bond Directive should be implemented in each Member State by 8 July 2021 and such legislation should apply to Covered Bonds at the latest from 8 July 2022. However, at the date of this Base Prospectus, the Covered Bond Directive has not been fully implemented in Dutch law and the related secondary legislation is not yet adopted (see the risk factor '*Risk regarding uncertainty relating to the implementation of the Covered Bond Directive*' and the paragraph '*The Covered Bond Directive*' under '*Covered Bond Legislation and Compliance with UCITS- and/or Capital Requirements*' in section 6 (*Covered Bonds*)). The Dutch Ministry of Finance has indicated that as long as the Dutch secondary legislation is not adopted, the current legislation will continue to apply until implementation of the new legislation. On the date of this Base Prospectus, it is uncertain whether Covered Bonds issued after 8 July 2022 under the current legislation (which legislation does not fully comply with the Covered Bond Directive), may enjoy the favourable prudential treatment of the CRR with regard to low risk weighting and the Covered Bonds qualifying as high quality liquid assets in the interim period. The Issuer expects that the secondary legislation will be published shortly after the date of this Base Prospectus. Should the secondary legislation be published after the date of this Base Prospectus but before 8 July 2022, and Covered Bonds are to be issued in such period, prospective investors should carefully review such secondary legislation and should consider the impact thereof before making an investment decision with respect to such Covered Bonds. The Issuer expects to implement the new legislation and publish a supplement to the Base Prospectus in connection therewith once the legislation has been fully implemented in Dutch law, however does not expect that it will publish a supplement to the Base Prospectus in relation to the mere publication of the secondary legislation. Once (i) the Covered Bond Directive is fully implemented in Dutch law and the related secondary legislation is adopted and (ii) the Programme is amended to comply with such new legislation, any Covered Bonds issued after 8 July 2022 may be eligible for the favourable prudential treatment of the CRR with regard to low risk weighting and the Covered Bonds qualifying as high quality liquid assets.

In the Trust Deed the Issuer has undertaken to use its best efforts to procure that the Covered Bonds that have obtained the Regulated Status, will keep the Regulated Status until their Maturity Date or any earlier date on which such Covered Bonds have been redeemed in full. The "best efforts" undertaking set out in the preceding sentence will no longer apply if, as a result of a change of law or regulations, Dutch residential mortgage receivables are no longer eligible for collateralisation of the Covered Bonds to keep the Regulated Status or are no longer eligible to collateralise covered bonds under CRR.

If a Covered Bond no longer meets the requirements prescribed by the CB Regulations, or if the Issuer would no longer comply with its ongoing administration and/or reporting obligations towards DNB as the competent regulator, DNB can take several measures, which include, without limitation, imposing an issuance-stop on the Issuer, which may be disclosed by DNB in the relevant register, and DNB has the authority to terminate the registration of the Issuer. However, under the CB Regulations the registration of the Covered Bonds that have already been issued cannot be terminated.

In addition, DNB has the authority to include in the register that the Covered Bonds are no longer or are not compliant with Article 129 CRR as a result of which the Covered Bonds would no longer maintain the status of being compliant with the requirements set out in Article 129 of the CRR (the "**CRR Status**"). Although under the CB Regulations Covered Bonds will always continue to be registered as legal covered bonds and continue to keep the Regulated Status (except for the CRR Status), there is a risk that the CRR Status for other Series of Covered Bonds will not be maintained until redemption in full of the relevant non-compliant Series of Covered Bonds. Under the new Dutch covered bond rules CRR compliance will likely be mandatory.

If at any time an issuance stop is published, the registration of the Issuer is revoked and/or the CRR Status is withdrawn or otherwise lost, a Covered Bondholder may experience adverse consequences (i.e. an adverse effect on the market value or on the regulatory treatment of the Covered Bonds), depending on the reasons for making the investment in such Covered Bonds.



## 2. Risk regarding uncertainty relating to the implementation of the Covered Bond Directive

On 27 November 2019, Directive (EU) 2019/2162 of the European Parliament and of the Council on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EC (the "**Covered Bond Directive**") was adopted. The Covered Bond Directive aims to establish a common framework for covered bonds and to foster the covered bond market and to support cross-border investment in the European Union. The Covered Bond 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 Covered Bond Directive should be implemented in each Member State by 8 July 2021 and should apply at the latest from 8 July 2022. In the Netherlands, the formal legislation implementing the Covered Bond Directive was adopted on 14 December 2021. However, the related secondary legislation is not yet adopted (see the risk factor '*Risk that Covered Bonds do not comply with Dutch CB Regulations, the UCITS Directive and/or CRR*'). The Issuer is monitoring the ongoing developments with regard to the implementation of the Covered Bond Directive, however, until the related secondary legislation is adopted, it remains to be seen if or how the new legislation (when finalised) will affect the Issuer, the CBC, the market for covered bonds in general and/or the Covered Bonds.

This new legislation will require amendments the Programme to remain compliant with the Dutch Covered Bonds legislation. Pursuant to Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*), such amendments to the Programme may be made without any consent or sanction of any of the Covered Bondholders and, more specifically, certain amendments to the Programme may be made in connection with any change 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*) without any consent or sanction of any of the Covered Bondholders to ensure that the Issuer, the CBC and/or Covered Bondholders enjoy the full benefits of such legislation, provided that in the sole opinion of the Security Trustee such modification is not materially prejudicial to the interest of any of the Covered Bondholders or any of the other Secured Parties (also see the risk factor '*Risk of changes without the Covered Bondholders' or other Secured Party's prior consent as the Security Trustee may agree to, or is obliged to concur with the Issuer and/or the CBC in making changes and waivers to or under the Programme or is not willing to agree to certain modifications*'). Such amendments could be detrimental to the Covered Bondholders and may negatively affect the value of the Covered Bonds.

## D. LEGAL AND REGULATORY RISKS RELATED TO BENCHMARKS

### 1. Risk that benchmark reforms may cause benchmarks used in respect of the Floating Rate Covered Bonds to be materially amended or discontinued

The interest payable on the Floating Rate Covered Bonds may be determined by reference to EURIBOR, €STR or another reference rate (as defined in the applicable Final Terms), or another benchmark (each of these indices as well as any substitute, alternative or successor rate determined in accordance with Condition 5(B)(ii)(d), including the applicable tenor and currency, the "**Reference Rate**"). Various benchmarks (including interest rate benchmarks that may apply to the Floating Rate Covered Bonds, such as EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Further to these reforms, a transitioning away from the interbank offered rates ("**IBORs**") to 'risk-free rates' is expected. Given the uncertainty in relation to the timing and manner of implementation of any such reforms and in the absence of clear market consensus at this time, the Issuer is not yet in a position to determine the reforms that it will apply and the timing of applying such reforms.

For example, in March 2017, the European Money Markets Institute ("**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. 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". EMMI has since strengthened its governance framework and has developed a hybrid methodology for EURIBOR. On 28 November 2019, EMMI confirmed it has completed the transitioning of the panel banks from the quote-based EURIBOR methodology to the hybrid methodology.

Following the implementation of any such (potential) reforms (such as changes in methodology or otherwise) or further to other pressures (including from regulatory authorities), (i) the manner of administration of benchmarks may change, with the result that benchmarks may perform differently than in the past, (ii) one or more benchmarks could be eliminated entirely, (iii) it may create disincentives for market participants to continue to administer or participate in certain benchmarks, or (iv) there could be other consequences, including those that cannot be predicted.

Uncertainty as to the continuation of a benchmark, the availability of quotes from reference banks to allow for the continuation of rates on any Floating Rate Covered Bonds, and the rate that would be applicable if the Reference Rate is materially amended or is discontinued, may adversely affect the trading market and the value of and return on any such Floating Rate Covered Bonds. See also the risk factor '*Risk that future discontinuance of EURIBOR, €STR or other interest rate benchmarks may affect the value or payment of interest under the Floating Rate Covered Bonds*'.

Moreover, any of the above changes or any other consequential changes to the Reference Rate or any other relevant benchmark, or any further uncertainty in relation to the timing and manner of implementation of such changes could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds and could have a material adverse effect on the value or liquidity of, and amounts payable under, the Floating Rate Covered Bonds based on or linked to a Reference Rate or other benchmark.

## **2. Risk that future discontinuance of EURIBOR, €STR or other interest rate benchmarks may affect the value or payment of interest under the Floating Rate Covered Bonds**

Investors should be aware that, if the Reference Rate has been discontinued or another Benchmark Event (as defined in Condition 5(B)(ii)(d)) has occurred, the rate of interest on Floating Rate Covered Bonds will be determined for the relevant period by the fallback provisions set out in Condition 5(B)(ii)(d) applicable to such Floating Rate Covered Bonds.

The use of the Replacement Reference Rate may result in the Floating Rate Covered Bonds that referenced the Reference Rate performing differently (including potentially paying a lower Interest Rate) than they would do if the Reference Rate were to continue to apply in its current form.

Furthermore, the Conditions provide that the Rate Determination Agent (which may be the Issuer) may vary the Conditions, as necessary to ensure the proper operation of the Replacement Reference Rate, without any requirement for consent or approval of the Covered Bondholders.

The Conditions also provide that an Adjustment Spread may be determined by the Rate Determination Agent to be applied to the Replacement Reference Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as practicable, any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Reference Rate with the Replacement Reference Rate. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of the Adjustment Spread will either reduce or eliminate economic prejudice to Covered Bondholders. If no Adjustment Spread is determined, the Replacement Reference Rate may nonetheless be used to determine the Interest Rate.

In addition, if a Benchmark Event has occurred, and the Rate Determination Agent for any reason, is unable to determine the Replacement Reference Rate, the Interest Rate may revert to the Interest Rate applicable as at the last preceding Interest Determination Date before the Benchmark Event occurred, and such Interest Rate will continue to apply until maturity or whenever the Rate Determination Agent is able to determine the Replacement Reference Rate.

If it is not possible to determine a Replacement Reference Rate under Condition 5(B)(ii)(d) or any of the other matters referred to under Condition 5(B)(ii)(d), then the Replacement Reference Rate will not be changed pursuant to Condition 5(B)(ii)(d). This is without prejudice to the applicability of Condition 5(B)(ii)(a), (b) and (c). This could ultimately result in the application of a fixed rate to what was previously a Floating Rate Covered Bond.

In addition, due to the uncertainty concerning the availability of a Replacement Reference Rate, the relevant fallback provisions may not operate as intended at the relevant time. In addition, the Replacement Reference Rate may perform differently from the Reference Rate. For example, several risk free rates are currently being developed,

which are overnight rates, while the Reference Rate generally has a certain maturity, for example a term of one, three or six months. Similarly, these risk free rates generally do not carry an implicit element of credit risk of the banking sector, which does form part of the Reference Rate. The differences between the Replacement Reference Rate and the Reference Rate could have a material adverse effect on the value of and return on any such Floating Rate Covered Bonds. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Covered Bonds based on or linked to a Reference Rate or other benchmark.

**3. Risk that the Rate Determination Agent may be considered an 'administrator' under the Benchmarks Regulation**

The Rate Determination Agent may be considered an 'administrator' under the Benchmarks Regulation. This is the case if it is considered to be in control over the provision of the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario.

The Benchmarks Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmarks Regulation. There is a risk that administrators (which may include the Rate Determination Agent in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. The Issuer cannot guarantee that it or the Rate Determination Agent will and will be able to timely obtain registration or authorisation to administrate a benchmark, in case the Rate Determination Agent will be considered an administrator under the Benchmarks Regulation. This could also affect the possibility for the Rate Determination Agent to apply the fallback provision of Condition 5(B) meaning that the Reference Rate will not be changed pursuant to Condition 5(B) (without prejudice to the applicability of Condition 5(B)(ii)(a), (b) and (c)). This may ultimately result in the effective application of a fixed rate to what was previously a Floating Rate Covered Bond. Other administrators may cease to administer certain benchmarks because of the additional costs of compliance with the requirements of the Benchmarks Regulation such as relating to governance and conflict of interest, control frameworks, record-keeping and complaints-handling. This may negatively affect the value of the Covered Bonds.

**4. Risk that the application of the fallback provisions contained in Condition 5 (*Interest*) may lead to a conflict of interest**

The application of the fallback provisions contained in Condition 5 (*Interest*) may lead to a conflict of interests between the Issuer and Covered Bondholders including with respect to certain determinations and judgements that the Rate Determination Agent and the Principal Paying Agent (including where such agent is not the Issuer or an affiliate) may make pursuant to Condition 5 (*Interest*) (including, without limitation, with respect to the Replacement Reference Rate and Adjustment Spread) that may influence the amount receivable under the Covered Bonds. The Issuer and/or any of its affiliates may have existing or future business relationships and business interests and may pursue actions and take steps that they or it deems necessary or appropriate to protect its and/or their interests arising therefrom without taking into account the consequences for a Covered Bondholder. This may negatively affect the value of the Covered Bonds.

**5. Risks related to the market's continuing development in relation to €STR as a reference rate**

€STR is published by the European Central Bank and is intended to reflect the wholesale euro unsecured overnight borrowing costs of banks located in the euro area. The European Central Bank reports that €STR is published on each TARGET Business Day based on transactions conducted and settled on the previous TARGET Business Day (the reporting date "T") with a maturity date of T+1 which are deemed to have been executed at arm's length and thus reflect market rates in an unbiased way.

The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Terms and Conditions of the Covered Bonds and used in relation to Covered Bonds that reference a risk free rate issued under the Programme. The development of Compounded Daily €STR as interest reference

rates for the Eurobond markets, as well as continued development of €STR-based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any €STR-referenced Covered Bonds issued under the Programme from time to time.

Furthermore, interest on Floating Rate Covered Bonds which reference Compounded Daily €STR is only capable of being determined at the end of the relevant Observation Period or Interest Period (as applicable) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Floating Rate Covered Bonds which reference Compounded Daily €STR to estimate reliably the amount of interest which will be payable on such Floating Rate Covered Bonds, and some investors may be unable or unwilling to trade such Floating Rate Covered Bonds without changes to their IT systems, both of which could adversely impact the liquidity of such Floating Rate Covered Bonds. Further, in contrast to, for example, EURIBOR based Floating Rate Covered Bonds, if Floating Rate Covered Bonds referencing Compounded Daily €STR become due and payable as a result of an event of default under Condition 10 (*Events of Default and Enforcement*) or Condition 16 (*Security Trustee*) (as applicable), or are otherwise redeemed early on a date other than an Interest Payment Date, the rate of interest payable for the final Interest Period in respect of such Floating Rate Covered Bonds shall only be determined on the date on which the Floating Rate Covered Bonds become due and payable.

In addition, the manner of adoption or application of €STR reference rates in the Eurobond markets may differ materially compared with the application and adoption of €STR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of €STR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Covered Bonds referencing €STR.

Since €STR is a relatively new market index, Covered Bonds which reference €STR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to €STR such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Covered Bonds may be lower than those of later-issued indexed debt securities as a result. Further, if €STR does not prove to be widely used in securities like Covered Bonds which reference Compounded Daily €STR, the trading price of such Covered Bonds which reference Compounded Daily €STR may be lower than those of Covered Bonds linked to indices that are more widely used. Investors in such Covered Bonds may not be able to sell such Covered Bonds at all or may not be able to sell such Covered Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that €STR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Covered Bonds which reference Compounded Daily €STR. If the manner in which Compounded Daily €STR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Covered Bonds and the trading prices of such Covered Bonds. Accordingly, an investment in Floating Rate Covered Bonds using €STR as a reference rate may entail significant risks not associated with similar investments in conventional debt securities.

## **E. TAX RISKS REGARDING THE COVERED BONDS**

### **1. Risk related to tax consequences of holding the Covered Bonds**

Potential investors and sellers of Covered Bonds should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where to the Covered Bonds are transferred or other jurisdictions. In addition, payments of interest on the Covered Bonds, or income derived from the Covered Bonds, may become subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Covered Bonds, or in other jurisdictions in which the holder of Covered Bonds is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Covered Bonds.

Prospective investors should carefully consider the tax consequences of investing in the Covered Bonds and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

## **2. Risk of no gross-up by the CBC for Taxes**

As provided for in Condition 8 (*Taxation*), should payments made by the CBC under the Guarantee be made subject to withholding or deduction for any present or future taxes or duties of whatever nature, the CBC will make the required withholding or deduction of such taxes or duties for the account of the Covered Bondholders and shall not be obliged to pay any additional amounts to the Covered Bondholders in respect of the withholding or deduction. This may lead to losses under the Covered Bonds.

## **RISKS REGARDING THE GUARANTOR AND THE GUARANTEE**

### **1. Risk that counterparties to the CBC may not perform their obligations under the Transaction Documents, including the obligation to appoint a substitute servicer after termination of the Servicing Agreement and the Borrowers may not perform with their obligations under the Mortgage Receivables**

Counterparties to the CBC may not perform their obligations under the Transaction Documents and the Borrowers may not perform with their obligations under the Mortgage Receivables. Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. If, as a consequence of counterparties not performing its obligations *vis-à-vis* the CBC or the Borrowers under the Mortgage Loans, the CBC may not be able to meet its obligations under the Guarantee and this may lead to losses under the Covered Bonds.

If a termination event occurs pursuant to the terms of the Servicing Agreement, then the CBC and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering residential mortgage loans would be found who would be willing and able to service the Mortgage Receivables on the terms of the Servicing Agreement. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Mortgage Receivables or any part thereof, and/or the ability of the CBC to make payments under the Guarantee. If the CBC cannot meet its obligations under the Guarantee, this may lead to losses under the Covered Bonds.

Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement. Neither the Servicer nor other third parties have any obligation themselves to advance payments that Borrowers fail to make in a timely fashion, which may result in the CBC not being able to meet its obligations under the Guarantee. This may lead to losses under the Covered Bonds.

### **2. Risk that payments under the Guarantee are solely the obligation of the CBC**

None of the Issuer, the Transferor, the Originators, the Swap Counterparties, the Servicer, the Administrator, the Back-up Administrator, the Directors, the Paying Agents, the Registrar, the Calculation Agent, the Arranger, the Dealer(s), the CBC Account Bank, the Custodian, the Listing Agent, the Insurance Savings Participant, the Bank Savings Participant and the Security Trustee will be under any obligation whatsoever to provide additional funds to the CBC (save in limited circumstances pursuant to the Transaction Documents).

The payment obligations under the Guarantee will be solely the obligations of the CBC. The Guarantee will not be an obligation or responsibility of, any other entity or person, in whatever capacity acting, including, without limitation, the Issuer, the Transferors, any Savings Participant, any Swap Counterparty, the Servicer, the Sub-servicers, the Administrator, the Back-up Administrator, the Directors, the Paying Agents, the Calculation Agent, the Arrangers, the Dealers, the CBC Account Bank, the Collection Foundations, the Foundation Administrator, the Foundation Accounts Provider and the Security Trustee. Furthermore, none of the Issuer, the Transferors, the Savings Participants, the Swap Counterparties, the Servicer, the Sub-servicers, the Administrator, the Back-up Administrator, the Directors, the Paying Agents, the Calculation Agent, the Arrangers, the Dealers, the CBC Account Bank, the Collection Foundations, the Foundation Administrator, the Foundation Accounts Provider and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Covered Bondholders in respect of any failure by the CBC to pay any amounts due under the Guarantee. This may lead to losses under the Covered Bonds.

### **3. Risk related to the CBC only being obliged to pay Guaranteed Amounts when the same are Due for Payment**

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

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

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

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

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

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

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

Therefore, Covered Bondholders may not receive payments at the moment they expect to receive payments and these payments may not cover all payments Covered Bondholders may expect to receive.

#### **4. Risk of failure by the CBC to pay any Guaranteed Final Redemption Amount on the relevant Extended Due for Payment Date**

If the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount and has insufficient funds available under the relevant Priority of Payments to pay such Guaranteed Final Redemption Amount in full, then the obligation of the CBC to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Due for Payment Date.

However, to the extent the CBC has sufficient moneys available to pay in part the Guaranteed Final Redemption Amount in respect of the relevant Series of Covered Bonds, the CBC shall make such partial payment in accordance with the relevant Priority of Payments, as described in Condition 3 (*The Guarantee*), on each Interest Payment Date falling prior to the relevant Extended Due for Payment Date. Payment of the unpaid amount shall be deferred automatically up to the applicable Extended Due for Payment Date. An Extended Due for Payment Date will fall one (1) year after the relevant Maturity Date. Interest will continue to accrue and be payable on the unpaid

Guaranteed Final Redemption Amount on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*) applies *mutatis mutandis*.

Except where the CBC has failed to apply amounts in accordance with the relevant Priority of Payments in accordance with Condition 3 (*The Guarantee*), failure by the CBC to pay the relevant Guaranteed Final Redemption Amount on the relevant Interest Payment Date or any subsequent Interest Payment Date falling prior to the relevant Extended Due for Payment Date (or the relevant later date in case of an applicable grace period) shall not constitute a CBC Event of Default. However, failure by the CBC to pay any Guaranteed Final Redemption Amount or the balance thereof, as the case may be, on the relevant Extended Due for Payment Date and/or pay any other amount due under the Guarantee will (subject to any applicable grace period) constitute a CBC Event of Default. Therefore, Covered Bondholders may not receive payments at the moment they anticipated to receive payments and these payments may not cover all amounts Covered Bondholders may expect to receive.

## **5. Risks related to limited resources available to the CBC**

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

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

Covered Bondholders should note that the Asset Cover Test and, after a Notice to Pay, the Amortisation Test has been structured to reduce the risk of there being a shortfall. However there is no assurance that there will not be a shortfall. This may lead to losses under the Covered Bonds.

## **6. Risk that the rights of pledge to the Security Trustee in case of insolvency of the CBC are not effective in all respects**

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the CBC to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Dutch law to pledgees notwithstanding bankruptcy or suspension of payments of the CBC. The CBC is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the CBC would affect the position of the Security Trustee as pledgee and, subsequently, the Covered Bondholders, in some respects, the most important of which are: (i) payments made by the Borrowers to the CBC prior to notification of the relevant pledge but after bankruptcy or suspension of payments granted in respect of the CBC the amounts so paid will be part of the bankruptcy estate of the CBC, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four (4) months may apply in case of bankruptcy and in case of suspension of payments involving the CBC, which, if applicable, would delay the exercise of the right of pledge on the Transferred Assets and other assets pledged to the Security Trustee and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy if so requested by the liquidator and as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the CBC. Similar or different restrictions may apply in case of insolvency proceedings other than Dutch insolvency proceedings. Therefore, the Security Trustee may have insufficient funds available to fulfil the CBC's payment obligations under the Covered Bonds. This may lead to insufficient funds being available to cover amounts due under the Covered Bonds and therefore to losses under the Covered Bonds.

To the extent the receivables pledged by the CBC to the Security Trustee are future receivables, the right of pledge on such future receivables cannot be invoked against the estate of the CBC if such future receivable comes into existence after 00:00 hours on the date on which the CBC has been declared bankrupt or has been granted a suspension of payments. The CBC has been advised that some of the assets pledged to the Security Trustee under

the Security Trustee Rights Pledge Agreement should be regarded as future receivables. This would for example apply to amounts paid to the CBC Transaction Accounts following the CBC's bankruptcy or suspension of payments. With respect to Beneficiary Rights, reference is made to the risk factor '*Risks regarding Beneficiary Rights under the Insurance Policies*'. In such case, such amounts will not be available for distribution. This may lead to losses under the Covered Bonds.

#### **7. Risks related to the creation of pledges on the basis of the Parallel Debt**

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the CBC has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and the question arises whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also section 7 (*Asset Backed Guarantee*) under '*Security*'). However, the CBC has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements. If, in spite of the above, the Parallel Debt does not constitute a valid basis for the creation of security rights as included in the Pledge Agreements, the proceeds of the pledges under the Pledge Agreements will not be available for distribution by the Security Trustee to the Secured Parties (including the Covered Bondholders) and therefore the Security Trustee may have insufficient funds available to it to fulfil the CBC's payment obligations under the Covered Bonds. This may lead to insufficient funds being available to cover amounts due under the Covered Bonds and therefore to losses under the Covered Bonds.

The Security Trustee is a special purpose vehicle and is therefore unlikely to become insolvent. The Security Trustee acts solely as security trustee for the purpose of this Programme. Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets and as such will form part of the Security Trustee's estate. Should the Security Trustee become insolvent, the Secured Parties will have an unsecured claim on the bankrupt estate of the Security Trustee and will therefore have a credit risk on the Security Trustee, which could lead to losses under the Covered Bonds.

#### **8. Risk related to maintenance of Transferred Assets**

Unless a Breach of Asset Cover Test has occurred, the Asset Monitor will conduct agreed upon procedures on the arithmetic accuracy of the calculations performed by the Administrator in respect of the Asset Cover Test once each year on the Calculation Date immediately preceding each anniversary of the Programme Date and more frequently in certain circumstances as set out in the Asset Monitoring Agreement. Following the service of a Breach of Asset Cover Test Notice (until remedied), the Asset Monitor will be required to conduct agreed upon procedures on the calculations performed by the Administrator in respect of the Amortisation Test on each Calculation Date. Such tests are limited in scope and provide no guarantee that the tests are met in all respects. This may therefore result in losses under the Covered Bonds.

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. 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. This may lead to losses under the Covered Bonds.

#### **9. Risks in relation to the sale or refinancing of Selected Mortgage Receivables**

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



There is no guarantee that a buyer will be found to acquire the Selected Mortgage Receivables or that such Selected Mortgage Receivables can be refinanced when required and there can be no guarantee or assurance as to the price or level of refinancing which may be able to be obtained, which may affect payments under the Guarantee. In addition, the CBC will not be permitted to give warranties or indemnities in respect of Selected Mortgage Receivables (unless expressly permitted to do so by the Security Trustee). There is no assurance that the Transferors would give any warranties or representations to a buyer in respect of the Selected Mortgage Receivables. Any representations or warranties previously given by the Transferors in respect of the relevant Mortgage Receivables may not have value for a third party purchaser if the Transferors are then subject to any insolvency proceedings. Accordingly, there is a risk that the realisable market value of the Selected Mortgage Receivables could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the CBC to meet its best efforts undertaking under the Guarantee. This may lead to losses under the Covered Bonds.

#### **10. Not all risks are deducted from the Asset Cover Test**

The tests included in the Asset Cover Test are composed of multiple tests, however, not all of these tests provide for deduction of all the risks that are described in this Base Prospectus. In particular certain set-off risks and other risks which are deducted from the Adjusted Aggregate Asset Amount are not deducted for the purpose of the calculation of the First Regulatory Current Balance Amount and the Second Regulatory Current Balance Amount. Therefore, the First Regulatory Current Balance Amount and the Second Regulatory Current Balance Amount do not include a deduction in respect of these risks. Therefore, where in the risk factors it is stated that such risks are to be deducted from the Asset Cover Test, this means that these will be deducted from the Adjusted Aggregate Asset Amount and it does not mean that these are deducted from the First Regulatory Current Balance Amount and the Second Regulatory Current Balance Amount. Furthermore, not all risks in relation to the Transferred Assets are provided for in the Asset Cover Test (see section 15 (*Asset Monitoring*)). This could lead to losses under the Transferred Assets in case such risks materialise and, consequently, the CBC may not be able to meet its obligations under the Guarantee. This may lead to losses under the Covered Bonds.

#### **11. Risks in relation to negative interest rates on the CBC Transaction Accounts**

Pursuant to the CBC Account Agreement the interest rate accruing on the balances standing to the credit of any of the CBC Transaction Accounts could be less than zero in case the CBC Transaction Accounts Interest Rate is below, equal to or just above zero. Any negative interest will be payable by the CBC to the CBC Account Bank. If the CBC has the obligation to pay interest accruing on the balances standing to the credit of any of the CBC Transaction Accounts to the CBC Account Bank instead of receiving interest thereon, this will reduce the income of the CBC and its possibility to generate further income on the assets held in the form of cash in the CBC Transaction Accounts. This risk increases if the amount deposited on the CBC Transaction Accounts becomes (more) substantial. Ultimately such negative interest rate and/or an enduring obligation of the CBC to make such payments in respect thereof to the CBC Account Bank could result in the CBC having insufficient funds to pay any amounts due under the Guarantee to Covered Bondholders. This may lead to losses under the Covered Bonds.

#### **12. Risk that the WHOA when applied to the CBC or other parties could affect the rights of the Security Trustee under the Security and the Covered Bondholders under the Guarantee and therefore the Covered Bonds**

On 1 January 2021, the Act on Confirmation of Extrajudicial Restructuring Plans (Wet Homologatie Onderhands Akkoord, "CERP" or "WHAO") entered into force. The WHOA is not applicable to banks and insurers.

Under the WHOA, a proceeding somewhat similar to the chapter 11 proceedings under United States bankruptcy law and the scheme of arrangement under English bankruptcy laws, is available for companies in financial distress, where the debtor stays in possession and can offer a composition plan to its creditors (including secured creditors and shareholders) which is binding on them and changes their rights provided all conditions are met.

A judge can, *inter alia*, refuse to accept a composition plan if an affected creditor who did not vote in favour of such composition plan and who will be worse off than in case of an insolvency so requests. If a proposal has been made or if the debtor undertakes to make a proposal within two (2) months from the date it deposits a statement with the court that it has started to make such proposal, a judge may during such proceedings grant a stay on enforcement of a maximum of four (4) months, with a possible extension of four (4) months. During such period, *inter alia*, a pledgee of claims may not collect nor notify the borrowers in case of an undisclosed pledge. The new legislation

also allows that group companies providing guarantees for the debtor's obligations are included in the plan, if (i) the relevant group companies are reasonably expected to be unable to pay their debts as they fall due, (ii) they have agreed to the proposed restructuring plan insofar as it concerns their obligations and (iii) the court has jurisdiction over the relevant group companies. A debtor may offer its creditors a composition plan which may also entail changes to the rights of any of its creditor. As a result thereof, it may well be that claims of creditors against the CBC can be compromised as a result of a composition if the relevant majority of creditors within a class vote in favour of such a composition. The WHOA can provide for restructurings that stretch beyond Dutch borders.

Although the WHOA is not applicable to banks and insurers and seems inappropriate to be applied for the CBC with a view to the structure of the transaction and the security created under the Security, the WHOA when applied to the CBC could affect the rights of the Security Trustee under the Security and the Covered Bondholders under the Guarantee and therefore the Covered Bonds. The WHOA may also affect other counterparties of the CBC and/or the Security Trustee which may include the Borrowers and, therefore, this may also impact the performance by such parties vis-à-vis the CBC and/or the Security Trustee and result in losses under the Covered Bonds as further described above in '*Risk that counterparties to the CBC may not perform their obligations under the Transaction Documents, including the obligation to appoint a substitute servicer after termination of the Servicing Agreement and the Borrowers may not perform with their obligations under the Mortgage Receivables*'.

## **RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES, SET-OFF AND SECURITY RIGHTS**

### **A. RISKS REGARDING THE PAYMENTS UNDER THE MORTGAGE RECEIVABLES TRANSFERRED TO THE CBC**

#### **1. Risk related to payments received by a Transferor prior to notification to the Borrowers of the assignment to the CBC**

The legal title to the Eligible Receivables will be assigned by the relevant Transferor to the CBC without notification of the assignment to the debtors being required (*stille cessie*). The Guarantee Support Agreement provides that the assignment of the Eligible Receivables by the relevant Transferor to the CBC will be notified by the relevant Transferor or, as the case may be, the CBC to the Borrowers if certain events occur.

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

Payments made by the Borrowers to the relevant Transferor prior to notification of the assignment to the CBC but after bankruptcy or (preliminary) suspension of payments in respect of the relevant Transferor having been declared, will be part of the relevant Transferor's bankruptcy estate. In respect of these payments, the CBC will be a creditor of the estate (*boedelschuldeiser*) and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of the general bankruptcy costs (*algemene faillissementskosten*), which may be material. After the notification of the assignment to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the CBC in order to fully discharge their payment obligations. As a result thereof, the CBC may have insufficient funds available to fulfil its payment obligations under the Covered Bonds and this may result in losses under the Covered Bonds.

#### **2. Risks relating to the Collection Foundation**

The Transferors will undertake or procure that the Sub-servicers undertake to direct debit all amounts of principal and interest to the relevant Collection Foundation Accounts maintained by the Collection Foundations. In addition each Transferor has represented that it has given and will give instructions to the relevant Insurance Companies to pay any amounts in respect of the Beneficiary Rights into the Collection Foundation Accounts.

The Collection Foundations are set up as passive bankruptcy remote entities. The objectives clause of each Collection Foundation is limited to collecting, managing and distributing amounts received on the relevant Collection

Foundation Account to the persons who are entitled to receive such amounts pursuant to the relevant Receivables Proceeds Distribution Agreement. The Issuer and the CBC have been advised that in the event of a bankruptcy of any of the Transferors any amounts standing to the credit of the relevant Collection Foundation Account relating to the relevant Mortgage Receivables will not form part of the bankruptcy estate of the relevant Transferor.

After an Assignment Notification Event, a Breach of Asset Cover Test Notice (which is not remedied), a Notice to Pay, or a CBC Acceleration Notice having been served on the CBC, following an instruction by the CBC, the Collection Foundation, or NIBC Bank as Foundation Administrator on its behalf, will distribute upon receipt of such amounts to the CBC or, after the Enforcement Date, to the Security Trustee any and all amounts relating to the Mortgage Receivables received by it on the Collection Foundation Accounts, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreements.

In addition, each Transferor has under the relevant Receivables Proceeds Distribution Agreement undertaken towards the CBC and the Security Trustee not to amend the payment instructions and not to redirect cash flows to the Collection Foundation Accounts in respect of the Mortgage Receivables to another account, without prior approval of, *inter alia*, each of the Collection Foundations, the CBC and the Security Trustee and confirmation from the relevant Rating Agencies that the rating of the then current outstanding Covered Bonds are not affected. In addition, the Sub-servicers have undertaken to disregard any instructions or orders from any of the Transferors to cause the transfer of amounts in respect of the Mortgage Receivables to be made to another account than the relevant Collection Foundation Account without prior approval of each of the Collection Foundations, the CBC and the Security Trustee and the abovementioned confirmation from and/or notification to the Rating Agencies. Notwithstanding the above, each Transferor is obliged to pay to the CBC any amounts received in respect of the Mortgage Receivables which were not paid on a Collection Foundation Account but to the relevant Transferor directly upon receipt thereof. There is, nevertheless, a risk that any of the Transferors (prior to notification of the assignment) or its bankruptcy trustee (following bankruptcy or suspension of payments but prior to notification) instructs the Borrowers to pay to another bank account. Any such payments by a Borrower would be valid (*bevrijdend*). As a result thereof, the CBC may have insufficient funds available to fulfil its payment obligations under the Covered Bonds and this may result in losses under the Covered Bonds.

Furthermore, the balance standing to the credit of each Collection Foundation Account will be pledged to the CBC and the Previous Transaction SPVs, and the CBC and the Previous Transactions SPVs by way of repledge create a first ranking right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees in view of the (remote) bankruptcy risk of the relevant Collection Foundation, in accordance with the relevant Collection Foundation Account Pledge Agreement. The pledge will be shared with other beneficiaries, most of which are set up as bankruptcy remote securitisation special purpose vehicles. Each beneficiary will have a certain *pari passu* ranking undivided interest, or "share" (*aandeeel*) in the co-owned pledge, entitling it to part of the foreclosure proceeds of the pledge over that Collection Foundation Account. As a consequence, the rules applicable to co-ownership (*gemeenschap*) apply to the joint right of pledge. The share of the Security Trustee will be equal to the amounts in the Collection Foundation Account relating to the relevant Mortgage Receivables owned by the CBC. Section 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of section 3:166 of the Dutch Civil Code (*aandeeel*) in respect of the balance of each Collection Foundation Account from time to time is equal to the sum of the amounts standing to the credit of such Collection Foundation Account which relate to the mortgage receivables owned and/or pledged to them from time to time. In case of foreclosure of the co-owned right of pledge on a Collection Foundation Account (i.e. if the relevant Collection Foundation defaults in forwarding the amounts received by it as agreed), the proceeds will be divided according to each beneficiary's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of section 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees. If such sharing arrangement is not enforceable, the CBC may have insufficient funds available to fulfil its payment obligations under the Covered Bonds and this may result in losses under the Covered Bonds. See also the risk factor '*Risk related to payments received by a Transferor prior to notification to the Borrowers of the assignment to the CBC*'.

### **3. Risk related to interest rate reset rights**

The interest rate of each of the Mortgage Loans is to be reset from time to time. The CBC has been advised that a good argument can be made that the right to reset the Mortgage Interest Rate should be considered as an ancillary right of the Mortgage Receivables and would therefore follow the Mortgage Receivables upon their assignment to

the CBC and the pledge to the Security Trustee. The question whether the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right, is not addressed by Dutch law. However, the view that the right to reset the interest rate in respect of the Mortgage Receivables should be considered as an ancillary right, is supported by a judgment of the Dutch Supreme Court (HR 10 July 2020, ECLI:NL:HR:2020:1276 (*Van Lanschot/Promontoria*)). In this ruling, an example is given of the exercise by an assignee of the right to reset the interest rate, demonstrating the framework the Dutch Supreme Court has given for the special duty of care an assignee has vis-à-vis a debtor/bank-client. To the extent that the interest rate reset right passes upon the assignment of the Mortgage Receivables to the CBC or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will also be bound by the contractual provisions relating to the reset of interest rates and any applicable law (including, without limitation, applicable principles of reasonableness and fairness, the right of the Borrower to invoke all defences available, specific duty of care obligations, any rulings and the Mortgage Conditions relating to the reset of interest rates) and regulations. This means that the CBC or the Security Trustee may not have discretionary power to set the interest rates and may be required to set the interest at a lower level than the level the CBC or the Security Trustee would otherwise have set, taking into account the interest of Covered Bondholders, if they were not bound by the contractual provisions relating to the reset of interest rates and any applicable law. If the interest rates are set at a lower level at their interest reset dates than the interest rates prior to such interest reset dates or than the level the CBC or the Security Trustee would otherwise have set such interest rate, the proceeds resulting from the Mortgage Receivables may be lower than expected, and this may result in losses under the Covered Bonds (see also the risk factor '*Risk that the interest rate to be offered to the Borrowers in accordance with the Transaction Documents are too high*').

#### **4. Risk related to the value of investments under certain types of Mortgage Loans**

The value of investments made under the Investment Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies or by the Savings Participant in connection with the Insurance Savings Mortgage Loans to which a Savings Insurance Policy with the Investment Alternative is connected, may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity, which could lead, depending on the value of the Mortgaged Assets and other financial assets of such Borrower, if any, to a loss in respect of such Mortgage Receivables and/or the CBC having insufficient funds to pay its liabilities in full. This may lead to losses under the Covered Bonds.

#### **5. Risk that the interest rate to be offered to the Borrowers in accordance with the Transaction Documents are too high**

The Servicing Agreement provides that following notification to the relevant Borrowers of the assignment of the Mortgage Receivables, the Servicer, acting on behalf of the CBC, will only offer the relevant Borrowers in respect of Mortgage Loans (or relevant loan part thereof) an interest rate for the next succeeding interest rate period (*rentevastperiode*) which is at least 1 per cent. per annum, which percentage may be amended by the CBC and the Issuer, subject to Rating Agency Confirmation and with the consent of the Security Trustee, subject to the mortgage conditions of the Mortgage Loans and to applicable law (including, without limitation, principles of reasonableness and fairness) (the "**Minimum Mortgage Interest Rate**"). The terms and conditions applicable to the Mortgage Loans provide that, unless agreed otherwise between the parties, upon termination of an interest rate period the relevant Borrower will be offered a new interest rate for a new fixed interest rate period. The terms and conditions do not contain guidelines as to how the new interest rate will be calculated or determined. If the interest rate is set below the Minimum Mortgage Interest Rate, the difference between such interest rate and the Minimum Mortgage Interest Rate will be taken into account in the Asset Cover Test. If the interest rate is set at such lower amount this could ultimately lead to losses under the Covered Bonds.

The Guarantee Support Agreement provides that a Transferor will be obliged to accept the retransfer of the Relevant Mortgage Receivables assigned by it to the CBC if the interest rate in respect of the Relevant Mortgage Loan is reset at a (fixed) interest rate for the next succeeding interest rate period (*rentevastperiode*) which is lower than the Minimum Mortgage Interest Rate, provided that no such retransfer is required if the Asset Cover Test provides that the Current Balance is adjusted in relation thereto. If the Transferors do not comply with their obligation to accept the retransfer and re-assignment of the relevant Mortgage Receivables, the interest received by the CBC may not be sufficient to pay the interests payable by the CBC on the Covered Bonds.

#### **6. Risk related to increase of prepayments and downward effect of interest received in case of and interest rate averaging**

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including but not limited to home owner mobility). Currently the market interest rates are low compared to the historic average mortgage interest rates, this may lead to an increase in the rate of prepayments of the Mortgage Loans. No assurance can be given as to the level of prepayment that the Mortgage Loans granted may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect the timing of the payments of the CBC under the Guarantee. A prepayment penalty may also be charged in case the borrower applies for interest rate averaging (*rentemiddeling*), as further described below.

Pursuant to the entry into force of the Mortgage Credit Directive on 14 July 2016, prepayment penalties may not exceed the financial loss incurred by the provider of the mortgage loan. In view hereof, the AFM investigated the calculation method for, and the prepayment penalties charged by different providers of mortgage loans. As a result, the AFM published guidelines on 20 March 2017 with principles for calculating the prepayment penalty that may be charged in case of a prepayment of a mortgage loan (*Leidraad Vergoeding voor vervroegde aflossing van de hypotheek*).

In case a borrower of a mortgage loan applies for interest rate averaging (*rentemiddeling*) such borrower is offered a new fixed interest rate, whereby the (agreed-upon) fixed interest will be reduced taking into account the current interest rate offered by such offeror for the relevant period, the risk profile and the prepayment penalty for the fixed interest period. At this time, the Transferors do not offer interest rate averaging (*rentemiddeling*) to Borrowers. However, this may change and the Transferors may allow Borrowers to apply for interest rate averaging (*rentemiddeling*) in the future. It should be noted that interest rate averaging (*rentemiddeling*) may have a downward effect on the interest received on the relevant Mortgage Loans, which could lead to losses under the Covered Bonds.

Although the aforementioned AFM guidelines do not directly apply to interest rate averaging, the AFM expects providers of mortgage loans to act in the best interest of the borrower. Furthermore, the AFM announced that it will investigate whether providers of mortgage loans always act in accordance with the borrowers' interest. In this respect, the AFM could decide to argue for adjustment of the legislation concerning interest rate averaging.

## **7. Changes to or differences in the acceptance conditions may lead to increased defaults by Borrowers**

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

Some of the Mortgage Receivables may not have been originated by a Transferor but acquired by a Transferor from a credit institution in the course of such Transferor's business. Such Mortgage Receivables may not have been originated in accordance with the existing acceptance conditions of any of the Transferors, but will as at the relevant Transfer Date qualify as an Eligible Receivable as long as such Mortgage Receivable meets the Eligibility Criteria. However, differences in the acceptance conditions may have effect on the creditworthiness of the Borrowers under the Mortgage Receivables, this may lead to increased defaults by Borrowers which may affect the realisable value of the Mortgage Receivables and/or the ability of the CBC to make payments under the Guarantee.

## **8. Risk related to interest rate adjustments**

Mortgage Receivables transferred to the CBC may carry a floating rate of interest. Although there are no precise rules which require a floating rate of interest on the Mortgage Loans to be set at a specific level, in a recent case KiFID ruled, with regard to mortgage loans with a floating rate of interest, that on the basis of the information provided and the terms and conditions applicable to the mortgage loan, the floating rate of interest should have moved with the market interest rate and ordered the relevant offeror, which was not the Issuer, to recalculate the

interest. If the recalculation shows that the borrower paid more than the relevant offeror was allowed to charge, then the relevant offeror must repay the overpaid interest according to KiFID. If the Issuer has offered Mortgage Loans with a floating rate of interest and has not complied with the terms and conditions applicable to the Mortgage Loans and did not follow the relevant market interest rate, this could result in a repayment obligation of the Issuer and therefore the proceeds resulting from such Mortgage Receivables may be lower than expected, which may result in losses under the Covered Bonds.

## **B. SET-OFF RISKS AND OTHER DEFENCES THAT MAY AFFECT THE PROCEEDS RECEIVED UNDER THE MORTGAGE RECEIVABLES**

### **1. Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables**

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

In view hereof it is noted that the Issuer offers savings accounts and term deposits to its customers, which may include Borrowers. Such savings account or term deposit is a contract between the Issuer and the customer, which may also be a Borrower, whereas the Mortgage Loan is a contract between the relevant Transferor and the Borrower. In these circumstances one of the requirements for set-off, i.e. that the Borrower must have a claim which corresponds to his debt to the same counterparty, is not met. The CBC has been advised that, in view of the representations by each Transferor, other than NIBC Bank and NIBC Direct Hypotheken, that any such savings account and the Mortgage Loan are offered in such manner that it is clear to the Borrower that (i) the savings account is held with the Issuer, (ii) the Mortgage Loan is granted by the relevant Transferor and (iii) the Issuer and the relevant Transferor are different legal entities, in principle the Borrower will not have a right of set-off. However the Borrower may possibly establish that set-off is allowed, if the savings account or the term deposit and the Mortgage Loan are to be regarded as one inter-related legal relationship. In view of the representation by each Transferor, other than NIBC Bank and NIBC Direct Hypotheken, that (i) neither the Issuer nor any intermediary offers the Mortgage Loans and the savings accounts or the term deposits as products which are in any way connected, (ii) the Mortgage Loan and the savings account or the term deposit are not connected, for example by means of set-off provisions, (iii) the savings account or the term deposit and the Mortgage Loan are not offered at the same time and (iv) the rights under the savings account or the term deposit will not be pledged to the Transferor as security for the Mortgage Loan, the CBC has been advised that the Mortgage Loan (other than with respect to NIBC Bank and NIBC Direct Hypotheken) and the savings account will not be regarded as one inter-related legal relationship and based upon these representations, and subject to what is stated otherwise in this paragraph, the Borrower will likely not have the right to set off the balance on a savings account or term deposit with the Issuer against amounts due under a Mortgage Loan.

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

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

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

The CBC and the Issuer have been informed with respect to Mortgage Loans originated by NIBC Direct Hypotheken that these Mortgage Loans are originated under the brand name NIBC Direct. The brand name NIBC Direct is also used by NIBC Bank N.V. as trade name for deposit accounts held with it and that in most of the cases the balance on such deposit account can be withdrawn at any time and, consequently, such balance is due and payable at any time. In respect of these Mortgage Loans originated by NIBC Direct Hypotheken the Issuer and the CBC have been advised that, to the extent the Mortgage Loans are transferred to the CBC by NIBC Direct Hypotheken, there is a considerable risk (*een aanmerkelijk risico*) that a set-off or defence with respect to the amounts due under the Mortgage Loans by the Borrowers and deposits such Borrowers hold with NIBC Bank (if any) would be successful in view of, *inter alia*, the close connection between the Mortgage Loans originated by NIBC Direct Hypotheken and the deposit accounts held with NIBC Bank N.V.

The Guarantee Support Agreement provides that if a Borrower sets off amounts due to it by the relevant Transferor against the relevant Mortgage Receivable, including, without limitation, with any Construction Deposit owed to it with the Relevant Mortgage Receivable and, as a consequence thereof, the CBC or the Security Trustee, as applicable, does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the relevant Transferor will pay to the CBC or the Security Trustee, as applicable, an amount equal to the difference between the amount which the CBC or the Security Trustee, as applicable, would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. Receipt of such amount by the Issuer is subject to the ability of the relevant Transferor to actually make such payments. In addition, deductions in view of set-off risks are provided for in the Asset Cover Test. However, set off by Borrowers could nevertheless affect the proceeds under the Mortgage Receivables if such Transfer does not pay such amount to the CBC and/or the deductions in the Asset Cover Test are not sufficient to account for all set-off risks. This may lead to losses under the Covered Bonds.

For specific set-off issues relating to the Life Insurance Policies or, as the case may be, Savings Insurance Policies connected to the Mortgage Loans or Investment Mortgage Loans, or Construction Deposits reference is made to the risk factors '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*' and '*Risks*

related to offering of Investment Mortgage Loans and Life Insurance Policies or Savings Insurance Policies with the Investment Alternative' respectively.

Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Covered Bonds.

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

Under certain types of Mortgage Loans the relevant Transferor has the benefit of rights under the Insurance Policies with Life Insurance Companies and the Savings Participant respectively (together the "**Insurance Companies**"). Under the Insurance Policies the Borrowers pay a premium consisting of a risk element and a savings or investment element. The capital element of the premium received under the Savings Insurance Policy is usually invested in the related Insurance Savings Mortgage Receivable. In case of Switch Mortgage Loans with a Savings Alternative, the capital element may or may not be invested in the related Switch Mortgage Receivable with a Savings Alternative from time to time. In case of Life Mortgage Loans, the capital premium is not (directly or indirectly) invested in the related Mortgage Receivable, but invested in certain funds. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Mortgage Receivables will be, fully or partially, extinguished (*teniet gaan*) or cannot be recovered for other reasons, which could lead to losses under the Covered Bonds. In this regard it is noted that it may be that a small part of the Insurance Policies has been entered into with Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix" N.V., which has been declared bankrupt on 8 December 2020.

As set out in '*Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables*', the Borrowers have waived their set-off rights, but it is unlikely that such waiver is effective.

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

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

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the relevant Transferor, the CBC and/or the Security Trustee, as the case may be. The Borrowers will have all defences afforded by Dutch law to debtors in general. Borrowers could argue that the Mortgage Loans and the Insurance Policies are to be



regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the relevant Transferor or originator and the relevant Insurance Company, at least they could rightfully interpret the mortgage conditions and the promotional materials in such manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness (*redelijkheid en billijkheid*) in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" (*dwalings*), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the CBC no longer holds the relevant Mortgage Receivable. This could lead to losses under the Covered Bonds.

#### *Mortgage Loans to which a Life Insurance Policy is connected*

In respect of Life Mortgage Loans originated by the Transferors where the Borrowers have taken out Life Insurance Policies with any of the Insurance Companies, other than Life Mortgage Loans to which the Life Insurance Policies described in the two succeeding paragraphs are connected, the Issuer has been advised that it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, taking into account that (x) each Transferor has informed the CBC that (i) there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the risk that a Borrower can successfully set-off its obligations under the Life Mortgage Loan with its claims under the Life Insurance Policy or that it can invoke defences in this respect, (ii) the relevant Life Mortgage Loans and the Life Insurance Policies are not marketed as one combined mortgage and life insurance product or under one name, (iii) the Borrowers are free to choose the relevant Insurance Company and (iv) the Insurance Company is not a group company of the relevant Transferor (nor of the Originator), and that (y) each Transferor will represent and warrant in respect to these Life Mortgage Loans (a) the items (ii), (iii) and (iv) and (b) that to the best of its knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the risk that a Borrower can successfully set-off its obligations under the Life Mortgage Loan with its claims under the Life Insurance Policy or that it can invoke defences in this respect. However, if any circumstances which would result in a connection (as set out in (y)(b) above) between the Life Mortgage Loan and a Life Insurance Policy exist, the risk that the courts will honour set-off or defences invoked by Borrowers, as described above, will increase.

In respect of the Life Mortgage Loans associated with a Life Insurance Policy entered into with (i) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Nationale Nederlanden Levensverzekering N.V.), (ii) SRLEV N.V. to the extent it is a legal successor of Axa Leven N.V., Generali Levensverzekeringen N.V., Reaal Levensverzekering N.V., Zürich Lebensversicherungsgesellschaft or DBV Levensverzekeringmaatschappij N.V., or (iii) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V.) or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.), (iv) Achmea Pensioen- en Levensverzekering N.V., to the extent originated by Hypinvest, or (v) Allianz, to the extent originated by Hypinvest (to the extent it is the successor of Estate Hypotheken B.V. and Royal Residentie Hypotheken B.V.), or (vi) SRLEV to the extent originated by Hypinvest (to the extent it is the successor of Seyst Hypotheken B.V.) or (vii) Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix" N.V., to the extent originated by Hypinvest Hypotheken B.V. (to the extent it is the successor of Nationale Hypotheek Maatschappij B.V.), the Issuer and the CBC have been informed that the Life Mortgage Loans have also been marketed in the relevant brochures under the name of the relevant Life Insurance Company as one product with the associated Life Insurance Policy, under the trade name of the relevant Life Insurance Company on behalf of the relevant Transferor (which is not a group company of any of the relevant Life Insurance Companies). In respect of these Mortgage Loans, the Issuer has been advised that, given the commercial connection, the possibility can certainly not be excluded (*de mogelijkheid kan zeker niet worden uitgesloten*) that in the event that the Borrowers cannot recover their claims under these Life Insurance Policies from the relevant Life Insurance Company, the courts will honour set-off or defences invoked by Borrowers, as described above.

In respect of the Life Mortgage Loans sold and assigned by Hypinvest (to the extent it is the successor of Amstelstaete B.V. and Zwaluw Hypotheken B.V.) to the extent these Life Mortgage Loans have been originated by an originator which is not the Transferor and have been transferred to Hypinvest (to the extent it is the successor

of Amstelstaete B.V. and Zwaluw Hypotheken B.V.), the Issuer and the CBC have been advised that there is a considerable risk (*een aanmerkelijk risico*) that any set-off or defences (as described above) would be successful, in view of the fact that these Life Mortgage Loans have been originated by the Insurance Company which also granted the Life Insurance Policy connected to such Mortgage Loan and this Life Mortgage Loan and Life Insurance Policy were marketed as one single package under one name.

#### *Insurance Savings Mortgage Loans and Switch Mortgage Loans with a Savings Alternative*

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

In respect of Savings Mortgage Loans which are subject to a Participation at such time, the relevant Savings Participation Agreement will provide that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan if, for whatever reason, the Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Linked Insurance Policy, and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of the relevant Savings Mortgage Receivable, the relevant Participation of the Savings Participant will be reduced by an amount equal to the amount which the CBC has failed to receive. The amount of the Participation is equal to the amounts of Savings Premium received by the CBC plus the accrued yield on such amount (see *Savings Participation Agreements* below), provided that the Savings Participant will have paid all amounts equal to the amounts due under the Savings Participation Agreement to the CBC. Therefore, normally the CBC will not suffer any damages if the Borrower would invoke any such set-off or defence, if and to the extent that the amount for which the Borrower would invoke set-off or defences does not exceed the amount of the Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Participation. The remaining risk will be that if and to the extent that the amount for which a Borrower successfully invokes set-off or defences would exceed the relevant Participation, such set-off or defences could result that the amount due by the Borrower will be reduced with such amount and could lead to losses under the Covered Bonds.

The Savings Participation Agreement shall not apply to the alternative whereby the premiums paid are invested in certain investment funds selected by the Borrower (the "**Investment Alternative**") of an insurance policy taken out by any Borrower, in connection with a Switch Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life (the "**Savings Investment Insurance Policy**") connected to a Switch Mortgage Loan.

If no Savings Participation Agreement has been entered into in respect of the relevant Insurance Savings Mortgage Loans, the risk is mitigated through deduction of the Asset Cover Test.

### **3. Risk of set-off and defences in respect of investments under Investment Mortgage Loans**

The Transferors have represented that with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Transferor and the securities are purchased for investment purposes on behalf of the relevant Borrower by an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, such as a securities broker or a portfolio manager, or by a bank, each of which is by law obliged to make adequate arrangements to safeguard the clients' rights to such securities. The CBC has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect. However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the CBC on similar grounds as discussed under '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*'. Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Covered Bonds.

In addition, in relation to Investment Mortgage Loans, the Transferor may provide for certain services, for example for investment advice to the Borrowers. A Borrower may hold the Transferor liable for any damages if it does not

meet its obligations towards such Borrower, including its services as investment adviser. In particular liability could arise if the value of the investments held in connection with the Investment Mortgage Loans is not sufficient to repay the Investment Mortgage Loan at maturity. This may lead to set-off by the Borrower under the Mortgage Receivable, provided that the legal requirements for set-off are met. Consequently, the CBC may have insufficient funds to pay the amounts due under the Guarantee, which may lead to losses under the Covered Bonds.

#### **4. Risks related to offering of Investment Mortgage Loans and Life Insurance Policies or Savings Insurance Policies with the Investment Alternative**

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

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies (*beleggingsverzekeringen*), such as the Life Insurance Policies, 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 these costs has not been transparent. The discussion on the costs of the investment insurance policies is currently still continuing. Rulings of courts, including the Dutch Supreme Court (*Hoge Raad der Nederlanden*) and the Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*) have been published, some of which are still subject to appeal, which were generally favourable for consumers.

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

### **C. RISKS REGARDING BENEFICIARY RIGHTS UNDER THE INSURANCE POLICIES**

#### **1. Risks relating to Beneficiary Rights under the Insurance Policies**

The relevant Transferor, or in respect of Mortgage Receivables acquired by such Transferor after origination, the originator, has been appointed as beneficiary under the relevant Insurance Policy (the "**Beneficiary Rights**"), except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Transferor or originator, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Insurance Policy to the relevant Transferor (the "**Borrower Insurance Proceeds Instruction**"). The appointment as beneficiary must be accepted to become binding. The Issuer and the CBC have

been advised that it is unlikely that the appointment of the relevant Transferor as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the CBC or the Security Trustee. The Beneficiary Rights will be assigned by the relevant Transferor to the CBC and will be pledged to the Security Trustee by the CBC (see section 7 (*Asset Backed Guarantee*) under 'Security' below). The assignment and pledge of the Beneficiary Rights must be notified in writing to the relevant insurance company before becoming effective, which is obligatory, subject to certain exceptions upon an Assignment Notification Event. However, the Issuer and the CBC have been advised that it is uncertain whether this assignment and pledge will be effective.

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

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

If, after an Assignment Notification Event, the CBC or the Security Trustee, as the case may be, will not have become beneficiary of the Insurance Policies or the assignment, pledge or the waiver of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the relevant Transferor or originator or to another beneficiary rather than to the CBC or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Transferor, it will pursuant to the Guarantee Support Agreement be obliged to pay the amount involved to the CBC or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Transferor after an Assignment Notification Event and the relevant Transferor does not pay such amount to the CBC or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the relevant Transferor, or if the proceeds are paid to another beneficiary instead of the CBC or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the CBC or, as the case may be, the Security Trustee for the amounts so received by the relevant Transferor or another beneficiary, as the case may be. This could lead the CBC having insufficient funds to pay any amounts due under the Guarantee, which in turn could lead to losses under the Covered Bonds. However, the CBC has been advised that payments by the Insurance Companies into the Collection Foundation Accounts will fall outside the estate of the relevant Transferor. The relevant Collection Foundation will be obliged to forward such amount to the CBC, as agreed between the CBC and the Transferor. In case of insolvency of the Transferor, a liquidator would be bound by such agreement.

## **2. Risks relating to Insurance Policies**

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

## **D. RISKS REGARDING THE MORTGAGED ASSETS AND OTHER SECURITY RIGHTS**

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

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

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

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

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

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

Each Transferor has represented that all Mortgage Loans (i) provide that in case of assignment or pledge of the Mortgage Receivable the assignee or pledgee will have the benefit of the Mortgage, or (ii) do not contain any reference nor indication nor wording to the effect that in case of assignment or pledge of the receivable the mortgage or pledge will not follow the receivable if assigned or pledged. In case the mortgage conditions applicable to some of the Mortgage Loans stipulate that in case of assignment of the Mortgage Receivable, the Bank Security Rights will follow the Mortgage Receivable upon its assignment or, in respect of part of the mortgage conditions, pledge. These stipulations are a clear indication of the intentions of the parties in this respect. The CBC has been advised that, in the absence of circumstances giving an indication to the contrary, the inclusion of these provisions in some of the Mortgage Loans makes it clear that the mortgage right (partially) follows the Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice.

In case the mortgage conditions applicable to the other Mortgage Loans do not contain any explicit provision on the issue if the Bank Security Rights will follow the Mortgage Receivable upon its assignment or pledge. In these cases there is no clear indication of the intention of the parties. The CBC has been advised that, in the absence of circumstances giving an indication to the contrary, also in such case the mortgage right should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Dutch courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on mortgage rights in the past as described above, which view continues to be defended by some legal commentators.

If a Mortgage has not (partially) followed the Mortgage Receivable upon its assignment, the Issuer and/or the Security Trustee will not have the benefit of such security right. This will materially affect the ability of the CBC to take recourse on the Mortgaged Asset and the Borrower in case the Borrower defaults under the Mortgage Loans and may affect the ability of the CBC to meet its payment obligations under the Covered Bonds. Furthermore, with respect to the NHG Mortgage Receivables it is noted that if the CBC or the Security Trustee, as the case may be, does not have the benefit of the Mortgage, it also will not be entitled to claim under any NHG Guarantee. This may lead to losses under the Covered Bonds.

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

## **2. Risk related to jointly-held Bank Security Rights by the relevant Transferor, the CBC and the Security Trustee**

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

Where Bank Security Rights are jointly-held by both the CBC or the Security Trustee and the relevant Transferor, the rules applicable to a joint estate (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Guarantee Support Agreement each Transferor, the CBC and the Security Trustee have agreed that the CBC and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. Certain acts, including acts concerning the day-to-day management (*beheer*) of the jointly-held rights, may under Dutch law be transacted by each of the participants (*deelgenoten*) in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the Bank Security Rights will be considered as day-to-day management, and, consequently it is uncertain whether the consent of the relevant Transferor, the relevant Transferor's bankruptcy trustee (*curator*) (in case of bankruptcy) or administrator (*bewindvoerder*) (in case of (preliminary) suspension of payments), as the case may be, may be required for such foreclosure. Each Transferor, the CBC and the Security Trustee have agreed that in case of foreclosure the share (*aandeel*) in each jointly-held Bank Security Right of the Security Trustee and/or the CBC will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the relevant Transferor will be equal to the Net Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any. The Issuer and the CBC have been advised that although a good argument can be made that this arrangement will be enforceable against the relevant Transferor or, in case of its bankruptcy, its bankruptcy trustee, this is not certain. Furthermore it is noted that this arrangement may not be effective against the Borrower. In respect of Mortgage Loans originated by Quion 30 (other than those originated prior to 2002), this arrangement will not be effective against the Borrower as the mortgage conditions in respect of such Mortgage Loans stipulate that, *inter alia*, (i) the shares of the relevant Transferor and any assignee respectively will be pro rata the size of the claim they have against the Borrower and (ii) any power to manage or administer such jointly held rights requires the explicit and written approval of the other party.

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

## **3. Risk that the Mortgages on long leases cease to exist**

The Mortgages securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in section 12 (*Transferors and Residential Mortgage Business*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in 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 (*canon*) due for a period exceeding two (2) consecutive years or seriously breaches (*in ernstige mate tekortschiet*) 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 right will, by operation of law, be replaced

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

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease the relevant Transferor will take into consideration certain conditions, including the term, of the long lease. The acceptance conditions used by the Transferors provide that in certain events the Mortgage Loan shall have a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the Transferor provide that certain provisions should be met as would in such case be required by a reasonable lender. The mortgage conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, the long lease is terminated for whatever reason.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease due to a leaseholder's default or for other reasons. In such event there is a risk that the relevant Transferor or the CBC will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Covered Bonds.

#### **4. Risk that Borrower Insurance Pledges will not be effective**

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Transferor, or in respect of Mortgage Receivables acquired by such Transferor after origination, the relevant originator (the "**Borrower Insurance Pledge**"). The Issuer and the CBC have been advised that it is probable that the right to receive payment, including, but not limited to, the commutation payment (*afkoopsom*), under the Insurance Policies will be regarded by a Dutch court as a future right. The pledge of a future right is, under Dutch law, not effective if the Borrower is declared bankrupt, granted a suspension of payments or is subject to a debt restructuring scheme (*schuldsanering natuurlijke personen*), prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective if the Borrower is declared bankrupt, granted a suspension of payments or is subject to a debt restructuring scheme (*schuldsanering natuurlijke personen*) prior to the moment such right comes into existence. The Borrower Insurance Pledge secures the same liabilities as the Bank Security Rights (and should therefore be regarded as a Bank Pledge). If such pledges are not effective, this may affect the ability of the CBC to take recourse on the rights under the Insurance Policy and may affect the ability of the CBC to meet its payment obligations under the Covered Bonds. This may lead to losses under the Covered Bonds.

#### **5. Risk that the valuation may not accurately reflect the value or condition of the Mortgaged Assets**

In general, valuations represent the analysis and opinion of the person performing the valuation at the time the valuation is prepared and are not guarantees of, and may not be indicative of, present or future value. There can be no assurance that another person would have arrived at the same valuation, even if such person used the same general approach to and same method of valuing the property.

The valuations obtained in connection with the origination of the Mortgage Loans sought to establish the amount a typically motivated buyer would pay a typically motivated seller at the time they were prepared. Such amount could be significantly higher than the amount obtained from the sale of a Mortgaged Asset under a distressed or liquidation sale. In addition, in many real estate markets, including in the Netherlands, property values may have declined since the time the valuations were obtained, and therefore the valuations may not be an accurate reflection of the current Market Value of the Mortgaged Assets. The current market value of the Mortgaged Assets could be lower than the values indicated in the appraisals obtained at the origination of the Mortgage Loans. In addition, differences exist between valuations due to the subjective nature of valuations and appraisals, particularly between different appraisers performing valuations at different points in time. If the valuations are higher than the actual value, this could lead to losses upon the enforcement of the Mortgaged Assets and, as a consequence, may lead to losses under the Covered Bonds.

#### **6. Risk that Further Advances may not be validly secured by the mortgage right and borrower pledges**

Part of the Mortgage Receivables sold and assigned by the Transferors to the CBC relate to Mortgage Loans which have been originated by a lender other than the relevant Transferor. In some cases the Mortgages may have been partially terminated and converted into so-called "Credit Mortgages" which secure all claims under the credit relationship. The Issuer and the CBC have been advised that it is not certain whether any Further Advances granted,

or to be granted, by the relevant Transferor after any such conversion are validly secured by the mortgage right and borrower pledges vested in favour of the original lender. For this question it is relevant, *inter alia*, whether the Further Advance resulted from the same legal relationship as the Mortgage Loan or whether it constitutes a new legal relationship. If a Further Advance Receivable is not validly secured by a mortgage right, this constitutes a breach of the Representations and Warranties and the relevant Transferor will be required to accept the retransfer of such Further Advance Receivable. Should the Transferor retransfer too many assets, and/or fail to take the appropriate action in case of a breach of such warranties, this may have an adverse effect on the ability of the CBC to make payments under the Covered Bonds.

## **E. OTHER RISKS REGARDING THE MORTGAGE RECEIVABLES**

### **1. Risk related to limited recourse to the Transferors and no investigations in relation to the Mortgage Loans and the Mortgaged Assets**

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

If any Mortgage Receivable does not materially comply with any of the Eligibility Criteria as at the Transfer Date of that Mortgage Receivable or is or becomes a Defaulted Receivable, then such Mortgage Receivables will be excluded from the Asset Cover Test and the Amortisation Test. However, if the Transferor in such case does not transfer additional Eligible Receivables, the CBC may have insufficient assets to comply with its obligations and/or the Asset Cover Test or the Amortisation Test, as the case may be, may be breached. This may lead to losses under the Covered Bonds.

The Transferor shall request the retransfer of a Mortgage Receivable from the CBC if a breach of the Mortgage Receivables Warranties occurs on or appears after the relevant Transfer Date in respect of such Mortgage Receivable (see section 9 (*Guarantee Support - Retransfers*)). There is no further recourse to the relevant Transferor (other than the Issuer) in respect of a breach of a Mortgage Receivables Warranty, in particular, there is no other recourse to the assets of the Transferors if an Issuer Event of Default occurs or a CBC Event of Default occurs (save as is generally the case insofar as the assets of the Issuer for its obligations under the Covered Bonds are concerned). Should the Transferor fail to take the appropriate action, this may have an adverse effect on the ability of the Issuer to make payments under the Covered Bonds.

### **2. Risks in respect of NHG Guarantees**

Mortgage Loans may have the benefit of a guarantee, a "*Nationale Hypotheek Garantie*" ("**NHG Guarantee**") issued by Stichting Waarborgfonds Eigen Woningen ("**Stichting WEW**"). Pursuant to the terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee, Stichting 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. Each Transferor will in the Guarantee Support Agreement represent and warrant that (i) each NHG Guarantee connected to a Mortgage Receivable which has been transferred by it as having the benefit of a NHG Guarantee (each an "**NHG Mortgage Receivable**"), is granted for the full amount of the relevant Mortgage Loan at origination, excluding, in general, a Further Advance, (ii) the NHG Guarantee was in compliance with all terms and conditions (*voorwaarden en normen*) applicable to the relevant NHG Guarantee at the time of origination of the Mortgage Loan and (iii) it is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of the Mortgage Loan should not be met in full and in a timely manner. If, notwithstanding such representation, Stichting WEW has no obligation to pay any such loss, then such loss may have an adverse effect on the ability of the CBC to make any payments under the Covered Bonds.

Furthermore, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) 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 a NHG Mortgage Loan can be different, although it should be noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers, the redemption types are limited to



annuity mortgage loans and linear mortgage loans with a maximum term of 30 years. In addition, in respect of mortgage loans originated after 1 January 2014, a deductible has been introduced which is applicable to claims under the NHG Guarantees. On any claim vis-à-vis WEW for a loss incurred, a deduction of 10 per cent. will be applied. The lender is not entitled to recover this amount from the borrower. This may result in the Issuer, CBC or Security Trustee, as the case may be, not being able to fully recover a loss incurred with Stichting WEW under the NHG Guarantee, which may lead to losses under the Covered Bonds.

In relation to the representations and warranties given by the Transferor in this respect, also see the risk factor '*Not all risks are deducted from the Asset Cover Test and/or the Amortisation Test*'.

For a description of the NHG Guarantees, see section 11 (*NHG Guarantee Programme*).

### **3. Risks in relation to New Transferors and the Mortgage Receivables transferred by such New Transferor**

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

Any Mortgage Receivables originated by a New Transferor will have been originated in accordance with the acceptance conditions of the New Transferor, which may differ from the acceptance conditions of Mortgage Receivables originated by the other Transferors. If the acceptance conditions differ in a way that affects the creditworthiness of the Borrowers under the Mortgage Receivables, this may lead to increased defaults by Borrowers and may affect the realisable value of the relevant Mortgage Receivables or any part thereof and/or the ability of the CBC to make payments under the Guarantee. This risk may lead to losses under the Covered Bonds.

#### 4. IMPORTANT INFORMATION

This Base Prospectus has been approved by the AFM as competent authority under the Prospectus Regulation. The AFM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor the CBC that is the subject of this Base Prospectus nor as an endorsement of the quality of any Covered Bonds that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. This Base Prospectus shall be valid for use only by the Issuer for a period of up to twelve (12) months after its approval by the AFM and shall expire on 30 May 2023, at the latest. The obligation to supplement this Base Prospectus, in the event of significant new factors, material mistakes or material inaccuracies only, shall cease to apply upon the expiry of the validity period of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds

The Issuer and the CBC (only as far as it concerns the CBC) accept responsibility for the information contained in this Base Prospectus. To the best of their knowledge the information contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import. Any information from third parties identified in this Base Prospectus as such has been accurately reproduced and as far as the Issuer and the CBC are aware and are able to ascertain from the information published by a third party, does not omit any facts which would render the reproduced information inaccurate or misleading. The Issuer and the CBC accept responsibility accordingly.

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

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

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

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

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

The distribution of this Base Prospectus and the offering, sale and delivery of the Covered Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Covered Bonds comes must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on distribution of this Base Prospectus and other offering material relating to the Covered Bonds, see section 6 (*Covered Bonds*) under '*Subscription and Sale*'.

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

The Covered Bonds have not been and will not be registered under the United States Securities Act and include Covered Bonds in bearer form that are subject to United States tax law requirements. The Covered Bonds may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S under the Securities Act, except in certain transactions permitted by U.S. tax regulations and the Securities Act. See section 6 (*Covered Bonds*) under '*Subscription and Sale*'.

The credit ratings included or referred to in this Base Prospectus will be treated for the purposes of 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**") as having been issued by S&P upon registration or endorsement pursuant to the CRA Regulation. S&P is established in the European Economic Area and have been registered by ESMA as credit rating agencies in accordance with the CRA Regulation and the ratings of S&P are endorsed by S&P Global Ratings UK Limited which are established in the United Kingdom and has been registered with the Financial Conduct Authority as credit rating agency in accordance with the UK CRA Regulation.

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

In connection with each issue of Covered Bonds a stabilising manager (each a "**Stabilising Manager**") may be appointed. If a Stabilising Manager is appointed for a Series or a Tranche of Covered Bonds, the relevant Stabilising Manager will be set out in the applicable Final Terms. The Stabilising Manager or any duly appointed person acting for the Stabilising Manager may over-allot or effect transactions with a view to supporting the market price of the relevant Series of Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series or Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) calendar days after the issue date and sixty (60) calendar days after the date of the allotment of the relevant Series or Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules as amended from time to time.

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

Certain of the Arrangers, the Dealers and/or their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Arrangers, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Arrangers, the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Arrangers, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Arrangers, the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**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 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 (as amended, "**EU MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU 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 EU PRIIPs Regulation.

**EU MIFID II PRODUCT GOVERNANCE / TARGET MARKET:** The Final Terms in respect of any Covered Bonds will include a legend entitled "*EU 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 (an "**EU distributor**") should take into consideration the target market assessment; however, an EU distributor subject to EU 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 the 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 Arrangers nor any Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**PROHIBITION OF SALES TO UK 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the laws of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the laws of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the laws of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET:** The Final Terms in respect of any Covered Bonds may include a legend entitled "*UK MiFIR 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 "**UK distributor**") should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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.

**BENCHMARKS 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 under the Benchmarks Regulation. If any such reference rate does constitute such a benchmark, the relevant Final Terms will indicate whether or not the administrator thereof is included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation.

Not every reference rate will fall within the scope of the Benchmarks Regulation. Furthermore, transitional provisions in the Benchmarks Regulation may have the result that an administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of any administrator or benchmark under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any 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 EURIBOR which is provided by EMMI. As at the date of this Base Prospectus, EMMI in relation to it providing EURIBOR appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation.

Amounts payable under the Covered Bonds may, *inter alia*, be calculated by reference to €STR, which is provided by the ECB. As at the date of this Base Prospectus, as far as the Issuer is aware, the ECB is excluded from the scope of the Benchmarks Regulation pursuant to Article 2(2)(a) of the Benchmarks Regulation, as a consequence whereof the ECB as administrator of €STR is not currently required to obtain authorisation or registration and therefore does not appear in the aforementioned register.

## 5. NIBC BANK N.V.

### INFORMATION ABOUT THE ISSUER

#### Profile

The Issuer is a mid-size Dutch head-quartered bank offering selected corporate and retail banking products and services. Its business model consists of a focused product offering for medium sized corporates and a distinct retail franchise in its selected markets.

As part of its corporate client offering the Issuer offers asset backed transaction financing, specialty financing and platform financing, with a focus on specific sectors and product solutions in niche markets in Northwest Europe. Retail franchise offering primarily consists of mortgage lending in the Netherlands and online retail savings products and services in the Netherlands, Germany and Belgium via the NIBC Direct brand.

#### General

The issued share capital of the Issuer is legally and beneficially owned and controlled directly by NIBC Holding N.V. (a public limited liability company incorporated in the Netherlands with registered number 27282935) of which it is a 100 per cent. subsidiary. The rights of NIBC Holding N.V. as the sole shareholder of the Issuer are contained in the Articles of Association of the Issuer and the Issuer will be managed by its managing directors in accordance with those Articles of Association and with the provisions of Dutch law.

NIBC Holding N.V. is, as of 30 December 2020, majority owned by Flora Acquisition B.V. and Flora Holding III Limited. Both entities are owned by certain funds managed and/or advised by Blackstone's Tactical Opportunities and Private Equity businesses and other managers affiliated with The Blackstone Group Inc. (each or together, as the context requires, "**Blackstone**").

The Issuer has various subsidiaries for investment or structured finance purposes, none of which individually entail substantial economic activities of the Issuer. The Issuer is not dependent on any other entities in the group.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the previous twelve (12) months which may have, or have had in the recent past significant effects on the Issuer and/or its subsidiaries' financial position or profitability.

#### History and Development of the Issuer

The Issuer is a Dutch public limited liability company (*naamloze vennootschap*) incorporated on 31 October 1945, with corporate seat in The Hague, the Netherlands and is registered at the Dutch Chamber of Commerce under number 27032036. The Legal Entity Identifier (LEI) of the Issuer is B64D6Y3LBJS4ANNPCU93. The Issuer operates under Dutch law.

The Issuer was established on 31 October 1945 as Maatschappij tot Financiering van Nationaal Herstel by the Dutch government along with a number of commercial banks and institutional investors to provide financing for the post-World War II economic recovery of the Netherlands. This entity was renamed De Nationale Investeringsbank ("**DNIB**") in 1971 and was listed on the Dutch stock exchange, now Euronext Amsterdam, from 1986 to 1999. During this time DNIB focused on providing and participating in long-term loans and private equity investments. In 1996, DNIB started its retail business through the offering of white label residential mortgages.

In 1999, DNIB was acquired by way of a public offer made through a joint venture company, NIB Capital, owned by two of Europe's largest pension funds, ABP and PGGM. NIB Capital acquired 85 per cent. of the shares in DNIB. The remaining shares remained owned by the Dutch government and were acquired by NIB Capital in 2004. The acquisition by NIB Capital in 1999 marked the beginning of DNIB's evolution from a long-term lending bank to a bank offering advisory, financing and investment services.

In 2005, a consortium of international financial institutions and investors organised by J.C. Flowers & Co. (collectively, the "**Consortium**"), a U.S. based private investment firm, purchased all the outstanding equity interests of NIB Capital. In connection with this acquisition, NIBC Holding N.V. was incorporated and NIB Capital, which was renamed NIBC N.V., became its wholly-owned subsidiary. Subsequently, NIBC N.V. (as the non-surviving entity) merged into NIBC Holding N.V. and NIB Capital Bank N.V. (the Issuer) became a direct subsidiary of NIBC Holding N.V. The Issuer subsequently changed its name from "NIB Capital Bank N.V. to NIBC Bank N.V.

On 23 March 2018, the shares in NIBC Holding N.V., the direct holding company of NIBC Bank N.V., were listed on Euronext Amsterdam.

On 14 January 2021, upon the settlement of the shares tendered during the post acceptance period for the public takeover by Blackstone, the total or its group number of shares held by Flora Acquisition B.V. was 143,083,544, representing, at the time, approximately 97.68 per cent. of the aggregate issued and outstanding share capital of NIBC Holding N.V. As a consequence the listing and trading of the ordinary shares of NIBC Holding N.V. on Euronext Amsterdam has been terminated on 18 February 2021. At the beginning of March 2021, Blackstone has commenced the statutory buy-out procedure (*uitkoopprocedure*) in accordance with article 2:359c or, alternatively, article 2:92a of the Dutch Civil Code to acquire the remaining shares that are not yet held by Blackstone or its group companies.

#### Issuer's Authorised and Issued Share Capital

As at the date of this Base Prospectus, the Issuer's authorised share capital is EUR 214,900,000 and the Issuer's issued share capital is EUR 80,111,096.32 (fully paid up).

#### Ratings

The current ratings of the Issuer are as follows:

<i>Ratings</i>	<i>S&amp;P</i>
Long term issuer credit rating (Outlook)	BBB+ (Stable)
Short term issuer credit rating	A-2
Senior unsecured debt	BBB+
Senior subordinated debt	BBB-
Subordinated	BB+

<i>Ratings</i>	<i>Fitch</i>
Long term issuer default rating (Outlook)	BBB (Stable)
Short term issuer default rating	F3
Senior preferred debt	BBB+
Senior non-preferred debt	BBB
Subordinated	N/A

At the date of this Base Prospectus, (i) S&P and Fitch are established in the European Economic Area and have been registered by ESMA as credit rating agencies in accordance with the CRA Regulation and (ii) the ratings of S&P and Fitch are endorsed by S&P Global Ratings UK Limited and Fitch Ratings Limited, respectively, which are established in the United Kingdom and have been registered with the Financial Conduct Authority as credit rating agencies in accordance with the UK CRA Regulation.

The credit ratings by S&P and Fitch have been obtained at the request of the Issuer.

An obligation rated "BBB" by S&P exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the issuer to meet its financial commitments.

"BBB" ratings by Fitch indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

The long term ratings by Fitch and S&P may be modified by the addition of a plus ("+") or minus ("-") sign to show relative standing within the major rating categories

It is expected that each issue of a Series of Covered Bonds will, on issue, be assigned a "AAA" rating by S&P, unless otherwise specified in the applicable Final Terms.

#### Business Overview

The Issuer uses the following segmentation: *Corporate Client Offering*, *Retail Client Offering* and *Treasury and Group Functions*.

The *Corporate Client Offering* segment offers asset-backed transaction financing, specialty financing and platform financing, with a focus on specific sectors and product solutions in niche markets in Northwest Europe.

The *Retail Client Offering* segment services retail clients in the Netherlands, Germany and Belgium and offers a product range consisting of owner-occupied mortgages, buy-to-let mortgages and an originate-to-manage mortgage offering and online savings accounts. Retail Client Offering products are mainly offered through NIBC Direct.

*Treasury and Group Functions* supports and controls all business activities for NIBC. The main focus areas include the realisation of NIBC's treasury functions, asset and liability management and risk management. Group Functions consists of: Treasury & Asset Liability Management, Risk Management, HR & Corporate Communications, Internal Audit, Legal, Compliance & Regulatory Affairs, Sustainability, Operations & Facilities, IT, Finance & Tax and Strategy & Development.

### **Subsidiaries**

The Issuer operates globally through a number of wholly and partly owned subsidiaries. The principal subsidiaries include, without limitation, the following:

Parnib Holding N.V., the Netherlands; Counting House B.V., the Netherlands, B.V. NIBC Mortgage-Backed Assets, the Netherlands; NIBC Principal Investments B.V., the Netherlands and NIBC Financing N.V., the Netherlands.

### **Funding**

The principal sources of the Issuer's funding are its *retail deposits*, *wholesale debt securities* and deposits from institutional- and corporate clients.

*Retail deposits* consist of retail on demand and long-term deposits ranging from three months to up to ten years. These products are mainly offered through NIBC Direct in the Netherlands, Germany and Belgium.

*Wholesale debt securities* consist of covered bonds issued under the Issuer's conditional pass-through covered bond programme, bonds issued under Issuer's euro medium term notes programme and commercial paper issued under Issuer's euro commercial paper programme.

In order to maintain an adequate liquidity position, the Issuer has developed a comprehensive liquidity management framework within which it manages its liquidity position during both normal and adverse market conditions. This liquidity management framework is reviewed on an annual basis.

### **Risk Management**

The Issuer relies on a "three lines of defence" risk management governance model, which provides a structure to assign risk management activities and responsibilities at various levels throughout its organisation. The first line of defence is within the commercial business units. They are accountable and responsible for day-to-day risk management activities such as managing each individual exposure on the balance sheet, with the exception of distressed assets at the corporate bank. The second line of defence lies within the Risk, Legal, Compliance and Corporate Social Responsibility (CSR) departments. These departments monitor and evaluate risks versus the risk appetite framework. The second line of defence has an active advisory role in particular towards transactions and proposals. The third line of defence is the Internal Audit department. This department provides objective and independent assurance on the operations within the first and second lines of defence. The Issuer will focus on further development of the three lines of defence model to address modern ways of cooperation, such as outsourcing contracts and managed services.

The Issuer has several committees in place with specific authorities and decision-making power with respect to risk management:

*The Engagement Committee* is responsible for decision-making with regard to client engagement and conflicts of interest including an assessment of the potential integrity risks when engaging with a client.

*The Transaction Committee* has decision-making power with regard to credit transactions, assessment of credit proposals and the monitoring of credit related risks. The Transaction Committee approves and monitors transaction proposals which cause the Issuer to assume credit risk. Further, the Transaction Committee decides on impairments and write-offs and reviews all individual transactions at least annually.

*The Investment Committee* is the delegated authority to decide on equity, mezzanine, subordinated, and other equity related financial products. The Investment Committee assesses new investment proposals and periodically determines the valuation of the Issuer's equity portfolio.

*The Strategic Investment Committee* has decision-making power on equity, mezzanine debt, subordinated debt and senior debt granted to strategic participations and/or strategic investments.



*The Risk Management Committee* decides on policies, measurement methods, monitoring, and controlling of all risk types. The role of the Risk Management Committee is to safeguard the Issuer's risk appetite by monitoring all risks the Issuer is exposed to, thereby looking backwards as well as forwards.

*The Asset and Liability Committee* monitors and controls capital ratios, liquidity, earnings and market risk. As Asset and Liability Committee is responsible for liquidity, they also decide on funding plans and large funding transactions.

*The Regulatory Change Committee* keeps central oversight of the implementation of new regulatory laws and regulations.

The risk management committees are supported by a robust risk management organisation, which focuses on the daily monitoring and management of the risks the Issuer is exposed to and includes the following departments and teams: Credit Risk Management, Retail Risk Management, Restructuring & Distressed Assets Management, Market Risk Management, Risk Analytics & Model Validation, Financial Markets Credit Risk, Modelling & Data Analytics, Portfolio Analysis, Operational Risk Management, Compliance, Legal and CSR.

### **Members of the Managing Board**

As at the date of this Base Prospectus, the Members of the Managing Board of the Issuer are the following persons:

- P.A.M. de Wilt, Chairman, Chief Executive Officer;
- H.H.J. Dijkhuizen, Vice-chairman, Chief Financial Officer; and
- R.D.J. van Riel, Chief Risk Officer.

The members of the Managing Board may be contacted at the registered address of the Issuer, at Carnegieplein 4 2517 KJ The Hague, the Netherlands, telephone number +31 (0)70 342 5425.

There are no potential conflicts of interests between any duties to the Issuer of any Managing Board members and their private interests and/or other duties.

### **Supervisory Board**

Members of the Supervisory Board are the following persons:

- D.M. Sluimers (Chairman);
- A.G.Z. Kemna (Vice-Chair);
- S.Q. Abbas (member);
- N. El Gabbani (member);
- J.J.M. Kremers (member);
- J.G. Wijn (member);
- S.M. Zijderveld (member); and
- L.M.T. Boeren (member)

The members of the Supervisory Board may be contacted at the registered address of the Issuer, at Carnegieplein 4, 2517 KJ The Hague, The Netherlands, telephone number +31 (0)70 342 5425.

Mr Abbas, Mr El Gabbani and Mr Wijn have been appointed to the Supervisory Board as shareholder representatives of the majority shareholder. Other than in relation to the above, there are no potential conflicts of interests between any duties to the Issuer of any Supervisory Board members and their private interests and/or other duties.

## SUPERVISION AND REGULATION

### General

The Issuer is a bank organised under Dutch law. The objectives of the Issuer are general banking and financing activities (see for a detailed description article 2 of the Articles of Association). The business of the Issuer is highly regulated and supervised by several Dutch regulatory authorities, such as DNB, the AFM and indirectly supervised by the ECB. Under the Wft, the Issuer is required to hold a license for its activities as a credit institution.

### Reporting and Investigation

A bank is required to file with DNB its annual financial statements in a form approved by DNB, which includes a balance sheet and a profit and loss statement that have been certified by a qualified auditor in the Netherlands or an equally qualified foreign auditor who is licensed in the Netherlands. In addition, a bank is required to file with DNB quarterly (and some monthly) statements, on a basis established by DNB, which also has the option to demand more frequent reports (including reports certified by a qualified auditor in the Netherlands or an equally qualified foreign auditor who is licensed in the Netherlands). A bank's reports to DNB are required to be truthful and not misleading.

As of 1 January 2005, the consolidated financial statements of the Issuer have been prepared in accordance with IFRS-EU and with Title 9 of Book 2 of the Dutch Civil Code.

### Supervision

DNB exercises monetary supervision, supervision with respect to the solvency and liquidity of banks, supervision of the administrative organisation of banks and structure supervision relating to banks. Under Regulation 1024/2013 for the setting up of the single supervisory mechanism ("**SSM**"), which entered into force on 4 November 2013, the ECB will directly supervise significant credit institutions. The ECB will work closely with the national competent authorities, including DNB, to supervise all other credit institutions under the overall oversight of the ECB, such as the Issuer. The ECB may decide at any time to take responsibility for a less-significant credit institution directly. The Issuer is under direct supervision of DNB and subject to indirect supervision by the ECB and is subject to the following general guidelines.

#### *Solvency Supervision*

On 16 December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") published its final rules to reform the global regulatory framework for banks, including a higher global minimum capital standards for banks and the introduction of a new global liquidity standard and a new leverage ratio (the Basel Committee's package of reforms is collectively referred to as "**Basel III**"). On 7 December 2017, the Basel Committee published final rules finalising post-crisis reforms, collectively referred to as "**Basel IV**"). For European banks, such as the Issuer, Basel III was implemented through a package known as "CRD IV" consisting of a directive known as the "CRD IV Directive" (which was implemented into Dutch law on 1 August 2014) and a regulation commonly known as the "CRR I" which entered into effect as of 1 January 2014. Basel IV is expected to be implemented in the European Union by 2025, through revisions of CRR I and CRD IV. CRD, as in force, consists of Directive 2013/36/EU, as amended (including as part of the EU Banking Reforms) (the "**CRD Directive**") and Regulation (EU) No 575/2013, as amended (including as part of the EU Banking Reforms) (the "**CRR**" which aims to create a sounder and safer financial system. The CRD Directive governs amongst other things the access to deposit-taking activities whereas the CRR establishes the majority of prudential requirements applicable to institutions such as the Issuer.

The EU rules deviate from the Basel III rules in certain aspects (e.g. in imposing an additional systemic risk buffer) and (in respect of some provisions) provide national flexibility to apply more stringent prudential requirements than those set in the EU (or Basel) framework. As part of the EU Banking Reforms, a new regulatory package known as "CRD V / CRR II" (consisting of a directive and regulation) entered into force on 27 June 2019 with the majority of the provisions (subject to transposition and implementation) applicable as from 28 June 2021.

CRD requires that a bank maintains own funds and other regulatory capital positions (commonly known as capital buffers), including requirements to maintain a minimum ratio of Common Equity Tier 1 capital ("**CET1**") to risk-weighted assets ("**RWA**"), Tier 1 capital to RWA and total capital (Tier 1 and Tier 2 capital) to RWA. CRD provides rules on the types of instruments that count towards such requirements and the breakdown thereof. Three additional capital buffers potentially relevant to the Issuer have been introduced: a capital conservation buffer, a countercyclical capital buffer and a systemic buffer. CRD also imposes limitations on the aggregate amount of claims (including granting credit) a bank may have against one debtor or a group of related debtors.

A binding leverage ratio that is calculated by dividing Tier-1 by a measure of non-risk weighted assets became binding on the Issuer as of 28 June 2021 pursuant to the EU Banking Reforms.

Under CRD competent supervisory authorities, as a result of the supervisory review and evaluation process (SREP), may require additional capital to be maintained by banks relating to elements of risks which are not fully covered by the minimum capital requirements described above or which address macro prudential requirements.

#### *Liquidity Supervision*

CRD, includes a liquidity framework consisting of the liquidity coverage ratio ("**LCR**") and the net stable funding ratio ("**NSFR**"). The LCR requires that sufficient high quality liquid assets are maintained to meet short-term liquidity needs under gravely stressed conditions for a period of thirty days. The NSFR requires that banks have a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The LCR entered into force on 1 October 2015. The NSFR was formally implemented at the European level as part of the revisions to the CRD package under the EU Banking Reforms and applies from 28 June 2021. Before the formal implementation, DNB applied such standards as part of the supervisory review and evaluation process (SREP) as from 2017.

#### *Structure Supervision*

The Wft provides that a bank must obtain a declaration of no objection from DNB before, among other things: (i) acquiring or increasing a qualified holding in a bank, investment firm or insurer with its corporate seat in a state which is not part of the European Economic Area, or in a financial institution which has not been granted a supervisory status certificate if the balance sheet total of that bank, investment firm, insurer, or financial institution at the time of the acquisition or increase amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (ii) acquiring or increasing a qualified holding in an enterprise, not being a bank, investment firm or insurer with its corporate seat in the Netherlands or in a state which is part of the European Economic Area or in a state which is not part of the European Economic Area, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1 per cent. of the consolidated own funds of the bank, (iii) taking over all or a major part of the assets and liabilities of another enterprise or institution, directly or indirectly, if the total amount of the assets or the liabilities to be taken over amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (iv) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1 per cent. of the bank's consolidated balance sheet total or (v) proceeding with a financial or corporate reorganisation. For purposes of the Wft, *qualified holding* is defined to mean the holding, directly or indirectly, of an interest of at least 10 per cent. of the issued share capital or voting rights in an enterprise or institution, or a similar form of control. In addition, a bank shall require the prior permission of DNB to do either or both of the following: (a) reduce, call, redeem, repay or repurchase Common Equity Tier 1 instruments issued by the institution in a manner that is permitted under applicable national law; (b) effect the call, redemption, repayment or repurchase of Additional Tier 1 instruments or Tier 2 instruments as applicable, prior to the date of their contractual maturity. With the introduction of the EU Banking Reforms, prior permission is also required for the call, redemption, repayment or repurchase of instruments that qualify as eligible liabilities instruments.

Any person is permitted to hold, acquire or increase a qualified holding in a bank, or to exercise any voting power in connection with such holding, only after a declaration of no objection has been obtained.

#### **Administrative supervision**

DNB also supervises the administrative organisation of the individual banks, their financial accounting system and internal controls. The administrative organisation must be such as to ensure that a bank has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of the administrative organisation, DNB has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of inside information.

#### **Dutch Intervention Act**

On 13 June 2012, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) entered into force. Under this Act, the Dutch Minister of Finance is granted substantial powers to deal with failing Dutch banks, insurance companies and special purpose vehicles for risk acceptance (each a "**relevant entity**") and financial enterprises (*financiële onderneming*) (which in addition to relevant entities includes collective investment schemes, investment firms and custodians of pension funds) respectively.

The powers of the Dutch Minister of Finance include taking measures intended to safeguard the stability of the financial system as a whole. The Dutch Minister of Finance may with immediate effect take these measures if in the Minister's

opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which a financial enterprise finds itself. Possible measures include an expropriation of assets or securities issued by or with the consent of the financial enterprise or its parent, in each case if it has its corporate seat in the Netherlands. The Minister may also suspend voting rights or board members. In taking these measures, provisions in Dutch statute and articles of association may be set aside.

The measures that can be taken by the Minister of Finance are intended to form the last resort and may therefore only be used if other measures would not work, would no longer work, or would be insufficient. In addition, to ensure the measures are not taken lightly, the Minister of Finance must consult with DNB in advance of taking a measure and the Dutch Prime Minister must agree with the decision to intervene. The Minister of Finance must further inform the AFM of his intentions, whereupon the AFM must give an instruction to Euronext Amsterdam N.V. to stop the trading in any securities that are expropriated. In the case of expropriation, the beneficiary of the relevant asset will be compensated for the damage that is directly and necessarily resulting from the expropriation. There can be no assurance that creditors will be able to recover compensation promptly or equal to any loss actually incurred.

The exercise of acceleration, early termination and other rights (including the right to request collateral and the right to set-off or net), could impair the effectiveness of the supervisory measures introduced by the Dutch Intervention Act. Therefore, the Dutch Intervention Act provides that such rights, to the extent they are triggered by the preparation or implementation of the measures introduced by the Dutch Intervention Act (collectively, "**events**"), cannot be exercised. Exceptions are made in respect of rights resulting from the finality directive and financial collateral arrangements. These provisions apply regardless of the law governing the contractual arrangement and extend to group companies of banks and insurance companies.

#### **BRRD and SRM**

As of 1 January 2015, all European Union Member States must apply a single rulebook for the resolution of banks and large investment firms, as prescribed by the BRRD and the SRM Regulation. The BRRD (including the bail-in provisions) have been implemented in the Wft with effect from 26 November 2015. Closely coupled with the BRRD is the European single resolution mechanism (the "**SRM**") established by the SRM Regulation. The Single Resolution Board ("**SRB**") used to act as the primary resolution authority for the Issuer. However, as of 1 November 2020, the date when the merger of the Issuer and NIBC Bank Deutschland AG became effective, the Issuer and its group no longer qualify as a cross-border group under Article 7(2)(b) of the SRM Regulation. The Issuer already did not qualify as a significant institution. On 30 October 2020, the SRB confirmed the end of its direct responsibility as resolution authority for the Issuer and this responsibility was subsequently transferred from the SRB to DNB as national resolution authority.

The measures set forth in the BRRD and the SRM Regulation are available to regulators in cases where an institution does not meet or is likely to not meet the requirements of CRD. This gives regulators powers to write down debt or to convert such debt into equity and to allow institutions to continue as a going concern subject to appropriate restructuring. Directions on when and whether the intervention measures in the BRRD can be considered and applied are set forth in the Guidelines on triggers for use of early intervention measures pursuant to Article 27(4) of the BRRD (the "**Guidelines**"), published on 8 May 2015 by the European Banking Authority. It is possible that pursuant to the BRRD, the SRM Regulation or other resolution or recovery rules which may in the future be applicable to the Issuer (including, but not limited to, CRD), new powers may be granted by way of statute to DNB and/or any other relevant authority which could be used in such a way as to result in debt, including the Notes, absorbing losses.

The powers provided to resolution authorities in the BRRD and SRM Regulation include write down and conversion powers to ensure relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution, as well as a bail-in tool comprising a more general power for resolution authorities to write down the claims of unsecured creditors (including holders of senior debt instruments) of a failing institution and/or to convert unsecured debt claims to equity if the other conditions for resolution are met. After the implementation of Directive (EU) 2019/879, as amended, into Dutch law and having become effective on 21 December 2021, certain eligible liabilities held by entities within the same resolution group as the Issuer or by an existing shareholder (subject to certain conditions being met) as referred to in Article 21(7a) SRM Regulation, respectively Article 59(1a) BRRD) also became subject to write down and conversion powers at the point of non-viability as described above.

#### **Deposit Guarantee Schemes**

The Issuer is a participant in the Deposit Guarantee Scheme which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The Issuer and other financial institutions are required to quarterly pay risk-weighted contributions into a fund to cover future drawings under the Deposit Guarantee Scheme. The fund, in which

the Issuer participates, is expected to grow to a target size of at least 0.8 per cent. of all deposits guaranteed under the Deposit Guarantee Scheme, which should be reached by 2024.

#### **Anti-Money Laundering and Financing of Terrorism laws**

The Issuer is subject to laws regarding money laundering and the financing of terrorism, in addition to sanctions legislation. The Issuer is required to continuously monitor its compliance with such laws and among other things has to establish "know your customer" procedures to identify its customers (and their beneficial owner) in any transaction and systems to assess risks related to money laundering and terrorism financing, with different persons carrying different levels of risk.

#### **Above list is not exhaustive**

The information above only summarises some of the main rules and legislation applicable to banks such as the Issuer. In its daily business, the Issuer is subject to many more laws and regulation, including, without limitation, various parts of the Wft not described above, Regulation (EU) No 648/2012 (EMIR), Regulation (EU) 2015/2365 (Securities Financing Transactions Regulation), Directive 2014/65/EU (MiFID II), Regulation (EU) No 600/2014 (MiFIR) and Directive 2014/17/EU (Mortgage Credit Directive), each as amended and where relevant as implemented into Dutch law, and increasingly by sustainability regulations (including Regulation (EU) 2019/2088 (SFDR) and Regulation (EU) 2020/852 (Taxonomy)), including guidance by the DNB and ECB with regard to the management of climate risks and other environmental risks, which credit institutions such as the Issuer are expected to incorporate in their risk management framework.

#### **Regulatory response to the COVID-19 pandemic**

As part of the regulatory response to the COVID-19 pandemic, various temporary regulatory initiatives have been deployed since 2020 to, among other things, (i) provide capital relief until 31 December 2022 (e.g. banks are temporarily allowed to operate below certain capital buffers and Pillar 2 Guidance (P2G), and (ii) provide relief in the leverage ratio until 31 March 2022 (i.e. a temporary exclusion of certain central bank exposures from the leverage ratio). Some regulatory measures, including ECB and DNB recommendations urging restraint in distributions through dividends, share buybacks and variable remuneration expired in 2021.

## 6. COVERED BONDS

### FORM OF COVERED BONDS

Each Tranche of Covered Bonds will (as specified in the applicable final terms (each the "**Final Terms**")) be in bearer or in registered form.

Bearer Covered Bonds will initially be issued in the form of a temporary Global Covered Bond without interest coupons attached (a "**Temporary Global Covered Bond**"). Each Temporary Global Covered Bond which is intended to be issued in new global note ("**NGN**") form, as specified in the applicable Final Terms, will be deposited on or prior to the issue date of a Tranche with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Covered Bond which is not intended to be issued in NGN form, as specified in the applicable Final Terms, will on or prior to the original issue date of the Tranche be deposited with (i) the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Nederland**"), or with (ii) a common depository for Euroclear and/or Clearstream, Luxembourg or with (iii) (a depository for) any other agreed clearing system.

Registered Covered Bonds will be issued to each holder by a Registered Covered Bonds Deed. Registered Covered Bonds will either be issued by means of a Registered Covered Bonds Deed for all Covered Bonds issued (global) or for one or more Covered Bonds (individual). Registered Covered Bonds in global form may also be registered in the name of (i) Euroclear Nederland or of (ii) a common depository for Euroclear and/or Clearstream, Luxembourg or of (iii) (a depository for) any other agreed clearing system. Registered Covered Bonds will be issued to each holder by a Registered Covered Bonds Deed.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Security Trustee, but shall not include Euroclear Nederland.

Whilst any Covered Bond is represented by a Temporary Global Covered Bond payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Covered Bond only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland and Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

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

The applicable Final Terms will specify that a Permanent Global Covered Bond will only be exchangeable (free of charge), in whole but not in part, for Definitive Covered Bonds (each a "**Definitive Covered Bond**") with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event or, in case such Permanent Global Covered Bond is deposited with Euroclear Nederland, only upon the occurrence of a Delivery 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 a CBC Event of Default or (ii) the Issuer has been notified that Euroclear and Clearstream, Luxembourg or, if applicable in respect of the relevant Series, Euroclear Nederland have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to cease business permanently or have in fact done so and no successor clearing system is available or (iii) the Issuer or the CBC has or will become subject to adverse tax consequences which would not be suffered if the Covered Bonds represented by the Permanent Global Covered Bond, were in definitive form; and "**Delivery Event**" means the event that Euroclear Nederland has been closed for business for a continuous period of fourteen (14) calendar days (other than by reason of holiday, statutory or otherwise) or has announced an intention to cease business permanently or has in fact done so and no successor clearing system is available, provided always that in such case Definitive Covered Bonds may be delivered (*uitgeleverd*) pursuant to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

The Issuer will promptly give notice to Covered Bondholders of each Series in accordance with Condition 14 (Notices) if an Exchange Event or a Delivery Event occurs. In such events, Euroclear and/or Clearstream, Luxembourg and/or, if applicable, Euroclear Nederland (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Security Trustee may give notice to the Principal Paying Agent requesting exchange or delivery, as the case may be, and, in the event of the occurrence of an Exchange Event as described in (iii) of the definition, the Issuer or the CBC may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 (forty-five) days after the date of receipt of the first relevant notice by the Principal Paying Agent.

If Definitive Covered Bonds have not been duly delivered by 6.00 p.m. (Amsterdam time) on the 45th (forty-fifth) day after which the preconditions to such exchange are first satisfied then as from the start of the first day on which the banks in Amsterdam are open for business following such event (the "Relevant Exchange Time") each relevant account holder shall be able to enforce against the Issuer and the CBC all rights ("Direct Rights") which the relevant account holder in question would have had if, immediately before the Relevant Exchange Time, it had been the holder of Definitive Covered Bonds issued on the issue date of the Permanent Global Covered Bond in an aggregate principal amount equal to the principal amount of the relevant entry including, without limitation, the right to receive all payments due at any time in respect of such Definitive Covered Bonds other than payments corresponding to and already made under the Permanent Global Covered Bond, and the rights under the Guarantee. No further action shall be required on the part of any person in order to be able to enforce Direct Rights as contemplated herein before and for each relevant account holder to have the benefit of, and to enforce, rights corresponding to all the provisions of the terms and conditions of the relevant Definitive Covered Bonds as if they had been specifically incorporated in the Permanent Global Covered Bond other than the right to receive payments corresponding to and already made under the Permanent Global Covered Bond. As from the Relevant Exchange Time, the bearer of the Permanent Global Covered Bond shall not be entitled to receive payments or enforce any other rights hereunder (including the rights under the Guarantee).

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

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

The following legend will appear on all Bearer Covered Bonds and each Registered Covered Bonds Deed relating to Registered Covered Bonds which have an original maturity of more than one (1) year and on all receipts and interest coupons relating to such Covered Bonds:

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

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

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

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

PERSON BEING OFFERED THIS COVERED BOND FOR TRANSFER OR ANY OTHER PURPOSE SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED."

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

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

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

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

If a Series of Covered Bonds is held through Euroclear and Clearstream, Luxembourg and if such Series of Covered Bonds will be redeemed on the Maturity Date, the Issuer shall (to ensure that such Series of Covered Bonds will be redeemed on the Maturity Date) provide or procure that the Principal Paying Agent shall on its behalf provide a formal notice (in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg) at least two (2) Business Days prior to the relevant Maturity Date to Euroclear and Clearstream, Luxembourg that such Series of Covered Bonds will be redeemed on the Maturity Date, with a copy of such notice to the CBC and the Security Trustee.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the CBC unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable period and the failure shall be continuing.



## FORM OF FINAL TERMS

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

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme. Any material deviation of the form of Final Terms will also have to be agreed with the CBC and approved by the AFM (if such deviation is required to be approved under Regulation (EU) 2017/1129, including any commission delegated regulation thereunder (the "**Prospectus Regulation**")).

### Final Terms

Dated [ ]

### NIBC Bank N.V.

*(incorporated under the laws of the Netherlands with limited liability and having its corporate seat in The Hague, the Netherlands)*

*Legal Entity Identifier (LEI): B64D6Y3LBJS4ANNPCU93*

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

Guaranteed as to payment of principal and interest by

### NIBC SB Covered Bond Company B.V.

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

*The Legal Entity Identifier (LEI): 7245008I5MF8PQ975Z24*

under NIBC Bank N.V.'s EUR 10,000,000,000 Covered Bond Programme

This document constitutes the Final Terms of the issue of Covered Bonds under the EUR 10,000,000,000 Covered Bond Programme (the "**Programme**") of NIBC Bank N.V. (the "**Issuer**") guaranteed by NIBC Covered Bond Company B.V. (the "**CBC**"), described herein for the purposes of Article 8 of the Prospectus Regulation. This document must be read in conjunction with the base prospectus pertaining to the Programme, dated 30 May 2022 [as lastly [amended/supplemented] on [...]][...] and any further amendments and supplements thereto (the "**Base Prospectus**"), which constitute a base prospectus for the purposes of the Prospectus Regulation. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus and any amendments or supplements thereto and the terms and conditions set forth in the Base Prospectus.

The Base Prospectus (and any supplements thereto) and the Final Terms are available for viewing at <https://www.nibc.com> as well as at the office of the Issuer at Carnegieplein 4, 2517 KJ, The Hague, the Netherlands, where copies may also be obtained (free of charge). Any supplements to the Base Prospectus will in any case be available at this office and copies thereof may be obtained (free of charge) there. Any information contained in or accessible through any website, including <https://www.nibc.com>, does not form part of the Base Prospectus and/or these Final Terms and has not been scrutinised or approved by the AFM, unless specifically stated in the Base Prospectus.

**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 (as amended, "**EU MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, including any commission delegated regulation thereunder (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU 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 EU PRIIPs Regulation.

**EU MiFID II product governance / Professional investors and eligible counterparties 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 EU MiFID II; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Covered Bonds (an "EU distributor") should take into consideration the manufacturer[s/s] target market assessment; however, an EU distributor subject to EU 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.

**[PROHIBITION OF SALES TO UK 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the laws of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the laws of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the laws of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[UK MiFIR 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Covered Bonds (a "UK distributor") should take into consideration the manufacturer[s/s] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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.]

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

## PART A – CONTRACTUAL TERMS

These Final Terms are to be read in conjunction with the Terms and Conditions (*as amended and restated from time to time*) (the "**Terms and Conditions**") set forth in section 6 (*Covered Bonds*) of the Base Prospectus. The Terms and Conditions as supplemented, amended and/or disappplied by these Final Terms constitute the conditions (the "**Conditions**") of the Covered Bonds. Capitalised terms not defined herein have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Conditions which are not defined therein have the meaning set forth in a master definitions agreement (the "**Master Definitions Agreement**") dated 30 May 2022, as the same may be further amended, supplemented, restated or otherwise modified from time to time and signed by the Issuer, the CBC, the Security Trustee, the Transferors and certain other parties. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in section 6 (*Covered Bonds*) of the Base Prospectus.

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

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

- |    |        |                            |   |
|----|--------|----------------------------|---|
| 1. | (i)    | Issuer:                    | NIBC Bank N.V.  |
|    | (ii)   | CBC:                       | NIBC SB Covered Bond Company B.V.   |
| 2. | [(i)]  | Series Number:             | [...]   |
|    | [(ii)] | Tranche Number:            | [...]   |
|    |        |                            | <i>(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)</i>   |
| 3. |        | Currency:                  | Euro  |
| 4. |        | Aggregate Nominal Amount:  | [of Covered Bonds admitted to trading]:   |
|    | [(i)]  | Series:                    | [...]   |
|    | [(ii)] | Tranche:                   | [...]   |
| 5. |        | Issue Price of Tranche:    | [...] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date and details (if any)</i> ] ( <i>in the case of fungible issues only, if applicable</i> )]  |
| 6. | (i)    | Specified Denomination(s): | [...]   |
|    |        |                            | <i>(Each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation must be at least EUR 100,000)</i> |
|    | (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: [Issue Date / specify / Not Applicable (for Zero Coupon Covered Bonds)]
- [For the period where a [Fixed Rate/Floating Rate] applies (the period from [...] until [...]) [...]]
- [For the period where a [Fixed Rate/Floating Rate] applies (the period from [...] until [...]) [...]]
8. Maturity Date: *[specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to [specify month and year]]*
- Extended Due for Payment Date: *[specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to [specify month and year, which date is [1] year after the Maturity Date and in respect of Zero Coupon Covered Bonds or if otherwise applicable – specify interest basis as referred to in Condition 5(b)]*
- [If the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the CBC on any Specified Interest Payment Date occurring thereafter up to (and including) the Extended Due for Payment Date.]
9. Interest Basis: [...]/[In respect of the period from and including [...]/[Maturity Date]] to (but excluding) [...]:[...]] per cent. Fixed Rate  
[EURIBOR/Compounded Daily €STR/other reference rate] +/- [...] per cent. Floating Rate  
[Zero Coupon][...]
- [...] / [If payment of the Guaranteed Final Redemption Amount is deferred in whole or in part, for the period from (and including) the Maturity Date to (and excluding) the Extended Due for Payment Date: [...]] per cent Fixed Rate] [[EURIBOR/Compounded Daily €STR/other reference rate] +/- [...] per cent. Floating Rate][...]]
10. Redemption/Payment Basis: [Redemption at par]
- [specify other amount or percentage] (NB: no derivatives within the meaning of the Commission Regulation (EC) 809/2004 will be issued, unless a Supplemental Prospectus is issued in this respect)]

11. Change of Interest Basis or Redemption/Payment Basis: [The Interest Basis will change from [...] [...] to [...] [per cent. Fixed Rate]/[Floating Rate] on the Maturity Date][Not applicable]
- [Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis included in these final terms]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(further particulars specified below)]
- [Not Applicable]
13. Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
14. Status of the Guarantee: Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed
15. Method of Distribution: [Syndicated/Non-syndicated/Not applicable]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Covered Bond Provisions: [[Applicable/Applicable from (and including) the [Issue Date]/[Maturity Date]/[...] to (but excluding) the [Maturity Date]/[Extended Due for Payment Date]/[...] [(to the extent any amount representing the Final Redemption Amount remains unpaid on the [Maturity Date]/[...])]/Not Applicable]
- (also applicable for each Floating Rate Covered Bond which switches to a Fixed Rate Covered Bond)
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [...] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) Interest Payment Date(s): [[specify one date or more dates] in each year]/[...] in each month] up to and including the [Maturity Date / Extended Due for Payment Date], if applicable subject to the Business Day Convention [[and] [after the Maturity Date [...]]]
- (NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [...] per [Calculation Amount]
- (iv) Broken Amount(s): [...] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [...] / Not Applicable]
- (v) Business Day Convention:

	- Business Day Convention	[Following Business Day Convention/Modified Following Business Day Convention/No Adjustment/Preceding Business Day Convention]
	- Adjustment or Unadjustment for Interest Period	[Adjusted] or [Unadjusted]
(vi)	Fixed Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]
17.	<b>Floating Rate Covered Bond Provisions</b>	[Applicable/Applicable from (and including) the [Issue Date]/[Maturity Date/[...]] to (but excluding) the [Maturity Date]/[Extended Due for Payment Date/[...]] [(to the extent any amount representing the Final Redemption Amount remains unpaid on the [Maturity Date/[...]]/Not Applicable]
		<i>(also applicable for each Fixed Rate Covered Bond which switches to a Floating Rate Covered Bond)</i>
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Specified Period(s)/ Specified Interest Payment Dates:	[...] <i>(Specified Interest Payment Dates and Specified Period are alternatives.)</i>
(ii)	Business Day Convention: - Business Day Convention	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment]
(iii)	- Adjustment or Unadjustment for Interest Period:	[Adjusted] or [Unadjusted]
(iv)	Additional Business Centre(s):	[Not Applicable / give details]
(v)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(vi)	Party responsible for calculating the Rate of Interest and interest Amount (if not the Principal Paying Agent):	[[Name] shall be the Calculation Agent <i>(no need to specify if the Principal Paying Agent is to perform this function)</i> ]
(vii)	Screen Rate Determination:	[Yes/No]
	- Reference Rate:	[...] <i>(EURIBOR/Compounded Daily €STR or other reference rate)</i>
	- Interest Determination Date(s):	[...] <i>(Second day on which the TARGET2 is open prior to the start of each Interest Period if EURIBOR, Compounded Daily €STR or any other inter-bank offered rate prevailing in a country in which the TARGET2 does not apply)</i> <i>(specify up to and including the Maturity Date)</i>

- Observation Method: [Not Applicable/Lag/Lock-out/Shift][, where Lock-out date  
(Insert only if Reference Rate is Compounded Daily €STR)]
  - Observation Look-back Period: [specify number]/[TARGET Settlement Days]  
(being no less than 5 TARGET Settlement Days)
  - Relevant Screen Page: [...]
    - (In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
  - Relevant Time: [...]
    - (For example, 11.00 a.m. London time / Brussels time)
  - Relevant Financial Centre: [...]
    - (For example, London/Euro-zone (where Euro zone means the region comprised of the countries whose lawful currency is the euro))
- (viii) ISDA Determination: [Yes/No]  
ISDA Definitions [2006 ISDA Definitions]/[2021 ISDA Definitions]  
(If "2021 ISDA Definitions" is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions)).
- Floating Rate Option: [...]
  - Designated Maturity: [...]
  - Reset Date: [...]
- (ix) Margin(s): [+/-] [...] per cent. per annum
- (x) Minimum Rate of Interest: [...] per cent. per annum
- (xi) Maximum Rate of Interest: [...] per cent. per annum
- (xii) Floating Day Count Fraction: [[Actual/365  
Actual/365 (Fixed)  
Actual/360 or 30/360, 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)]  
[(See Condition 5 (Interest) for alternatives)]
- (xiii) Compounding: [Applicable/Not Applicable]  
(If "Not Applicable", delete the remaining sub-paragraphs of this paragraph)
- (xiv) Compounding Method: [Compounding with Lookback  
  
Compounding with Lookback Period: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]  
[Compounding with Observation Period Shift  
  
Compounding with Observation Shift Period: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]  
[Set-in-Advance: [Applicable/Not Applicable]]

[Compounding with Lockout

Compounding with Lockout Period: [] Lockout Period Business Days/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]  
[IOS Compounding]

18. **Zero Coupon Covered Bonds** [Applicable / Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield [...] per cent. per annum
  - (ii) Reference Price [...]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts and late payments: [[Actual/Actual (ICMA/ ISDA)]]

#### PROVISIONS RELATING TO REDEMPTION

19. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [...]
  - (ii) Optional Redemption Amount(s): [...] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount [...] per Calculation Amount
    - (b) Maximum Redemption Amount: [...] per Calculation Amount
  - (iv) Extended Due for Payment in case of exercise of the Issuer Call: [Not Applicable/one (1) year after the Optional Redemption Date]
20. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [...]
  - (ii) Optional Redemption Amount(s): [...] per Calculation Amount
21. Final Redemption Amount: [...] [per Calculation Amount]



22. Early Redemption Amount(s) per Calculation Amount of each Covered Bond payable on redemption for taxation reasons, or on acceleration following an Issuer Event of Default as against the Issuer or a CBC Event of Default or other early redemption: [...] per Calculation Amount / as specified in Condition 7(e).]

#### GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

23. Form of Covered Bonds: [Bearer form/registered form (*Include for Registered Covered Bonds*)]  
 [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds only upon the occurrence of [an Exchange Event/a Delivery Event].]  
 [Permanent Global Covered Bond exchangeable for Definitive Covered Bonds only upon the occurrence of [an Exchange Event/a Delivery Event].]  
 [Permanent Global Covered Bond not exchangeable for Definitive Covered Bonds]
24. New Global Note form: [Applicable/Not Applicable (see also Part B - item 7(vii))]
25. a) Exclusion of set-off: [Not Applicable/Applicable]  
 [See Condition 6(g) (*Set-off*)]
- b) German Insurers: [Not Applicable/Applicable]
26. Additional Financial Centre(s) or other special provisions relating to payment Note that this item relates to the date and place of payment and not Interest Period end dates to which item 17 (iii) relates: [Not Applicable/*give details*]
27. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No] (If yes/*give details*)
28. Consolidation Provisions: [the provisions of Condition 18 (*Further Issues*) apply]/[Not Applicable]

#### DISTRIBUTION

29. Method of distribution: [syndicated / non-syndicated / other]
- (i) [If syndicated, names of Managers]: [Not Applicable/*give names/ give legal names*]  
 [*Please note that the process for notification to potential investors of the amount allotted and an indication whether dealing may begin before notification is made will be provided for by the Manager(s) and notified by the Manager(s) to potential investors*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give legal name*]

30. If non-syndicated, name and address of relevant Dealer: [specify name of Dealer/Not applicable. The Covered Bonds are not being underwritten by any Dealer(s)]

**OTHER PROVISIONS**

31. (i) U.S. Selling Restrictions: [Reg S Compliance/TEFRA D/TEFRA C/ TEFRA rules not applicable]
- (ii) [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable] (N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]

**Responsibility**

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

Signed on behalf of the Issuer:

Signed on behalf of the CBC:

By:  
Duly authorised

By:  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Euronext Amsterdam/other (specify)/ None]
- (ii) Admission to trading: Application has been made for the Covered Bonds to be admitted to trading on the regulated market on the official list of [Euronext Amsterdam] [specify other regulated market] with effect from [...] Not Applicable.
- [(Unless all items in the Final Terms are completed (including by completion of an issue specific summary) as if the relevant Covered Bonds would have a Specified Denomination of less than EUR 100,000 (or its equivalent in any other currency), Covered Bonds that are issued with a Specified Denomination of at least EUR 100,000 (or its equivalent in any other currency) and integral multiples of a certain smaller amount than EUR 100,000 (or its equivalent in any other currency) in excess thereof will not be listed on Euronext Amsterdam until the Issuer has made itself aware that such Covered Bonds can only be traded on Euronext Amsterdam for a minimum nominal amount of at least EUR 100,000 (or its equivalent in any other currency))]*
- (iii) Estimate of total expenses related to admission to trading: [...]

### 2. RATINGS

- Ratings: The Covered Bonds to be issued [are not / are expected to be / have been] rated [at the request of the Issuer / with the cooperation of the Issuer]:
- [S&P\*: AAA]
- [Other\*]: [...]
- [...] (explanation of rating or reference to relevant section Base Prospectus)
- (\*The exact legal name of the rating agency entity providing the rating should be specified)
- [Registration of Rating Agency: [...]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]*
- (The above disclosure should reflect the rating allocated to the Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*
- [Insert one (or more) of the following options, as applicable:]*
- [...]
- [Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation")*

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

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

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

*[[Insert legal name of particular credit rating agency entity providing rating]* is established in the EU.

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the United Kingdom, but is part of a group in respect of which one of its undertakings is (i) established in the United Kingdom and (ii) is registered in accordance with Regulation (EC) No 1060/2009 as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK 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 EU and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EU 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 EU but is endorsed by a credit rating agency established in the EU and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EU which is certified under the CRA Regulation.]

3. [Notification / Not applicable]

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

4. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

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

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

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)]

**5. REASONS FOR THE OFFER USE AND ESTIMATED NET PROCEEDS**

(i) Reasons for the Offer: [...]

*(Also see "Use of Proceeds" wording in the Base Prospectus – if reasons for the offer are different from making profit and/or hedging certain risks or a specific allocation of proceeds is contemplated, will need to include those reasons here. If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds are insufficient to fund all proposed uses state amount and sources of other funding).*

(ii) Estimated net proceeds [...]

[(iii) Estimated total expenses: [...] [Include breakdown of expenses]]

**6. [YIELD (Fixed Rate Covered Bonds only)**

Indication of yield: [...]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**7. OPERATIONAL INFORMATION**

(i) ISIN Code: [...]

(ii) Common Code: [...]

(iii) WKN Code: [...] [Not Applicable]

(iv) FISN: [...] [Not Applicable]

(v) CFI: [...] [Not Applicable]

(vi) [Other relevant code:] [...] [give name(s) and numbers(s)][Not Applicable]

(vii) [New Global Note] intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]

[Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][*include this text for registered Covered Bonds*] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met] [*Include this text if "Yes" selected in which case the Covered Bonds must be issued in NGN form*]

[No. (*only include if held through or on behalf of Euroclear or Clearstream, Luxembourg*) Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting a common safekeeper)][*include this text for registered Covered Bonds*]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]

[Not applicable, means that the Covered Bond will not be held through the system of Euroclear or Clearstream, Luxembourg]

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

10. Statement on Benchmarks:

[Amounts payable under the Covered Bonds may be calculated by reference to *[specify benchmark]*, which is provided by *[legal name of administrator(s)]**[repeat as necessary]*. As at the date hereof, *[legal name of administrator(s)]**[appears]**[does not appear]* *[repeat as necessary]* in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, *[legal name of administrator(s)]* as administrator of *[specify benchmark(s)]* *[repeat as necessary]* *[is/are]* not required to be registered by virtue of Article 2 of the Benchmarks Regulation / *[the transitional provisions in Article 51 of the Benchmarks Regulation apply]*, such that *[legal name of administrator(s)]*, as administrator of *[specify benchmark]**[repeat as necessary]* *[is/are]* currently not required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).] / [ ] / [Not Applicable]

## TERMS AND CONDITIONS OF THE COVERED BONDS

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

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by NIBC Bank N.V. (the "**Issuer**" which expression shall include any Substituted Debtor pursuant to Condition 17 (*Substitution of the Issuer*)) pursuant to a trust deed (as amended, restated or otherwise modified from time to time, the "**Trust Deed**") dated 30 May 2022 (such date, and in respect of the Programme Agreement 30 May 2022, as amended, restated or otherwise modified from time to time, the "**Programme Date**"), as the same may be amended, restated, supplemented, modified and/or novated from time to time and made between the Issuer, NIBC SB Covered Bond Company B.V. (the "**CBC**") and Stichting Security Trustee NIBC SB Covered Bond Company (the "**Security Trustee**") and Stichting Holding NIBC SB Covered Bond Company (the "**Stichting Holding**").

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

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

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

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

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



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

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

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

Copies of the Trust Deed, the Pledge Agreements, the Master Definitions Agreement, the Parallel Debt Agreement and the Agency Agreement are available for inspection during normal business hours at the registered office of the Security Trustee at Amsterdam, the Netherlands and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of each of the Paying Agents and any Covered Bondholder must produce evidence satisfactory to the Issuer and the Security Trustee or, as the case may be, the relevant Paying Agent as to its holding of Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed, the Pledge Agreements, the Master Definitions Agreement, the Agency Agreement, each of the other Transaction Documents and the applicable Final Terms which are applicable to them and to have notice of each Final Terms relating to each other Series.

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

## 1. FORM, DENOMINATION AND TITLE

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

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond, 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 in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

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

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

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

succeeding paragraph. The signatures on this Covered Bond or the relevant Registered Covered Bonds Deed, as applicable, are manual and/or in facsimile.

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

Where Covered Bonds represented by a Permanent Global Covered Bond are deposited with Euroclear Nederland, a Covered Bondholder shall not have the right to request delivery (*uitlevering*) of his Covered Bonds under the Wge other than as set out in accordance with the rules and procedures of Euroclear Nederland and the Wge.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Security Trustee but shall not include Euroclear Nederland.

## 2. STATUS OF THE COVERED BONDS

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

## 3. THE GUARANTEE

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

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the date when the Guaranteed Final Redemption Amount is Due for Payment (the "**Extension Date**") or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC to be paid (or reserved for payment of principal on any Series of Covered Bonds), after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the Extended Due for Payment Date for

this Series, in which case the CBC shall (a) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agency, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the first Business Day following the date on which such notice was given by the CBC to the relevant clearing system) or at least two (2) Business Days prior to such Interest Payment Date, respectively, and (b) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount pertaining to a Series of 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 this Series falls, if applicable *pro rata* by reference to the Principal Amount Outstanding of such Covered Bonds (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on such Extension Date and/or such Interest Payment Date, respectively; and

- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*), provided that for this purpose all references in Condition 5 to the Maturity Date are deemed to be references to the Extended Due for Payment Date, *mutatis mutandis*,

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

The rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a 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 set out below.

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

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

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

As used in these Conditions:

**"Extended Due for Payment Date"** means, subject to Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*), the date falling one (1) year after the Maturity Date, as specified as such in the applicable Final Terms.

**"Guaranteed Final Redemption Amount"** means the Guaranteed Amount relating to Scheduled Principal payable on the Maturity Date.

#### 4. REDENOMINATION

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

The election will have effect as follows:

- (i) the Covered Bonds and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of the equivalent of euro 0.01 in another currency, with a principal amount for each Covered Bond equal to the principal amount of that Covered Bond in euro, converted into the New Currency at the rate for the conversion of the Old Currency into the New Currency as fixed by the government of the Netherlands, provided that, if the Issuer determines, with the agreement of the Security Trustee, that the market practice at the time of redenomination in respect of the redenomination into the New Currency of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the stock exchange (if any) on which the Covered Bonds may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice (as defined below) has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate principal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest equivalent of euro 0.01 in another currency;
- (iii) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 100,000 or such other amount as may be allowed or required pursuant to the relevant laws which are applicable equivalent to (the offering of) such Covered Bonds and notified to the Covered Bondholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in euro (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (for the purpose of this Condition the "**Exchange Notice**") to the Covered Bondholders in accordance with Condition 14 (*Notices*) that replacement of Old Currency denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in euro in such manner as the Issuer may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than fifteen (15) days prior to any date for payment of principal or interest on the Covered Bonds;
- (v) on or after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, with a possible exception of payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in the New Currency as though references in the Covered Bonds to euro were to the New Currency. Payments will be made in the New Currency by credit or transfer to a New Currency account (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque;
- (vi) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction (as defined in Condition 5(a), and rounding the resultant figure to the nearest sub-unit of the relevant New Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. The amount of interest payable in respect of such Fixed Rate Covered Bonds shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and
- (vii) if the Covered Bonds are Floating Rate Covered Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

As used in these Conditions:

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

**"Convertibility Event"** means the determination by the Netherlands, that the euro is substituted by another currency; and

**"Redenomination Date"** means (i) in the case of Fixed Rate Covered Bonds and Floating Rate Covered Bonds any date for payment of interest or redemption under such Covered Bonds, and (ii) in the case of Zero Coupon Covered Bonds any date specified by the Issuer in the notice given to the Covered Bondholders pursuant to paragraph (a) above and which in case of (x) the New Currency being euro, falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union and in case of (y) the New Currency being a currency other than euro, shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender.

## 5. INTEREST

Each Fixed Rate Covered Bond and Floating Rate Covered Bond will bear the interest as set out in the applicable Final Terms. If after the Maturity Date the interest on a Series is switched from a fixed rate to a floating rate or vice versa, such Covered Bonds will become Floating Rate Covered Bonds or Fixed Rate Covered Bonds, as applicable.

### 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 as specified in the applicable Final Terms (or, if not specified in the applicable Final Terms, the Issue Date) (an **"Interest Commencement Date"**) at the rate(s) per annum equal to the Fixed Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to the date as specified in the applicable Final Terms.

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

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

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

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the **"Interest Calculation Period"**), such interest shall be calculated by applying the Fixed Rate of Interest to the

Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the euro, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount.

As used in these Conditions (unless defined otherwise in the relevant section or subsection);

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

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

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

where:

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

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

**"sub-unit"** means one cent;

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

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

**"Maturity Date"** means, subject to Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*) and Condition 7(d) (*Redemption at the Option of the Covered Bondholders (Investor Put)*), in respect of a Series of Covered Bonds, the relevant Interest Payment Date which falls no more than forty-seven (47) years after the Issue Date of such Series and on which the Covered Bonds of such Series are expected to be redeemed at their Principal Amount Outstanding in accordance with these Conditions, as specified in the relevant Final Terms; and

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

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

**B. Interest on Floating Rate Covered Bonds**

(i) *Interest Payment Dates*

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest, with a floor of zero per cent., payable in arrear on either:

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

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

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

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

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

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

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

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

(ii) *Rate of Interest*

The rate of interest ("**Rate of Interest**") payable from time to time in respect of the Floating Rate Covered Bonds will be determined in the manner specified in subparagraph (a), subparagraph (b), subparagraph (c) or subparagraph (d) below and as determined in the applicable Final Terms.

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

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (i) if "2006" ISDA Definitions" is specified in the applicable Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds, or (ii) if "2021 ISDA Definitions" is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Covered Bonds (together the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity, if applicable, is the period specified in the applicable Final Terms;
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based 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; and
- (4) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Final Terms:
  - (a) Compounding with Lookback;
  - (b) Compounding with Observation Period Shift;
  - (c) Compounding with Lockout; and
  - (d) IOS Compounding.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

For the purposes of this sub-paragraph (a), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**", "**Overnight Floating Rate Option**", "**Overnight Rate Compounding Method**", "**Compounding with Lookback**", "**Compounding with Observation Period Shift**", "**Compounding with Lockout**" and "**IOS Compounding**" have the meanings given to those terms in the ISDA Definitions, which can be downloaded from <https://www.isda.org/book/2006-isda-definitions/> or <https://www.isda.org/book/2021-isda-interest-rate-derivatives-definitions/> (any information contained on or accessible via any of these websites does not



form part of this Base Prospectus and is not scrutinised or approved by the AFM, unless specifically stated otherwise in this Base Prospectus), (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words "are open for" in the second line before the word "general" and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the EU Treaty.

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

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

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the Relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms as being "Compounded Daily €STR", the Rate of Interest for each Interest Period will, and as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, if the relevant Screen Rate is EURIBOR, to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issuer or a third party on its behalf for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

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

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

(c) *Screen Rate Determination for Floating Rate Covered Bonds referencing Compounded Daily €STR*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms as being "Compounded Daily €STR", the Rate of Interest for an Interest Accrual Period will be Compounded Daily €STR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin.

"**Compounded Daily €STR**" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Accrual Period (with the daily euro short-term rate as the reference rate of the calculation of interest) and will be calculated by the Principal Paying Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{€STR}_{i-pTBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"d" is the number of calendar days in the relevant Interest Accrual Period;

"do" is the number of TARGET Settlement Days in the relevant Interest Accrual Period;

"ECB" means the European Central Bank or any successor or substituting authority thereto;

"i" is a series of whole numbers from one to "do", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in the relevant Interest Accrual Period to, and including, the last TARGET Settlement Day in the relevant Interest Accrual Period;

"ni", for any TARGET Settlement Day "i", means the number of calendar days from and including such TARGET Settlement Day "i" up to but excluding the following TARGET Settlement Day;

"**Observation Period**" means, in respect of each Interest Accrual Period, the period from and including the date falling "p" TARGET Settlement Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date falling "p" TARGET Settlement Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling "p" TARGET Settlement Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

"p" means for any Interest Accrual Period, the whole number of TARGET Settlement Days included in the Observation Period, as specified in the applicable Final Terms, being no less than five TARGET Settlement Days;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in Euro;

"**€STR Reference Rate**" means, in respect of any TARGET Settlement Day, a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Settlement Day as published by the ECB, as administrator of such rate (or any successor administrator of such rate), on the website of the ECB initially at <http://www.ecb.europa.eu>, or any successor website officially designated by the ECB (the "**ECB's Website**") (in each case, on or before 9:00 a.m., Central European Time, on the TARGET Settlement Day immediately following such TARGET Settlement Day); and

"**€STR i-pTBD**" means, in respect of any TARGET Settlement Day "i" falling in the relevant Interest Accrual Period, the €STR Reference Rate for the TARGET Settlement Day falling "p" TARGET Settlement Days prior to the relevant TARGET Settlement Day "i".

Notwithstanding any fallback provisions in the ISDA Definitions, as applicable, the following provisions apply in case the €STR Reference Rate is not published in respect of a TARGET Settlement Day as specified above or if the Rate of Interest cannot otherwise be determined in accordance with the provisions set forth herein, respectively.

If the €STR Reference Rate is not published in respect of a TARGET Settlement Day as specified above, and unless both an €STR Index Cessation Event and an €STR Index Cessation Effective Date (each, as defined below) have occurred, the €STR Reference Rate shall be a rate equal to €STR for the last TARGET Settlement Day for which such rate was published on the ECB's Website.

If the €STR Reference Rate is not published in respect of a TARGET Settlement Day as specified above, and both an €STR Index Cessation Event and an €STR Index Cessation Effective Date have occurred, the rate for each TARGET Settlement Day in the relevant Observation Period occurring from and including such €STR Index Cessation Effective Date will be determined as if references to €STR were references to the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for €STR by the ECB (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by the ECB (or any successor administrator of €STR) for the purpose of recommending a replacement for €STR (which rate may be produced by the ECB or another administrator) (the "**ECB Recommended Rate**"), provided that, if no such rate has been recommended before the end of the first TARGET Settlement Day following the date on which the €STR Index

Cessation Effective Date occurs, then the rate for each TARGET Settlement Day in the relevant Observation Period occurring from and including such €STR Index Cessation Effective Date will be determined as if references to "€STR" were references to the rate on the deposit facility, which banks may use to make overnight deposits with the Eurosystem, as published on the ECB's Website (the "Eurosystem Deposit Facility Rate" or "EDFR") on such TARGET Settlement Day plus the arithmetic mean of the daily difference between the €STR Reference Rate and the EDFR for each of the 30 TARGET Settlement Days immediately preceding the date on which the €STR Index Cessation Event occurs (the "EDFR Spread").

Provided further that, if subsequently both an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date occur, then the rate for each TARGET Settlement Day in the relevant Observation Period occurring from and including that ECB Recommended Rate Index Cessation Effective Date will be determined as if references to "€STR" were references to the EDFR on such TARGET Settlement Day plus the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR for each of the 30 TARGET Settlement Days immediately preceding the date on which the ECB Recommended Rate Index Cessation Event occurs.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (through substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the last preceding Interest Accrual Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first Interest Accrual Period had the Covered Bonds been in issue for a period equal in duration to the scheduled first interest Accrual Period but ending on (and excluding) the Interest Commencement Date (including applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

As used herein, an "Interest Accrual Period" means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, if the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 10 (*Events of Default and Enforcement*)), shall be the date on which such Covered Bonds become due and payable).

If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 10 (*Events of Default and Enforcement*), the final Rate of Interest shall be calculated for the Interest Accrual Period to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in this Condition 4(c).

As used in these Conditions:

"€STR Index Cessation Event" means the occurrence of one or more of the following events:

- (i) a public statement or publication of information by or on behalf of the ECB (or any successor administrator of €STR) announcing that it has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or the publication, there is no successor administrator that will continue to provide €STR; or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of €STR, the central bank for the currency of €STR, an insolvency official with jurisdiction over the administrator of €STR, a resolution authority with jurisdiction over the administrator of €STR or a court or an entity with similar insolvency or resolution authority over the administrator of €STR, which states that the administrator of €STR has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide €STR;

"€STR Index Cessation Effective Date" means, in respect of an €STR Index Cessation Event, the first date for which €STR is no longer provided by the ECB (or any successor administrator of €STR);

"ECB Recommended Rate Index Cessation Event" means the occurrence of one or more of the following events:

- (i) a public statement or publication of information by or on behalf of the administrator of the ECB Recommended Rate announcing that it has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or the publication, there is no successor administrator that will continue to provide the ECB Recommended Rate; or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the ECB Recommended Rate, the central bank for the currency of the ECB Recommended Rate, an insolvency official with jurisdiction over the administrator of the ECB Recommended Rate, a resolution authority with jurisdiction over the administrator of the ECB Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the ECB Recommended Rate, which states that the administrator of the ECB Recommended Rate has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the ECB Recommended Rate; and

**"ECB Recommended Rate Index Cessation Effective Date"** means, in respect of an ECB Recommended Rate Index Cessation Event, the first date for which the ECB Recommended Rate is no longer provided by the administrator thereof.

(d) *Replacement Reference Rate Determination for Discontinued Reference Rate*

Notwithstanding the provisions above in this Condition 5(B)(ii) (including, for the avoidance of doubt, any fallback provisions in the ISDA Definitions, as applicable), if the Issuer determines at any time prior to, on or following any Interest Determination Date, that a Benchmark Event has occurred, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), appoint an agent ("**Rate Determination Agent**"), which may determine in its sole discretion, acting in good faith and in a commercially reasonable manner, whether a substitute, alternative or successor rate for purposes of determining the relevant Reference Rate (as specified in the applicable Final Terms) on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the Reference Rate that is available or a successor rate that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency.

If the Rate Determination Agent determines that there is an industry-accepted successor rate, the Rate Determination Agent will use such successor rate to determine the relevant Reference Rate. If the Rate Determination Agent has determined a substitute, alternative or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**") for purposes of determining the Reference Rate on the relevant Interest Determination Date falling on or after such determination, (A) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate, including any Adjustment Spread, in each case in a manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (B) references to the Reference Rate in these Conditions applicable to the relevant Floating Rate Covered Bonds will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above (including the Adjustment Spread); (C) the Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (D) the Issuer will give notice as soon as reasonably practicable to the Covered Bondholders (in accordance with Condition 14 (*Notices*)), the Security Trustee, the CBC and the Principal Paying Agent specifying the Replacement Reference Rate, as well as the details described in (A) above. The party responsible for calculating the Interest Rate pursuant to Condition 5(B)(ii) will remain the party responsible for calculating the Interest Rate by making use of the Replacement Reference Rate and the other matters referred to above.

The Issuer may make any (further) amendments to these Conditions that are necessary to ensure the proper operation of the foregoing.

The determination of the Replacement Reference Rate and the other matters referred to above by the Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the Security Trustee and the Covered Bondholders. If it is not possible to appoint a Rate Determination Agent, or the Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the Replacement Reference Rate will not be changed pursuant to this Condition 5(B)(ii)(d). This is without prejudice to the applicability of Condition 5(B)(ii)(a), (b) and (c).

For the avoidance of doubt, each Covered Bondholder shall be deemed to have accepted the Replacement Reference Rate or such other changes pursuant to this Condition 5(B)(ii).

The Rate Determination Agent will be (A) a major bank or broker-dealer in the principal financial centre of the European Union or the United Kingdom as appointed by the Issuer; or (B), if it is not reasonably practicable to appoint a party as referred to under (A), the Issuer.

As used in this Condition 5(B)(ii)(d):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer determines in its sole discretion, acting in good faith, is required to be applied to the Replacement Reference Rate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Covered Bondholders as a result of the replacement of the Reference Rate with the Replacement Reference Rate and is the spread, formula or methodology which:

- (a) is formally recommended in relation to the replacement of the Reference Rate with the Replacement Reference Rate by any competent authority, any working group in the jurisdiction of the applicable currency 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, or any widely recognised industry association or body; or (if no such recommendation has been made);
- (b) the Issuer determines, acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Replacement Reference Rate; or (if the Issuer determines that no such industry accepted standard is recognised or acknowledged);
- (c) the Issuer, in its discretion, acting in good faith, determines to be appropriate.

**"Benchmark Event"** means:

- (a) a public statement or publication of information is made by the administrator of the Reference Rate, other than Compounded Daily €STR, or the competent authority supervising the relevant administrator that the Reference Rate has ceased to be a representative or an industry accepted rate for debt market instruments (as determined by the Rate Determination Agent, acting in good faith) such as, or comparable to, the Covered Bonds; or
- (b) it has become unlawful or otherwise prohibited pursuant to any law, regulation or instruction from a competent authority, to calculate any payments due to be made to any Covered Bondholder using the Reference Rate, other than Compounded Daily €STR, or otherwise make use of the Reference Rate, other than Compounded Daily €STR, with respect to the Covered Bonds; or
- (c) the Reference Rate, other than Compounded Daily €STR, has changed materially, ceased to be published for a period of at least five (5) Business Days or ceased to exist; or
- (d) public statement or publication of information is made by the administrator of the Reference Rate, other than Compounded Daily €STR, or the competent authority supervising the relevant administrator that, by a specified date within the following six (6) months, the Reference Rate, other than Compounded Daily €STR, will be materially changed, no longer be representative, cease to be published, cease to exist, be discontinued or be prohibited from being used or that its use will be subject to restrictions or adverse consequences.

provided that (i) in the case of sub-paragraphs (b),(c) and (d), the Benchmark Event shall occur on the date of the cessation of publication of the Reference Rate, the discontinuation of the Reference Rate, or the prohibition of use of the Reference Rate, as the case may be, and not the date of the relevant public statement and (ii) in the case of sub-paragraph (a) above, on the date with effect from which the Reference Rate will no longer be (or will be deemed

by the relevant supervisor to no longer be) a representative or an industry accepted rate for debt market instruments (as determined by the Rate Determination Agent, acting in good faith) such as, or comparable to, the Covered Bonds and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

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

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Principal Paying Agent, in the case of Floating Rate Covered Bonds will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

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

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

(vi) *Certificates to be final*

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

**C. Accrual of interest**

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

**6. PAYMENTS**

(a) *Method of payment*

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

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

(b) *Presentation of Definitive Covered Bonds and Coupons*

Payments of principal in respect of Definitive Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (A) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Covered Bonds, and payments of interest in respect of Definitive Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the



case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States.

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

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

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

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

(c) *Payments in respect of Global Covered Bonds*

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

(d) *General provisions applicable to payments*

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

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

(e) *Payment Day*

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be

entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means (subject to Condition 9 (*Prescription*)):

- (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 Definitive Covered Bonds only, the relevant place of presentation; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) in relation to any sum payable in euro, a day on which the TARGET2 is open.

(f) *Interpretation of principal and interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the optional redemption amount(s) (if any) of the Covered Bonds as specified in the applicable Final Terms ("**Optional Redemption Amount**");
- (v) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 7(e) (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 Security Trustee to either the CBC or the Covered Bondholders under or in respect of the Covered Bond.

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

(g) *Set-off*

- (i) Any payments under or pursuant to the Covered Bonds shall be made by the Issuer free of set-off and withholding if and to the extent so specified in the applicable Final Terms.
- (ii) If in the Final Terms "German Insurers" are indicated Applicable, each of the Issuer and the CBC hereby waives, for the benefit of all present and future holders of the Registered Covered Bonds issued in such Final Terms, any right to set-off (*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 Registered Covered Bonds.

If this waiver under (g)(ii) is applicable it (i) applies as far as and as long as the Registered Covered Bonds are part of the committed assets (*Sicherungsvermögen*) of an insurer within the meaning of section 125 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*) as amended from time to time also in case of an insolvency and (ii) prevails over any present or future agreement with a conflicting content, save in the case of future agreements only, where such future agreement has a conflicting content which explicitly refers to this specific waiver.

## 7. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below and subject to Condition 3 (*The Guarantee*), each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in euro on the Maturity Date (the "**Final Redemption Amount**").

(b) *Redemption for tax reasons*

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

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

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

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

Covered Bonds redeemed pursuant to this Condition 7(b) (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7(e) (*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 the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms, the Issuer may, subject as provided in paragraph (e) below and having given:

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

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

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms and it cannot exercise its option because an Issuer Event of Default has occurred and is continuing, then the CBC may declare with:

- (i) not less than five (5) (or if the notice period of the Issuer has been shortened to five (5) days' or less, the notice period will be one (1) day less than the minimum notice period for the Issuer) nor more than thirty (30) days' notice to the Covered Bondholders in accordance with Condition 14 (Notices); and
- (ii) not less than five (5) days (or if the notice period of the Issuer has been shortened to five (5) days' or less, the notice period will be one (1) day less than the minimum notice period for the Issuer) before the giving of the notice referred to in (i), notice to the Security Trustee, the Principal Paying Agent, the Issuer and the Registrar;

that all of the Covered Bonds then outstanding of such Series will mature on the optional redemption date as specified in the applicable Final Terms ("**Optional Redemption Date**") and at the Optional Redemption Amount(s) specified in the applicable Final Terms, and that the Maturity Date will be such Optional Redemption Date.

Any redemption pursuant to this Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*) must be of a nominal amount not less than the minimum redemption amount as specified in the applicable Final Terms ("**Minimum Redemption Amount**") and not more than the maximum redemption amount as specified in the applicable Final Terms ("**Maximum Redemption Amount**"), in each case as may be specified in the applicable Final Terms (and subject to Condition 3 (*The Guarantee*)). In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the "**Redeemed Covered Bonds**") will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and where applicable in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or Euroclear Nederland, in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than thirty (30) days prior to the date fixed for redemption (such date of selection being hereinafter called for the purpose of this paragraph the "**Selection Date**"). In the case of Redeemed Covered Bonds (i) represented by Definitive Covered Bonds, a list of the serial numbers and (ii) in the case of Registered Covered Bonds, the nominal amount drawn and the holders thereof, of such Redeemed Covered Bonds will be published in accordance with Condition 14 (*Notices*) not less than fifteen (15) days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*) at least five (5) days prior to the Selection Date.

If the option to redeem the Covered Bonds is exercised by the Issuer or the CBC has given a declaration that the Covered Bonds will mature on the Optional Redemption Date (each in accordance with this Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*)), then the Optional Redemption Date will for all purposes in all Transaction Documents be deemed to be the Maturity Date in respect of the Covered Bonds to which it applies instead of the Maturity Date specified as such in the applicable Final Terms to the extent of the amount redeemed or to be redeemed, as the case may be, on such date. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Transaction Documents be deemed to be one (1) year after such new Maturity Date instead of the date included in the applicable Final Terms (unless in the section Issuer Call in the applicable Final Terms a specific date is included, in which case such date will apply).

If in the applicable Final Terms it is specified that the manner of determining the interest on some or all Covered Bonds of a Series switches to another manner of determining the interest as of the Maturity Date, such switch will occur on the Maturity Date as determined pursuant to the previous paragraph to the extent of the amount redeemed or to be redeemed, as the case may be, on such date.

(d) *Redemption at the Option of the Covered Bondholders (Investor Put)*

Subject as provided in paragraph (e) below, if the Covered Bondholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Covered Bond giving to the Issuer in accordance with

Condition 14 (*Notices*) not less than fifteen (15) nor more than thirty (30) days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond its holder must deliver such Covered Bond at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

If the option to redeem the Covered Bonds is exercised by the Covered Bondholders, then the Optional Redemption Date will for all purposes in all Transaction Documents be deemed to be the Maturity Date in respect of the Covered Bonds to which it applies instead of the Maturity Date specified as such in the applicable Final Terms to the extent of the amount redeemed or to be redeemed, as the case may be, on such date. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Transaction Documents be deemed to be one (1) year after such new Maturity Date instead of the date included in the applicable Final Terms (unless in the section Issuer Call in the applicable Final Terms a specific date is included, in which case such date will apply).

If in the applicable Final Terms it is specified that the manner of determining the interest on some or all Covered Bonds of a Series switches to another manner of determining the interest as of the Maturity Date, such switch will occur on the Maturity Date as determined pursuant to the previous paragraph to the extent of the amount redeemed or to be redeemed, as the case may be, on such date.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) and (d) above and (h) below and Condition 10 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows (each, the relevant "**Early Redemption Amount**"):

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") equal to the product of:
  - (a) the Reference Price; and
  - (b) the sum of the figure "1" and the Accrual Yield, raised to the power of  $x$ , where "x" is a fraction the numerator of which is equal to the number of days calculated on the basis of, if "Actual/Actual ISDA" is specified in the applicable Final Terms, the actual number of days in the relevant period and a year of 365 days (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365) 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 Bonds become due and repayable and the denominator of which is, if "Actual/Actual ISDA" is specified in the applicable Final Terms, 365 days (or, if any portion of the period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

(f) *Purchases*

The Issuer, the CBC and/or any member of the group formed by the Issuer and its subsidiaries (*dochtermaatschappijen*) (the "**NIBC Group**") may at any time purchase Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Covered Bondholders alike. Covered Bonds purchased in accordance with this Condition 7(f) (*Purchases*) may be held, reissued, resold or, at the option of the Issuer or the CBC and/or such member of the NIBC Group, surrendered to any Paying Agent for cancellation.

(g) *Cancellation*

All Bearer Covered Bonds which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption).

(h) *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 10 (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 (e)(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:

- (a) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (b) five (5) days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent or the Security Trustee and notice to that effect has been given to the Covered Bondholders in accordance with Condition 14 (Notices).

(i) *Redemption due to illegality*

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than thirty (30) nor more than sixty (60) days' notice to the Security Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Security Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make any payments under the Covered Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 7(i) (*Redemption due to illegality*) will be redeemed at their Early Redemption Amount referred to in Condition 7(e) (*Early Redemption Amounts*) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(j) *Certificate*

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

## 8. TAXATION

(a) *General*

All payments of principal and interest in respect of the Covered Bonds and Coupons made by the Issuer will be made without withholding or deduction of any present or future taxes or duties of whatever nature (collectively "**Taxes**"), unless such withholding or deduction is required by law. In the event the withholding or deduction of such Taxes is imposed or levied by or on behalf of any Tax Jurisdiction, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Covered Bondholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond or Coupon presented for payment:

- (a) outside the Netherlands;
- (b) by, or by a third party on behalf of, a holder who is liable for such Taxes or duties in respect of such Covered Bond or Coupon by reason of having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond or Coupon; or
- (c) more than thirty (30) calendar days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amounts 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
- (d) by, or by a third party on behalf of, a holder who is subject to such Taxes pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Payments by the CBC under the Guarantee will be made without withholding or deduction of any Taxes, unless such withholding or deduction is required by law. In such event, the CBC shall make the required withholding or deduction of such Taxes for the account of the holder of Covered Bonds or Coupons, as the case may be. Any amounts withheld or deducted by the CBC will be treated as paid for all purposes under the Guarantee and the CBC shall not pay any additional amounts to the holder of the Covered Bonds or Coupons in respect of any Taxes withheld or deducted.

As used in these Conditions:

**"Relevant Date"** means in relation to a payment, the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Security Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 14 (*Notices*); and

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

(b) *FATCA Withholding*

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

## 9. PRESCRIPTION

The Covered Bonds and Coupons will become void unless presented for payment within a period of five years after the Relevant Date therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 (*Prescription*) or Condition 6(B) (*Presentation of Definitive Covered Bonds and Coupons*) or any Talon which would be void pursuant to Condition 6(B) (*Presentation of Definitive Covered Bonds and Coupons*).

## 10. EVENTS OF DEFAULT AND ENFORCEMENT

### (a) *Issuer Events of Default*

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

Pursuant to the Trust Deed the Security Trustee at its discretion may, and in relation to the defaults set out in subparagraphs (i) and (v) below or if so directed by a Programme Resolution of the Covered Bonds shall, give an Issuer Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each an "**Issuer Event of Default**") shall occur and be continuing:

- (i) a default is made by the Issuer for a period of seven (7) calendar days or more in the payment of any principal or redemption amount of the Covered Bonds of any Series when due, or for a period of fourteen (14) calendar days or more in the payment of any interest of the Covered Bonds of any Series when due; or
- (ii) a default is made in the performance by the Issuer of any material obligation (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series) under the provisions of the Covered Bonds of any Series or the Trust Deed or any other Transaction Document to which the Issuer is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of remedy) shall continue for more than thirty (30) calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied, shall have been given to the Issuer by the Security Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the Issuer (except a dissolution or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by an Extraordinary Resolution (as defined below) of the Covered Bondholders or which has been effected in compliance with the terms of Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*)); or
- (iv) a liquidator, receiver or other similar officer is appointed in relation to the Issuer or in relation to the whole of its assets; or the Issuer initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or equivalent or analogous proceedings under any applicable law, or shall make a conveyance, assignment or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (v) the Issuer is adjudged or found bankrupt (*failliet*) or equivalent or analogous judgments or measures under any applicable law, are imposed on the Issuer,

provided that in case an event described in paragraph (ii) above shall occur, the Security Trustee shall only deliver an Issuer Acceleration Notice if it shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Upon delivery of an Issuer Acceleration Notice pursuant to this Condition 10(a) (*Issuer Events of Default*), the Security Trustee shall forthwith serve a notice to pay (the "**Notice to Pay**") on the CBC pursuant to the Guarantee and the CBC shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Security Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 10(c) (*Enforcement*).

The Trust Deed provides that all moneys (including Swap Collateral) received by the Security Trustee from the Issuer or any administrator, liquidator, trustee or other similar official appointed in relation to the Issuer following the service of an Issuer Acceleration Notice and a Notice to Pay but prior to a CBC Acceleration Notice (the "**Excess Proceeds**"), may be paid by the Security Trustee to the CBC and shall be held by the CBC in the CBC Account and shall be used by the CBC in the same manner as all other moneys from time to time standing to the credit of the CBC Account. Any Excess Proceeds received by the Security Trustee shall discharge the obligations of the



Issuer in respect of the Covered Bonds and Coupons for an amount equal to such Excess Proceeds. The Security Trustee shall not be required to pay such amounts to the CBC. However, the receipt by the Security Trustee of any Excess Proceeds shall not reduce or discharge any of the obligations of the CBC under the Guarantee.

(b) *CBC Events of Default*

A "**CBC Acceleration Notice**" means a notice from the Security Trustee in writing to the CBC, copied to the Issuer, that each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and, through the Guarantee, as against the CBC, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed and after delivery of such CBC Acceleration Notice, the Security shall become enforceable.

The Security Trustee at its discretion may, and, if so directed by a Programme Resolution, shall give a CBC Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each a "**CBC Event of Default**") shall occur and be continuing:

- (i) a default is made by the CBC under the Guarantee for a period of seven (7) calendar days or more in the payment of any principal or redemption amount, or for a period of fourteen (14) calendar days or more in the payment of any interest when due; or
- (ii) a default is made in the performance or observance by the CBC of any material obligation binding upon it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Trust Deed, the Pledge Agreements or any other Transaction Document to which the CBC is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of remedy) shall continue for more than thirty (30) calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied shall have been given to the CBC by the Security Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the CBC; or
- (iv) the CBC ceases to carry on its business or substantially all its business; or
- (v) a liquidator, receiver or other similar officer is appointed in relation to the CBC or in relation to the whole or any major part of its assets or a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) or other process is levied or enforced upon or sued out against the whole or any major part of its assets or the CBC initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or suspension of payments (*surseance van betaling*), or equivalent or analogous proceedings under any applicable law, or makes a conveyance, assignment or equivalent or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (vi) the CBC is adjudged or found bankrupt (*failliet*) or equivalent or analogous judgments or measures under any applicable law, are imposed on the CBC; or
- (vii) the Guarantee is not, or is claimed by the CBC not to be, in full force and effect; or
- (viii) the Amortisation Test as set out in the Asset Monitoring Agreement is not satisfied on any Calculation Date following the service of a Notice to Pay,

provided that in case an event described in paragraph (ii) above shall occur, the Security Trustee shall only deliver a CBC Acceleration Notice if it shall have certified in writing to the CBC that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following the occurrence of a CBC Event of Default which is continuing and service of a CBC Acceleration Notice, the Security shall become enforceable and the Security Trustee may or shall take proceedings or steps against the Issuer and the CBC in accordance with Condition 10(c) (*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.

As used in these Conditions:

**"Calculation Date"** means the date falling two (2) 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 June 2022 and thereafter, each period from (and including) the first day of each month to the last day of that same month.

**"CBC Payment Date"** means the 17<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 Security Trustee may at any time after service of an Issuer Acceleration Notice (in the case of the Issuer) or a CBC Acceleration Notice (in the case of both the Issuer and the CBC), at its discretion and without further notice, take such proceedings in accordance with the relevant provisions under Dutch law against the Issuer and/or the CBC, as the case may be, to enforce the provisions of the Trust Deed, the Covered Bonds and the Coupons, the Pledge Agreements and any other security rights of the Security Trustee on the Transferred Assets (if any) and the other Transaction Documents (the **"Security"**), but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds or the Coupons, the Security or any other Transaction Document unless (i) it shall have been so directed by a Programme Resolution and (ii) it shall have been indemnified and/or secured to its satisfaction.

(d) *No action by Covered Bondholders or Couponholders*

Subject to the provisions of the Trust Deed, only the Security Trustee may enforce the provisions of the Covered Bonds and the Transaction Documents. Neither the Covered Bondholders nor any other person shall be entitled to proceed directly against the Issuer or the CBC to enforce any provision of the Covered Bonds and/or the Transaction Documents, unless the Security Trustee fails to take any steps to enforce the Security in accordance with the Trust Deed within a reasonable time and such failure is continuing. All limitations and restrictions imposed under or by virtue of the Trust Deed, the Covered Bonds or any other Transaction Document on the Security Trustee in relation to the enforcement of rights and the availability of remedies, shall *mutatis mutandis* also fully apply to such Secured Parties.

Neither the Covered Bondholders nor the Security Trustee may institute against, or join any person in instituting any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding against the CBC until the expiry of a period of at least one (1) year after the latest maturing Covered Bond is paid in full. The only remedy of the Security Trustee against the CBC after a CBC Acceleration Notice has been given pursuant to this Condition 10 (*Events of Default and Enforcement*) is to enforce the Security.

(e) *Limited Recourse*

The recourse of the Covered Bondholders and the Couponholders against the CBC pursuant to the Guarantee is limited. Covered Bondholder will have a right of recourse (*verhaalsrecht*) only in respect of the Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the CBC's other assets.

No amounts under the Covered Bonds and the Transaction Documents shall be due and payable by the CBC or, as the case may be, the Security Trustee, except (i) in accordance with the Trust Deed and (ii) unless and until all amounts thereby required to be paid in priority thereto have been paid or discharged in full.

In the event that the Security has been fully enforced and the proceeds of such enforcement and any other amounts received by the Security Trustee, after payment of all claims ranking in priority to any Covered Bonds or Coupons of any Series in accordance with the Trust Deed, are insufficient to pay in full all amounts outstanding in respect of the Covered Bonds or Coupons, then the Covered Bondholders or Couponholders shall have no further claim against the CBC or the Security Trustee in respect of such unpaid amount.

## **11. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS**

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

## **12. PAYING AGENTS AND REGISTRAR**

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

The Issuer or the CBC, as the case may be, is entitled, with the prior written approval of the Security Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent and the Registrar and/or appoint additional or other Paying Agents or Registrars and/or approve any change in the specified office through which any Paying Agent or Registrar acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) as long as any Registered Covered Bonds are outstanding, there will at all times be a Registrar; and
- (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.

Any variation, termination, appointment or change shall only take effect (other than in the case of a bankruptcy, an insolvency or any equivalent or analogous proceeding, when it shall be of immediate effect) after not less than thirty (30) nor more than forty-five (45) days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Paying Agents and the Registrar act solely as agents of the Issuer and the CBC and, in certain circumstances specified therein, of the Security Trustee and do not assume any obligation to, or relationship of agency with, any Covered Bondholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent or the Registrar is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent or registrar.

## **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date or the Specified Interest Payment Date or the Specified Period, as the case may be, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*). Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

## **14. NOTICES**

All notices regarding the Covered Bonds shall be published in a daily newspaper of wide circulation in the Netherlands and in the English language in the Financial Times or such other newspaper of wide circulation in Europe as long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system, such notice shall be published in such place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system.

Until any Definitive Covered Bonds are issued and as long as the Global Covered Bond(s) is or are held in its or their entirety with a depository or a common depository or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or with Euroclear Nederland, any notice may also be made via such depository or such common depository or such common safekeeper on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system and/or with Euroclear Nederland (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit). Any such notice shall be deemed to have been given to the Covered Bondholders on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or Euroclear Nederland and/or any other relevant clearing system.

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

## **15. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION AND WAIVER**

The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds of such Series or the related Coupons or of any of the Transaction Documents (subject as provided below and in the Trust Deed). Such a meeting may be convened by the Issuer, the CBC or the Security Trustee and shall be convened by the Issuer if required in writing by Covered Bondholders of a Series holding not less than fifteen (15) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being remaining outstanding. The quorum at any such meeting in respect of any Series for passing an Extraordinary Resolution (other than a Programme Resolution to be taken by an Extraordinary Resolution) is: one or more persons holding or representing not less than seventy-five (75) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders of such Series whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented.

Any modification of the Covered Bonds of a Series, which the Security Trustee deems to be materially prejudicial to the interest of Covered Bondholders of other Series, may not become effective, unless the Covered Bondholders of such other Series of Covered Bonds have agreed thereto.

An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series. Pursuant to the Trust Deed, the Security Trustee may convene a single meeting of the Covered Bondholders of more than one Series if in the opinion of the Security Trustee there is no conflict between the holders of such Covered Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

Any such meeting of Covered Bondholders may be convened as a physical meeting or as a hybrid meeting, being a combination of a physical and a virtual meeting or with the consent of the Security Trustee as a virtual meeting only, if allowed at such time pursuant to applicable laws, pursuant to the provisions in the Trust Deed.

Notwithstanding the preceding paragraphs of this Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*), any resolution to direct the Security Trustee (i) to accelerate the Covered Bonds pursuant to Condition 10 (*Events of Default and Enforcement*); (ii) to take any enforcement action, or (iii) to remove or replace the Security Trustee's Director shall only be capable of being passed by a Programme Resolution. The Security Trustee may determine that other Extraordinary Resolutions shall only be capable of being passed by a Programme Resolution at its absolute discretion if in the opinion of the Security Trustee the relevant matter will materially affect all Covered Bondholders. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the CBC or the Security Trustee or by Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution (including by means of an Extraordinary Resolution) is one or more persons holding or representing more than 50 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or

representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders in respect of such Series.

The Security Trustee, the Issuer and the CBC may also agree, without the consent of the Covered Bondholders or Couponholders of any Series, to:

- (a) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or any of the other Secured Parties (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party), (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid) and (iii) the Rating Agency has been notified in respect of such modification; or
- (b) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee or to comply with its EMIR obligations or to comply with mandatory provisions of law or in connection with a Benchmark Event in accordance with the procedures set forth in Condition 5(B)(ii)(d) or in connection with an €STR Index Cessation Event in accordance with the procedures set forth in Condition 5(B)(ii)(c); or
- (c) any modification to the Covered Bonds of one or more Series, the related Coupons, and/or any Transaction Documents, required or necessary in connection with any change, after the relevant Issue Date, to any laws or regulation (including but not limited to the laws and regulations of the Netherlands and the European Union) applicable or relevant with respect to covered bonds (*gedekte obligaties*) to ensure that the Issuer, the CBC and/or Covered Bondholders enjoy the full benefits of such legislation; or
- (d) any modification to the Transaction Documents which are in the opinion of the Issuer and the Security Trustee necessary in order to transfer title (and if applicable obligations) in respect of Eligible Assets to the CBC and/or to create security in respect thereof in favour of the Security Trustee, provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or any of the other Secured Parties (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party), (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid) and (iii) the Security Trustee has received a Rating Agency Confirmation in respect of such modification; or
- (e) any modification to the Eligibility Criteria which is in the opinion of the Security Trustee not materially prejudicial to the existing Covered Bondholders of any Series;
- (f) the replacement of the Rating Agency by another internationally recognised Rating Agency, which is registered under the CRA Regulation.

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

Any such modification, waiver, authorisation or determination shall be binding on all Covered Bondholders of all Series for the time being outstanding, the related Couponholders and the other Secured Parties, and unless the Security Trustee otherwise agrees, any such modification, waiver, authorisation or determination will be notified by the Issuer to the Covered Bondholders of all Series for the time being outstanding, the other Secured Parties and the Rating Agencies in accordance with the relevant terms and conditions as soon as practicable thereafter (which may include uploading the amended Transaction Documents on the website of the Issuer).

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Security Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Security Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the CBC, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 8 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Security Trustee shall, as regards all the powers, authorities, duties and discretions vested in it by the Covered Bonds or the other Transaction Documents or, except where expressly provided otherwise, have regard to the interests of both the Covered Bondholders and the other Secured Parties, but if, in the Security Trustee's sole opinion, there is a conflict between their interests, it will have regard solely to the interests of each Secured Party, including, but not limited to, the Covered Bondholders, in accordance with the relevant Priority of Payments.

The Issuer may, without the consent of the Covered Bondholders of any Series or any Coupons relating thereto, or any other Secured Party consolidate with, merge or amalgamate into or transfer their respective assets substantially as an entirety to, any corporation organised under Dutch law, or any political subdivision thereof, provided that (i) a certificate of two authorised signatories of the Issuer and the CBC is delivered to the Security Trustee to the effect that immediately after giving effect to such transaction no Issuer Event of Default and no CBC Event of Default, respectively, will have happened and be continuing and (ii) unless the Issuer is the surviving entity, the Issuer shall procure that the surviving or transferee company assumes its obligations as Issuer under the Trust Deed, each other Transaction Document and all of the outstanding Covered Bonds of all Series, in place of the Issuer and (iii) in the case of an assumption of the obligations of the Issuer by a successor or transferee company, the Guarantee of the CBC is fully effective on the same basis in relation to the obligations of such successor or transferee company and (iv) certain other conditions set out in the Trust Deed are met. Upon the assumption of the obligations of the Issuer by such surviving or transferee company, the predecessor Issuer shall (subject to the provisions of the Trust Deed) have no further liabilities under or in respect of the Trust Deed or the outstanding Covered Bonds of each Series then outstanding or any Coupons appertaining thereto and the other Transaction Documents. Any such assumption shall be subject to the relevant provisions of the Trust Deed. The Trust Deed provides that any such assumption shall be notified to the holders of all Series in accordance with the relevant terms and conditions of such Covered Bonds and the other Secured Parties.

As used in these Conditions:

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

**"Programme Resolution"** means either:

- (a) a written resolution of the holders of not less than fifty (50) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding as if they were a single Series; or
- (b) an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series).

"**Security Trustee's Director**" means IQ EQ Structured Finance B.V. and/or such other person(s) who may be appointed as director(s) (*bestuurder*) of the Security Trustee from time to time.

## 16. SECURITY TRUSTEE

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

The Security Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Transferred Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Trustee. The Security Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Transferred Assets, including, without limitation, whether the Transferred Assets are in compliance with the Asset Cover Test or the Amortisation Test; or (iv) monitoring whether Mortgage Receivables (and any other Transferred Assets) satisfy the applicable Eligibility Criteria or such other criteria as may be agreed with the CBC and subject to Rating Agency Confirmation in relation to other Transferred Assets. The Security Trustee will not be liable to any Covered Bondholder or other Secured Party for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the security rights and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the security rights it holds and the Transaction Documents.

## 17. SUBSTITUTION OF THE ISSUER

(a) The Issuer may, subject to Rating Agency Confirmation and without the consent of the Covered Bondholders or Couponholders in respect of each Series of Covered Bonds on which no payment of principal of or interest on any of the Covered Bonds is in default and after written approval of DNB, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Covered Bonds and the relative Coupons provided that:

(i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (for the purposes of this Condition the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Covered Bondholder and Couponholder to be bound by the Terms and Conditions of the Covered Bonds and the provisions of the Transaction Documents as fully as if the Substituted Debtor had been named in the Covered Bonds, and the relative Coupons and the Transaction Documents as the principal debtor in respect of the Covered Bonds and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (for the purposes of this Condition the "**Substituted Debtors Guarantee**") in favour of each Covered Bondholder and each holder of the relative Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8 (*Taxation*)) payable in respect of the Covered Bonds and the relative Coupons;

(ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Covered Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 (*Taxation*) with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Covered Bondholder and Couponholder against all liabilities, costs, charges and expenses, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Covered Bondholder or Couponholder by any political sub-division or taxing authority of any country in which such Covered Bondholder or Couponholder

resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution (including as required under the CB Regulations) and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Covered Bondholder;
  - (iv) each stock exchange which has Covered Bonds listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Covered Bonds would continue to be listed on such stock exchange;
  - (v) the Substituted Debtor shall have delivered to the Security Trustee or procured the delivery to the Security Trustee of a legal opinion from a leading law firm in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Covered Bonds and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three (3) days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent; and
  - (vi) the Issuer shall have delivered to the Security Trustee or procured the delivery to the Security Trustee of a legal opinion from a Dutch law firm to the effect that the Documents (including the Substituted Debtors Guarantee) will constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer, as the case may be, such opinion to be dated not more than three (3) days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Covered Bondholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Covered Bondholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Covered Bonds and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Covered Bonds and the relative Coupons as the principal debtor in place of the Issuer and the Covered Bonds and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Covered Bonds and the relative Coupons save that any claims under the Covered Bonds and the relative Coupons prior to release shall ensure for the benefit of Covered Bondholders and Couponholders.
- (d) The Documents shall be deposited with and held by the Principal Paying Agent for so long as any Covered Bonds or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Covered Bondholder or Couponholder in relation to the Covered Bonds or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Covered Bondholder and Couponholder to the production of the Documents for the enforcement of any of the Covered Bonds or the relative Coupons or the Documents.
- (e) Not later than fifteen (15) business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Covered Bondholders in accordance with Condition 14 (Notices).

## **18. FURTHER ISSUES**



The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

## 19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Covered Bonds and the Transaction Documents (except for the Swap Agreements) are governed by, and shall be construed in accordance with, Dutch law.

Any disputes arising out of or in connection with the Covered Bonds, including any disputes relating to any non-contractual obligations arising out of or in connection with the Covered Bonds shall be submitted to the exclusive jurisdiction of the competent courts of Amsterdam, the Netherlands.

## 20. TERMS AND CONDITIONS OF REGISTERED COVERED BONDS

- 20.1 If the applicable Final Terms specify that Registered Covered Bonds are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Conditions 1 to and including 19 above. In the event of any inconsistency between Conditions 1 to and including 19 and this Condition 20, this Condition 20 will prevail with regard to Registered Covered Bonds.
- 20.2 Registered Covered Bonds are registered claims (*vorderingen op naam*) which will be issued to each holder by a Registered Covered Bonds Deed. The holder of a Registered Covered Bond is the creditor of the relevant registered claim and "**Covered Bondholder**" shall be construed accordingly, provided that if the provision at the end of Condition 20.3 applies, the transferee shall, from the moment the transfer takes effect be treated as a Covered Bondholder for all purposes, without prejudice to any entitlement of the transferor pursuant to Condition 20.5.
- 20.3 Under Dutch law, the valid transfer of Covered Bonds requires, among other things, delivery (*levering*) thereof, which in the case of Registered Covered Bonds is effected by assignment (*cessie*) of both the rights under the Registered Covered Bonds and the corresponding rights under the Guarantee by execution of a deed of assignment (*akte*) between the transferor and the transferee and notification (*mededeling*) thereof to the Issuer, the CBC and the Registrar. A form of deed of assignment and notification is attached to each Registered Covered Bonds Deed. Registered Covered Bonds may be transferred in whole, but not in part, provided that the 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.
- 20.4 The Issuer shall procure that a register be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). The Registrar shall register details of any holder of Registered Covered Bonds in the Register and amend the Register to reflect any transfer and/or redemption of Registered Covered Bonds.
- 20.5 Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount at the close of business of the business day prior to the due date of such payments (the "**Record Date**"). If any Registered Covered Bondholder transfers any Registered Covered Bonds in accordance with Condition 20.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the Record Date, the Issuer, the CBC and the Security Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Security Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with this Condition.
- 20.6 Notices to holders of Registered Covered Bonds shall be mailed, e-mailed or faxed to them at their respective addresses as recorded in the Register and shall be deemed to have been given on the fourth Business Day (being a day other than a Saturday or a Sunday) following the date of mailing, e-mailing or faxing in case the actual receipt of the mail, e-mail or fax has not occurred by then.

## TAXATION IN THE NETHERLANDS

### TAX WARNING

Potential investors and sellers of Covered Bonds should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Covered Bonds are transferred or other jurisdictions. In addition, payments of interest on the Covered Bonds, or income derived from the Covered Bonds, may become subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Covered Bonds, or in other jurisdictions in which the holder of Covered Bonds is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Covered Bonds.

**Prospective investors should carefully consider the tax consequences of investing in the Covered Bonds and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.**

### MATERIAL DUTCH TAX CONSIDERATIONS

#### General

The following summary describes certain material Dutch tax consequences of the acquisition, holding, redemption and disposal of Covered Bonds, which term, for the purpose of this summary, includes Coupons and Talons. This summary does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant to a Covered Bondholder or prospective Covered Bondholder and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, this general summary should be treated with corresponding caution.

This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date of this Base Prospectus, and all of which are subject to change, possibly with retroactive effect. Where the summary refers to "the Netherlands" or "Dutch" it refers only to the part of the Kingdom of the Netherlands located in Europe.

This discussion is for general information purposes only and is not Dutch tax advice or a complete description of all Dutch tax consequences relating to the acquisition, holding, redemption and disposal of the Covered Bonds. Covered Bondholders or prospective Covered Bondholders should consult their own tax advisers regarding the tax consequences relating to the acquisition, holding, redemption and disposal of the Covered Bonds in light of their particular circumstances.

#### Withholding Tax

All payments made by or on behalf of the Issuer under the Covered Bonds may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, except that Dutch withholding tax at a rate of 25.8 per cent. (rate for 2022) may apply with respect to payments of interest made or deemed to be made by or on behalf of the Issuer, if the interest payments are made or deemed to be made to an entity related to the Issuer (within the meaning of the Dutch Withholding Tax Act 2021; *Wet bronbelasting 2021*) (see below), if such related entity:

- (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*) (a "**Listed Jurisdiction**"), or
- (ii) has a permanent establishment located in a Listed Jurisdiction to which the interest payment is attributable, or
- (iii) is entitled to the interest payment for the main purpose or one of the main purposes to avoid taxation for another person or entity and there is an artificial arrangement or transaction or a series of artificial arrangements or transactions, or

- (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another entity as the recipient of the interest (a hybrid mismatch), or
- (v) is not resident in any jurisdiction (also a hybrid mismatch), or
- (vi) is a reverse hybrid (within the meaning of Article 2(12) of the Dutch Corporate Income Tax Act; *Wet op de vennootschapsbelasting 1969*), if and to the extent (x) there is a participant in the reverse hybrid holding a Qualifying Interest (as defined below) in the reverse hybrid, (y) the jurisdiction of residence of the participant holding the Qualifying Interest in the reverse hybrid treats the reverse hybrid as transparent for tax purposes and (z) such participant would have been subject to Dutch withholding tax in respect of the payments of interest without the interposition of the reverse hybrid,

all within the meaning of the Dutch Withholding Tax Act 2021.

#### *Related entity*

For purposes of the Dutch Withholding Tax Act 2021, an entity is considered an entity related to the Issuer if:

- (i) such entity has a Qualifying Interest (as defined below) in the Issuer;
- (ii) the Issuer has a Qualifying Interest in such entity; or
- (iii) a third party has a Qualifying Interest in both the Issuer and such entity.

The term "**Qualifying Interest**" means a directly or indirectly held interest – either by an entity individually or jointly if an entity is part of a collaborating group (*samenwerkende groep*) – that enables such entity or such collaborating group to exercise a definite influence over another entity's decisions and allows it to determine the other entity's activities (within the meaning of case law of the European Court of Justice on the right of freedom of establishment (*vrijheid van vestiging*)).

#### **Taxes on income and capital gains**

Please note that the summary in this section does not describe the Dutch tax consequences for:

- (i) a holder of Covered Bonds, if such holder has a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of an individual, together with such holder's partner (for Dutch income tax purposes, or any relatives by blood or marriage in the direct line (including foster children)), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), tax exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (each as defined in the Dutch Corporate Income Tax Act 1969) and other entities that are, in whole or in part, not subject to or exempt from Dutch corporate income tax; and
- (iii) a holder of Covered Bonds if such holder is an individual for whom the Covered Bonds or any benefit derived from the Covered Bonds are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Dutch Income Tax Act 2001).

#### *Dutch Resident Entities*

Generally speaking, if the Covered Bondholder is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes (a "**Dutch Resident Entity**"), any income derived or deemed to be derived

from the Covered Bonds or any capital gains realised on the disposal or deemed disposal of the Covered Bonds is subject to Dutch corporate income tax at a rate of 15 per cent. with respect to taxable profits up to EUR 395,000 and 25.8 per cent. with respect to taxable profits in excess of that amount (tax rates and brackets as applicable for 2022).

#### *Dutch Resident Individuals*

If a Covered Bondholder is an individual, resident or deemed to be resident of the Netherlands for Dutch income tax purposes (a "**Dutch Resident Individual**"), any income derived or deemed to be derived from the Covered Bonds or any capital gains realised on the disposal or deemed disposal of the Covered Bonds is subject to the Dutch income tax at progressive rates (with a maximum of 49.5 per cent. in 2022), if:

- (a) the Covered Bonds are attributable to an enterprise from which the Covered Bondholder derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Dutch Income Tax Act 2001); or
- (b) the Covered Bondholder is considered to perform activities with respect to the Covered Bonds that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or otherwise derives benefits from the Covered Bonds that are taxable as benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*).

#### *Income from savings and investments*

If the above-mentioned conditions (a) and (b) do not apply to the Dutch Resident Individual, the Dutch Resident Individual's net investment assets (*rendementsgrondslag*) for the year, will be subject to an annual Dutch income tax on a deemed return (with a maximum of 5.53 per cent. in 2022) under the regime for savings and investments (*inkomen uit sparen en beleggen*) insofar the Dutch Resident Individual's net investment assets for the year exceed a statutory threshold (*heffingvrij vermogen*). The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Covered Bonds are included as investment assets. For the net investment assets on 1 January 2022, the deemed return ranges from 1.82 per cent. up to 5.53 per cent. (depending on the aggregate amount of the net investment assets of the Dutch Resident Individual on 1 January 2022). The deemed return will be adjusted annually on the basis of historic market yields.

The deemed return on the Dutch Resident Individual's net investment assets for the year is taxed at a flat rate of 31% (rate for 2022). Actual income or capital gains realized in respect of the Covered Bonds are as such not subject to Dutch income tax.

*On 24 December 2021, the Dutch Supreme Court ruled that the Dutch income tax levy on savings and investments, in 2017 and 2018, violated the European Convention on Human Rights. The tax consequences of the Dutch Supreme Court ruling are not immediately clear. The Dutch Government intends to start calculating the taxation on savings and investments on actual returns realized from savings and investments (instead of on a deemed return) starting in 2025. The Dutch Supreme Court ruling could make the Dutch Government move faster on the issue. Prospective investors should carefully consider the tax consequences of this Dutch Supreme Court ruling and consult their own tax adviser about their own tax situation.*

#### *Non-residents of the Netherlands*

A Covered Bondholder that is neither a Dutch Resident Entity nor a Dutch Resident Individual will not be subject to Dutch (corporate) income tax in respect of any income derived from or deemed to be derived from the Covered Bonds or in respect of any gain or loss realised on the disposal or deemed disposal of the Covered Bonds, provided that:

- (a) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Dutch Income Tax Act 2001 and the Dutch Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Covered Bonds are attributable; and
- (b) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Covered Bonds that go beyond ordinary asset management and does not otherwise derive benefits from the Covered Bonds that are taxable as benefits from miscellaneous activities in the Netherlands.

#### **Gift and inheritance taxes**

#### *Residents of the Netherlands*

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Covered Bonds by way of a gift by, or on the death of, a holder of such Covered Bonds who is resident or deemed resident of the Netherlands at the time of the gift or such holder's death.

#### *Non-residents of the Netherlands*

No Dutch gift or inheritance taxes will arise on the transfer of Covered Bonds by way of gift by, or on the death of, a Covered Bondholder who is neither resident nor deemed to be resident in the Netherlands, unless:

- (a) in the case of a gift of a Covered Bond by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 calendar days after the date of the gift, while being resident or deemed to be resident in the Netherlands;
- (b) in the case of a gift of a Covered Bond is made under a condition precedent, the holder of the Covered Bonds is resident or is deemed to be resident of the Netherlands at the time the condition is fulfilled; or
- (c) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident of the Netherlands.

For purposes of Dutch gift and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten (10) years preceding the date of the gift or such person's death. Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve (12) months preceding the date of the gift. Applicable tax treaties may override deemed residency.

#### **Value added tax (VAT)**

No Dutch VAT will be payable by a holder of Covered Bonds on (i) any payment in consideration for the issue of the Covered Bonds or (ii) the payment of interest or principal by the Issuer under the Covered Bonds.

#### **Other taxes and duties**

No Dutch registration tax, stamp duty or any other similar documentary tax or duty will be payable by a holder of Covered Bonds in respect of (i) the issue of the Covered Bonds or (ii) the payment of interest or principal by the Issuer under the Covered Bonds.

## SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement, agreed with the Issuer and the CBC a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated in the Terms and Conditions and under '*Form of Covered Bonds*'. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme.

### 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 EEA. For the purposes of this provision:

- (i) the expression "retail investor" means a person who is one (or more) of the following:
  - (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
  - (b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
  - (c) not a qualified investor as defined in the Prospectus Regulation; and
- (ii) 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 for the Covered Bonds.

### Prohibition of sales to UK 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 United Kingdom. For the purposes of this provision:

- (i) the expression retail investor means a person who is one (or more) of the following:
  - (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
  - (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the laws of the United Kingdom by virtue of the EUWA; or
  - (c) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the laws of the United Kingdom by virtue of the EUWA; and
- (ii) the expression an 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 for the Covered Bonds.

### *Other UK selling restrictions*

Each Dealer has represented and agreed and each further Dealer appointed will be required to represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not or, would not, if it was not an authorised person, apply to the Issuer or the CBC; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

## 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 Bond 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 regulation.

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 Bond or distribute copies of this Base Prospectus and any other document relating to the Covered Bonds in the Republic of Italy except:

- i. to "qualified investors", as defined in the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February, 1998, as amended (the "**Financial Law**") and/or Italian CONSOB regulations; or
- ii. in any other circumstances which are exempted from the rules on public offerings pursuant to the Prospectus Regulation and in accordance with any applicable Italian laws and regulations.

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:

- (a) 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;
- (b) 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 as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations or 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, the Prospectus Regulation and Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, Article 100-bis of Decree No. 58 provides that 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 the Prospectus Regulation or Decree No. 58 applies.

## United States

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

The Covered Bonds that are in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and U.S. Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed will be required to represent and agree, that it will not offer, sell or deliver the Covered Bonds (i) as part of its distribution at any time or (ii) otherwise until forty (40)

days after the beginning of what is defined in Rule 902 of Regulation S as a Distribution Compliance Period. Each Dealer has also represented and agreed that it will have sent to each distributor, Dealer or person receiving a selling concession, fee or other remuneration to which it sells Covered Bonds during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

### **Japan**

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **The Netherlands/All issues**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that as long as it does not have the benefit of a licence or exemption as an investment firm of the relevant type pursuant to the Wft, it shall not offer any Covered Bonds or distribute this Base Prospectus or any circulars, offer documents or information relating to the Issuer or the Covered Bonds in the Netherlands.

### **Belgium**

Other than in respect of Covered Bonds for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a Belgian Consumer) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

### **Zero Coupon Covered Bonds**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that Zero Coupon Covered Bonds (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations, provided that no such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Covered Bond in global form, or (b) in respect of the initial issue of Zero Coupon Covered Bonds in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Covered Bonds in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of such Zero Coupon Covered Bonds within, from or into the Netherlands if all Zero Coupon Covered Bonds (either in definitive form or as rights representing an interest in a Zero Coupon Covered Bond in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. As used herein "**Zero Coupon Covered Bonds**" are Bearer Covered Bonds that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### **General**

Each Dealer has agreed and each further Dealer appointed will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.



Neither the Issuer nor any Dealer shall represent, nor any further Dealer appointed will be required to represent, that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions set out in the applicable Final Terms.

## **USE OF PROCEEDS**

Unless specified otherwise in the applicable Final Terms, the net proceeds from each issue of Covered Bonds will be used by the Issuer for (i) its general corporate purposes or (ii) such other purposes as further specified in the Final Terms. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## CREDIT RATINGS

It is a condition precedent for the first issue of Covered Bonds under the Programme that the Covered Bonds on issue be assigned the highest rating by one or more Rating Agencies (currently S&P). Each further issue of a Series of Covered Bonds will have ratings equal to the then current rating assigned to the outstanding Series of Covered Bonds.

### S&P Credit Rating Definitions

*The following text is an extract from S&P Global Rating as published by S&P on 10 November 2021.*

#### Long-Term Issue Credit Ratings

Long-Term Issue Credit Ratings*	
Category	Definition
AAA	An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.
AA	An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong.
A	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.
BB, B, CCC, CC, and C	Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.
BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.
CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is

not likely to have the capacity to meet its financial commitments on the obligation.

**CC** An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

**C** An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.

**D** An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed debt restructuring.

**\*Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.**

### Short-Term Issue Credit Ratings

#### Short-Term Issue Credit Ratings

Category	Definition
A-1	A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.
A-2	A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitments on the obligation is satisfactory.
A-3	A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken an obligor's capacity to meet its financial commitments on the obligation.
B	A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments.

C A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation.

D A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed debt restructuring.

### Long-Term Issuer Credit Ratings

#### Long-Term Issuer Credit Ratings\*

Category	Definition
AAA	An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P Global Ratings.
AA	An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
A	An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
BBB	An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.
BB, B, CCC, and CC	Obligors rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.
BB	An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments.
B	An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

**CCC** An obligor rated 'CCC' is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.

**CC** An obligor rated 'CC' is currently highly vulnerable. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

**SD and D** An obligor is rated 'SD' (selective default) or 'D' if S&P Global Ratings considers there to be a default on one or more of its financial obligations, whether long- or short-term, including rated and unrated obligations but excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. A rating on an obligor is lowered to 'D' or 'SD' if it is conducting a distressed debt restructuring.

**\*Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.**

### Short-Term Issuer Credit Ratings

Short-Term Issuer Credit Ratings	
Category	Definition
A-1	An obligor rated 'A-1' has strong capacity to meet its financial commitments. It is rated in the highest category by S&P Global Ratings. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong.
A-2	An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.
A-3	An obligor rated 'A-3' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.
B	An obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments.
C	An obligor rated 'C' is currently vulnerable to nonpayment that would result in an 'SD' or 'D' issuer rating and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.

**SD and D** An obligor is rated 'SD' (selective default) or 'D' if S&P Global Ratings considers there to be a default on one or more of its financial obligations, whether long- or short-term, including rated and unrated obligations but excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. A rating on an obligor is lowered to 'D' or 'SD' if it is conducting a distressed debt restructuring

## **CREDITWATCH, RATING OUTLOOKS, LOCAL CURRENCY AND FOREIGN CURRENCY RATINGS**

The following section explains CreditWatch and rating outlooks and how they are used. Additionally, this section explains local currency and foreign currency ratings.

### **A. CreditWatch**

CreditWatch highlights S&P's opinion regarding the potential direction of a short-term or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P Global Ratings' analytical staff. Ratings may be placed on CreditWatch under the following circumstances:

- When an event has occurred or, in S&P's view, a deviation from an expected trend has occurred or is expected and when additional information is necessary to evaluate the current rating. Events and short-term trends may include mergers, recapitalizations, voter referendums, regulatory actions, performance deterioration of securitized assets, or anticipated operating developments.
- When S&P believes there has been a material change in performance of an issue or issuer, but the magnitude of the rating impact has not been fully determined, and S&P believes that a rating change is likely in the short-term. For example, a group of transactions may be placed under such surveillance as the result of identified performance deterioration until S&P complete its analysis of the magnitude of the rating impact, normally within 90 days.
- A change in criteria has been adopted that necessitates a review of an entire sector or multiple transactions and S&P believes that a rating change is likely in the short-term.

A CreditWatch listing, however, does not mean a rating change is inevitable, and when appropriate, a range of potential alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. A CreditWatch carries one of the following designations to indicate the potential direction of a rating:

- Positive: a rating may be raised.
- Negative: a rating may be lowered.
- Developing: a rating may be raised, lowered, or affirmed.

### **B. Rating Outlooks**

An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over the intermediate term, which is generally up to two years for investment grade and generally up to one year for speculative grade. In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. An outlook can be one of the following.

- Positive: that a rating may be raised.
- Negative: that a rating may be lowered.
- Stable: that a rating is not likely to change.
- Developing: a rating may be raised, lowered, or affirmed.

## COVERED BOND LEGISLATION AND COMPLIANCE WITH UCITS AND/OR CAPITAL REQUIREMENTS DIRECTIVE

### *Description of the Dutch Covered Bond Regulations*

In 2008, the Netherlands introduced a legal framework for regulated covered bonds which was replaced as of 1 January 2015 by a new framework. The applicable Dutch covered bond law and regulations relating to the legal requirements for the issuance of legal covered bonds as amended from time to time (the "**CB Regulations**") aim to provide more safeguards to covered bondholders, while respecting other interests that are connected with the issuance of covered bonds, such as avoiding an undesirable degree of asset encumbrance.

The CB Regulations apply to the issuance of DNB-registered covered bonds, which are bonds included in the list made publicly available pursuant to Article 52(4) of the UCITS Directive or, where such registration has not yet occurred, a covered bond which is registered by DNB in accordance with the CB Regulations. Therefore, like any other issuance of debt instruments and legal transfers of assets made in accordance with Dutch law, the issuance of a DNB-registered covered bond and the legal transfer of cover assets are subject to the provisions of the Dutch Civil Code and the Dutch Bankruptcy Code.

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The CB Regulations include various requirements relating to issuers, owners of the asset pool, eligible assets and the contractual arrangements made in respect of such assets. The CB Regulations also require a valid safeguarding or sufficient cover assets for holders of DNB-registered covered bonds. Furthermore, the issuer must be a licensed bank with its registered address in the Netherlands.

As a main principle the CB Regulations require that DNB-registered covered bonds will have to comply with the conditions for preferential treatment of Article 52(4) UCITS Directive. In addition, the CB Regulations also include mandatory compliance with Article 129 CRR.

The CB Regulations require a minimum level of overcollateralisation of 5 per cent. This means that the nominal value of the cover assets must be 105 per cent. of the nominal value of the outstanding covered bonds under the relevant programme (or such other percentage as may be required from time to time under the CB Regulations). An additional collateralisation requirement, which is calculated separately, is that the nominal size of the cover assets taking into account the cut-off rules for collateralised assets of Article 129 CRR is at least equal to the nominal value of the outstanding covered bonds. The Issuer as part of the programme undertakes as part of the Asset Cover Test that it will meet the requirements pursuant to the Wft in respect of the collateralisation of the Covered Bonds, including, that (i) the First Regulatory Current Balance Amount will always be at least equal to 105 per cent., or such other percentage as may be required from time to time under the CB Regulations, of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding and (ii) the Second Regulatory Current Balance will always be at least equal to 100 per cent. (or such other percentage as may be required from time to time under the CB Regulations) of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (see section 15 (*Asset Monitoring*)).

An issuer is required to ensure that the owner of the asset pool maintains a liquidity buffer that covers interest payments, principal payments and senior costs that will be due in the coming six (6) months. If an extension period of at least six (6) months is included, (as in this Programme), no liquidity buffer needs to be held for principal payments. Liquid assets are public sector loans and exposures to institutions as defined in Article 129 CRR. The Issuer will comply with this requirement by ensuring that the Mandatory Liquidity Required Amount will be deposited on the Reserve Account.

There are strict criteria as to which assets may be included in an asset pool for the purposes of a DNB-registered covered bond and are limited to the assets listed in Article 129 CRR under (a), (b), (d) sub (i), (e), (f) sub (i) and (g), i.e. public sector loans, residential real estate loans, commercial real estate loans, and shipping loans, subject to certain limitations. The issuer must choose which asset class it primarily includes in the programme. In addition, up to 20 per cent. of the



outstanding covered bonds under a program may be covered by substitution assets. These are the liquid assets that are allowed under CRR: public sector exposures and exposures to institutions. Residential mortgage backed securities and commercial mortgage backed securities are excluded as cover assets. The Eligibility Criteria require that the Issuer only includes residential real estate loans as primary assets and the definition of Substitution Assets complies with the CB Regulations.

The CB Regulations include rules on valuation of cover assets. As a main rule, cover assets will be valued at their nominal value. Substitution assets will have to be valued at market value according to an internationally accepted accountancy standard. Several categories of assets will be awarded no value when applying the overcollateralisation and liquidity requirements are met:

- defaulted loans, as defined by Article 178 CRR;
- assets which are the subject of a sub-participation or similar arrangement up to an amount to which a third party has an entitlement to (part of) such assets; and
- assets that consist of exposures of the CBC on the issuer or entities of the same group.

Issuers are required to appoint an external auditor as asset monitor which will have to perform agreed upon procedures of certain aspects of the administration and valuation process on the cover assets. More specifically, the external auditor has to:

- perform an agreed upon procedure on the calculation of the legal overcollateralisation requirements; and
- perform an agreed upon procedure on the calculation of the legal liquidity buffer requirement.

In addition the issuer must ensure that an external auditor performs a yearly agreed upon procedure on a sample of the files related to the cover assets pursuant to agreed upon procedures between the Issuer and the external auditor.

The issuer must maintain a healthy ratio between the outstanding covered bonds and the balance sheet of the issuer (the latter to protect other stakeholders).

The issuer will also need to have solid and effective strategies and procedures for verifying and procuring the sufficiency of the cover assets, taking into account the composition of the cover assets, the over-collateralisation and the applicable risks and stress tests.

Also, the CB Regulations provide for ongoing administration and reporting obligations towards DNB and include new reporting obligations towards the covered bondholders.

#### *Upcoming amendment of CB Regulations*

In addition, on 27 November 2019 the Covered Bond Directive has been adopted. The Covered Bond 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 Covered Bond Directive as adopted on 27 November 2019 requires that it is implemented in each Member State by 8 July 2021 and such legislation should apply to Covered Bonds at the latest from 8 July 2022. However, at the date of this Base Prospectus, the Covered Bond Directive has not been fully implemented in Dutch law and the related secondary legislation is not yet adopted. The Dutch Ministry of Finance has indicated that as long as the Dutch secondary legislation is not adopted, the current legislation will continue to apply until implementation of the new legislation. On the date of this Base Prospectus, it is uncertain whether Covered Bonds issued after 8 July 2022 under the current legislation (which legislation does not fully comply with the Covered Bond Directive), may enjoy the favourable prudential treatment of the CRR with regard to low risk weighting and the Covered Bonds qualifying as high quality liquid assets in the interim period. The Issuer expects that the secondary legislation will be published shortly after the date of this Base Prospectus. Should the secondary legislation be published after the date of this Base Prospectus but before 8 July 2022, and Covered Bonds are to be issued in such period, prospective investors should carefully review such secondary legislation and should consider the impact thereof before making an investment decision with respect to such Covered Bonds. The Issuer expects to implement the new legislation and publish a supplement to the Base Prospectus in connection therewith once the legislation has been fully implemented in Dutch law, however does not expect that it will publish a supplement to the Base Prospectus in relation to the mere publication of the secondary legislation. Once (i) the Covered Bonds Directive is fully implemented in Dutch law and the related secondary legislation is adopted and (ii) the Programme is amended to comply with such new legislation, any Covered Bonds issued after 8 July 2022 may be eligible for the favourable

prudential treatment of the CRR with regard to low risk weighting and the Covered Bonds qualifying as high quality liquid assets (also see the risk factor '*Risk regarding uncertainty relating to the implementation of the Covered Bond Directive*').

*Compliance with UCITS- and/or Capital Requirements Directive*

The Issuer has obtained the Regulated Status pursuant to the CB Regulations at the date of this Base Prospectus, which includes the CRR Status. The Issuer will only issue Covered Bonds under this Base Prospectus that obtain the Regulated Status under the CB Regulations.

In the Trust Deed the Issuer has undertaken to use its best efforts to procure that the Covered Bonds that have obtained the Regulated Status, will keep the Regulated Status until their Maturity Date or any earlier date on which such Covered Bonds have been redeemed in full.

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

## 7. ASSET BACKED GUARANTEE

### GUARANTEE

Pursuant to the Guarantee, if (i) an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, the CBC will be obliged to pay Guaranteed Amounts when the same become Due for Payment. Following the service of an Issuer Acceleration Notice on the Issuer, the Security Trustee shall serve a Notice to Pay on the CBC.

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 such withholding or deduction is required by law. In such event, the CBC will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The CBC will not be obliged to pay any additional amount to the Security Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction.

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

An Extended Due for Payment Date will apply to each Series of Covered Bonds to be issued under the Programme.

In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the Extension Date or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC to be paid (or reserved for payment of principal on any Series of Covered Bonds), after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the Extended Due for Payment Date for this Series, in which case the CBC shall (a) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agency, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the first Business Day following the date on which such notice was given by the CBC to the relevant clearing system) or at least two (2) Business Days prior to such Interest Payment Date, respectively, and (b) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount pertaining to a Series of 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 this Series falls, if applicable *pro rata* by reference to the Principal Amount Outstanding of such Covered Bonds (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on such Extension Date and/or such Interest Payment Date, respectively; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*), provided that for this purpose all references in Condition 5 to the Maturity Date are deemed to be references to the Extended Due for Payment Date, *mutatis mutandis*,

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

Failure by the CBC to pay Guaranteed Final Redemption Amounts or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay the other Guaranteed Amounts on any Scheduled Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be a CBC Event of Default.

Under Dutch law an independent guarantee like the Guarantee is normally regarded as an independent claim and not an accessory right (*afhankelijk recht*) and is unlikely to be an ancillary right (*nevenrecht*) that by operation of law follows the receivables it secures upon transfer thereof. The Issuer and the CBC have been advised that, in the case of Bearer Covered Bonds, such a transfer of the Guarantee can be accomplished by ensuring that the Guarantee forms an integral part of the Covered Bonds. For this reason the Guarantee and the Covered Bonds will provide that the rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a Covered Bondholder only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The Issuer and the CBC have been advised that as a result, in case of a transfer of a Covered Bond to a transferee by way of book-entry transfer (*girale overboeking*) or physical transfer of a Bearer Covered Bond, such transfer includes the corresponding rights under the Guarantee. For Registered Covered Bonds, the rights under the Guarantee are to be separately assigned, together with the corresponding rights under the relevant Registered Covered Bonds.

For the purposes hereof:

**"Due for Payment"** means, with respect to a Guaranteed Amount, (i) prior to the service of a CBC Acceleration Notice, the Scheduled Payment Date in respect of such Guaranteed Amount or, if later, the day which is two business days after service of an Issuer Acceleration Notice and a Notice to Pay on the CBC or (ii) after the service of a CBC Acceleration Notice, the date on which the CBC Acceleration Notice is served (or, in either case, if such day is not a business day, the first following business day).

**"Guaranteed Amounts"** means, in respect of a Series:

- (a) with respect to any Scheduled Payment Date falling prior to the service of a CBC Acceleration Notice, the sum of the Scheduled Interest and Scheduled Principal payable on such Scheduled Payment Date; or
- (b) with respect to any date after the service of a CBC Acceleration Notice, an amount equal to the aggregate of (i) the relevant Early Redemption Amount specified in the Terms and Conditions as being payable on that date and (ii) all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds and all amounts payable by the CBC under the Trust Deed, provided that any Guaranteed Amounts representing interest paid after the Maturity Date shall be paid on such dates and at such rates as specified in the applicable Final Terms.

**"Scheduled Interest"** means, in respect of a Series, any amount of scheduled interest payable (i) under the Covered Bonds as specified in Condition 5 (*Interest*) (but excluding (a) any additional amounts relating to premiums, default interest or interest upon interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Security Trustee on account of scheduled interest and on-paid to the CBC in accordance with the Trust Deed, or (ii) under the Guarantee as specified in Condition 3(b) (*The Guarantee*).

**"Scheduled Payment Dates"** means, in respect of a Series, each Interest Payment Date and the Maturity Date as specified in (i) in the case of Scheduled Interest, Condition 5 (*Interest*) or Condition 3(b) (*The Guarantee*), as the case may be, or (ii) in the case of Scheduled Principal, Condition 7(a) (*Redemption at Maturity*).

**"Scheduled Principal"** means, in respect of a Series, any amount of scheduled principal payable under the Covered Bonds as specified in Condition 7(a) (*Redemption at Maturity*) (but excluding (a) any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Security Trustee on account of scheduled principal and on-paid to the CBC in accordance with the Trust Deed.

## SECURITY

### Parallel Debt

In the Parallel Debt Agreement the CBC has irrevocably and unconditionally undertaken to pay to the Security Trustee (the "**Parallel Debt**") an amount equal to the aggregate amount due (*verschuldigd*) by it (i) to the Covered Bondholders under the Covered Bonds, (ii) as fees or other remuneration to the Directors under the Management Agreements, (iii) as fees and expenses to the Servicer under the Servicing Agreement, (iv) as fees and expenses to the Administrator under the Administration Agreement, (v) as fees and expenses to the Back-up Administrator under the Back-up Administration Agreement, (vi) as fees and expenses to the Paying Agents and the Registrar under the Agency Agreement, (vii) as fees and expenses to the Calculation Agent under the Calculation Agency Agreement, (viii) to the Swap Counterparties under the Swap Agreements, (ix) to any Savings Participant under a Savings Participation Agreement, (x) as fees and expenses to the Asset Monitor under the Asset Monitor Appointment Agreement, (xi) to the CBC Account Bank under the CBC Account Agreement, (xii) to the Transferors, and (xiii) to such other party designated by the Security Trustee to become a secured party (the parties referred to in items (i) through (xiii) together the "**Secured Parties**"). The Parallel Debt constitutes a separate and independent obligation of the CBC and constitutes the Security Trustee's own separate and independent claims (*eigen en zelfstandige vordering*) to receive payment of the Parallel Debt from the CBC. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the CBC to the Secured Parties shall be reduced by an amount equal to the amount so received.

### Security Documents - distribution of proceeds

The Parallel Debt is secured by the first ranking security rights created under the Security Documents. "**Security Documents**" means all deeds and/or other documents under which the CBC creates first ranking security in favour of the Security Trustee over the Transferred Assets and certain other assets of the CBC.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Post CBC Acceleration Notice Priority of Payments, save for (i) amounts due to the Savings Participant in connection with, in respect of each Savings Mortgage Receivable, the Participation and (ii) Swap Collateral. The amounts due to the Secured Parties, other than the Savings Participant, will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee on (i) the Mortgage Receivables (other than the Savings Mortgage Receivables) and other assets pledged to the Security Trustee under any Security Trustee Receivables Pledge Agreement, any Security Trustee Rights Pledge Agreement and any other Pledge Agreements, excluding Swap Collateral and (ii) each of the Savings Mortgage Receivables which are subject to a Participation to the extent the amount recovered exceeds the Participation in the relevant Savings Mortgage Receivable.

The amounts due to the Savings Participant will be equal to the Participation in each of the Savings Mortgage Receivables or if the amount recovered is less than the Participation in such Savings Mortgage Receivables the amount equal to the amount actually recovered.

### Security in favour of the Security Trustee in respect of the Mortgage Receivables

Pursuant to a receivables pledge agreement (the "**Security Trustee Receivables Pledge Agreement**") the CBC has undertaken to vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights immediately following the transfer thereof to the CBC, which will secure the payment obligations of the CBC to the Security Trustee under the Parallel Debt Agreement and any other Transaction Documents. The pledge on the Mortgage Receivables will not be notified to the Borrowers and the Insurance Companies, respectively, except in the event that certain notification events occur relating to the CBC, including the occurrence of a CBC Event of Default, by the Security Trustee (the "**Security Trustee Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be an "undisclosed" right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Dutch Civil Code.

### Security in favour of the Security Trustee over other Transferred Assets

The CBC has also undertaken to vest a first ranking right of pledge or such other appropriate first ranking security interest in favour of the Security Trustee on any other Transferred Assets transferred to the CBC on the relevant Transfer Date.

### Security in favour of the Security Trustee over Transaction Documents

In addition, under a pledge agreement of rights (the "**Security Trustee Rights Pledge Agreement**", and together with the Security Trustee Receivables Pledge Agreement and any other agreement pursuant to which security is granted to the Security Trustee on any Transferred Asset other than the Mortgage Receivables and the Beneficiary Rights relating thereto entered into with the Security Trustee, the "**Pledge Agreements**") a right of pledge was vested by the CBC in favour of

the Security Trustee on the Programme Date over all rights of the CBC under or in connection with (i) the Guarantee Support Agreement, (ii) the Servicing Agreement, (iii) the Administration Agreement, (iv) the Back-up Administration Agreement, (v) any Savings Participation Agreement, (vi) any Swap Agreement, (vii) the Asset Monitor Appointment Agreement; (viii) the Agency Agreement, (ix) the CBC Account Agreement and (x) in respect of the CBC Transaction Accounts (the "**CBC Transaction Documents**"). This right of pledge has been notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*).

#### **Security in favour of Security Trustee over Collection Foundation Accounts**

In the relevant Collection Foundation Account Pledge Agreement each Collection Foundation has granted a first ranking right of pledge on the balances standing to the credit of the relevant Collection Foundation Accounts in favour of the CBC and the Previous Transaction SPVs jointly, as security for any and all liabilities of the relevant Collection Foundation to the CBC and the Previous Transaction SPVs and the CBC and the Previous Transaction SPVs have by way of repledge created a first ranking right of pledge in favour of, *inter alia*, the Security Trustee and the Previous Transaction Security Trustees jointly, each subject to the agreement that future issuers (and any security trustees) in securitisations and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by NIBC will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such rights of pledge will be notified to the Foundation Account Provider.

Since the Previous Transaction Security Trustees (and certain Previous Transaction SPVs, as the case may be) and the Security Trustee have a first ranking right of pledge on the amounts standing to the credit of the Collection Foundation Accounts, the rules applicable to co-ownership (*gemeenschap*) apply.

## THE CBC

The NIBC SB Covered Bond Company B.V. (the "**CBC**") was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 4 April 2022 and it operates under Dutch law. The corporate seat (*statutaire zetel*) of the CBC is in Amsterdam, the Netherlands. The registered office of the CBC is at Basisweg 10, 1043 AP Amsterdam, the Netherlands and its telephone number is +31 20 521 4777. The CBC is registered with the Commercial Register of the Chamber of Commerce under number 86021869. The legal entity identifier (LEI) of the CBC is 724500815MF8PQ975Z24. The website of the CBC is <https://www.assetbacked.nl/covered-bonds/>. Any information contained on or accessible via any website, including <https://www.assetbacked.nl/covered-bonds/>, does not form part of this Base Prospectus and is not scrutinised or approved by the AFM, unless specifically stated otherwise in this Base Prospectus.

The CBC is a special purpose vehicle, which objectives are: (a) to issue guarantees in favour of holders of covered bonds issued by the Issuer, (b) to acquire, purchase, conduct the management of, dispose of and to encumber assets including receivables under or in connection with loans granted by a third party or by third parties and to exercise any rights connected to such assets, (c) to acquire monies to finance the acquisition of the assets including the receivables mentioned under b., by way of issuing notes or other securities or by way of entering into loan agreements; (d) to on-lend and invest any funds held by the CBC, (e) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (f) in connection with the foregoing; (i) to borrow funds, amongst others to repay the obligations under the loan agreements, notes or other securities mentioned under c.; and (ii) to grant guarantees, to commit the CBC and to grant security rights to third parties and the release of such security rights to third parties and (g) to acquire, to dispose of, to encumber, to manage and to operate registered property and assets in general; and to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

The CBC has an authorised share capital of EUR 1.00 of which EUR 1.00 has been issued and is fully paid. All shares of the CBC are held by Stichting Holding NIBC SB Covered Bond Company.

Stichting Holding NIBC SB Covered Bond Company is a foundation (*stichting*) incorporated under the laws of the Netherlands on 24 March 2022 (the "**Stichting Holding**"). The objects of Stichting Holding NIBC SB Covered Bond Company are (a) to incorporate, to acquire and to hold shares in the capital of the CBC, to conduct the management of and to administer shares in the CBC, to exercise any rights connected to shares in the CBC, to grant loans to the CBC and to alienate and to encumber shares in the CBC, (b) to make donations and (c) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of the above. The sole managing director of Stichting Holding is Intertrust Management B.V.

### **Statement by managing director of the CBC**

Since its incorporation there has been no significant change in the financial performance and financial position of the CBC or its group nor has there been a material adverse change in the prospects of the CBC up to the date of this Base Prospectus and the CBC has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the transaction included in this Base Prospectus nor (ii) prepared any financial statements.

There are no governmental, legal or arbitration proceedings (including any such proceedings of which are pending or threatened of which the CBC is aware) which may have, or have had in the recent past, a significant effect on the CBC's financial position or profitability nor, so far as the CBC is aware, are any such proceedings pending or threatened against the CBC.

The CBC has the corporate power and capacity to issue the Guarantee, to acquire the Transferred Assets and to enter into and perform its obligations under the Transaction Documents (see further '*Terms and Conditions of Covered Bonds*').

The sole managing director of the CBC is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, D.H. Schornagel and M.M. Vermeulen-Atikian. The managing directors of Intertrust Management B.V. have chosen domicile at the office address of Intertrust Management B.V., being Basisweg 10, 1043 AP Amsterdam.

Intertrust Management B.V. belongs to the same group of companies as Intertrust Administrative Services B.V. (the Back-up Administrator). The ultimate sole shareholder of Intertrust Management B.V. and Intertrust Administrative Services B.V. is Intertrust Group B.V. The principal activities of Intertrust Management B.V. outside the services for the CBC entail (a) to

represent financial, economic and administrative interests domestically and abroad, (b) to act as trust office, (c) to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises, (d) to provide advice and other services, (e) to acquire, use and/or assign industrial and intellectual property rights, as well as real property, (f) to provide security for the debts of legal entities or of other companies with which the company is affiliated, or for the debts of third parties, (g) to invest funds and (h) to undertake all actions that are deemed to be necessary to the foregoing, or in furtherance thereof, all in the widest sense of the words.

Each of the managing directors of Stichting Holding and the CBC has entered into a management agreement with the entity of which it has been appointed managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Covered Bonds outstanding. In addition each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the CBC other than the Transaction Documents to which it is a party, without the prior written consent of the Security Trustee and subject to Rating Agency Confirmation.

There are no potential conflicts of interest between any duties to the CBC of its managing director and private interests or other duties of the managing director.

The financial year of the CBC coincides with the calendar year.

The financial year of the CBC coincides with the calendar year and the first financial year will end on 31 December 2022. The CBC has not published any audited financial information or interim financial information and the CBC confirms that since the date of its incorporation there has been no significant change in the financial performance and financial position of the CBC.



## 8. THE SECURITY TRUSTEE

Stichting Security Trustee NIBC SB Covered Bond Company (the "**Security Trustee**") is a foundation (*stichting*) incorporated under the laws of the Netherlands on 16 March 2022. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as (security) trustee for the benefit of creditors of the CBC, including the holders of notes issued by the CBC and holders of covered bonds issued by the Issuer in whose favour the CBC has issued guarantees, (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the CBC, including the holders of the notes issued by the CBC and holders of covered bonds issued by the Issuer in whose favour the CBC has issued guarantees, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the CBC, which is conducive to the acquiring and holding of the above mentioned security rights, (c) to act as the representative of the CBC's creditors towards the CBC, (d) to borrow money, (e) to make donations and (f) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of the above. The Security Trustee does not have the intent to make profits.

The sole director of the Security Trustee is IQ EQ Structured Finance B.V., having its registered office at Hoogoorddreef 15, 1101 BA, Amsterdam, the Netherlands.

The Security Trustee has agreed to act as security trustee for the Covered Bondholders and to pay any amounts received from the Issuer or the CBC or amounts collected by the Security Trustee under the Security to the Covered Bondholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

In addition, the Security Trustee has agreed to act as security trustee vis-à-vis the other Secured Parties and to pay to such Secured Parties any amounts received from the Issuer or the CBC or amounts collected by the Security Trustee under the Security to which the relevant Secured Party is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Transaction Document to which it is a party, except in the event of its wilful misconduct (*opzet*) or gross negligence (*grove nalatigheid*), and it shall not be responsible for any act or negligence of persons or institutions selected by it in good faith and with due care.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Trust Deed or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed or otherwise.

As set out in the Trust Deed, the relevant Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer or the CBC to the Secured Parties have been paid in full.

However, the Covered Bondholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by a Programme Resolution, on the basis of Clause 25 of the Trust Deed. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer and the CBC, after having consulted the Secured Parties, other than the Covered Bondholders, and subject to Rating Agency Confirmation, has been contracted to act as director of the Security Trustee.

## 9. GUARANTEE SUPPORT

### TRANSFERS

The Issuer and the Transferors have agreed in the guarantee support agreement dated the Programme Date between the Issuer, the Transferors, the CBC and the Security Trustee, as the same may be amended and restated from time to time (the "**Guarantee Support Agreement**") that the Issuer will use its best efforts to transfer or procure the transfer of sufficient Eligible Assets either directly by the Issuer or, upon instruction of the Issuer, by the other Transferors to the CBC, as consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee. Each Transferor may 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 Transferor 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*) or by way of a notarial deed incorporating such deed of assignment. Notification (*mededeling*) of the assignment to the Borrowers will only take place if an Assignment Notification Event occurs in respect of the relevant Transferor. Following receipt of notification by the relevant Borrowers, in principle, only payment to the CBC will be capable of discharging a Borrower's obligations under the relevant Mortgage Receivable; and/or
- (b) in the case of Eligible Collateral, by way of book-entry transfer (*girale overboeking*) and such further deed shall be executed as required and customary to effect the transfer of such Eligible Collateral.

On the first Transfer Date, one or more Transferors (other than NIBC Bank) will transfer to the CBC the respective Eligible Receivables. Thereafter:

- (i) each Transferor may at any time offer for transfer further Eligible Assets to the CBC; and
- (ii) the Issuer will use its best efforts, upon request of the CBC, to offer to transfer or to procure that the other Transferors offer to transfer further Eligible Receivables to the CBC. The CBC will only make such a request if it (or the Administrator on its behalf) determines that the Asset Cover Test has been breached (or would be breached when at that moment the Asset Cover Test would be performed) under the Asset Monitoring Agreement. The Issuer will have the right to comply with this best efforts undertaking by the other Transferors offering to transfer (part of) such Eligible Assets to the CBC.

NIBC Bank N.V. will only become a Transferor to transfer Eligible Collateral to the CBC and will not transfer Eligible Receivables to the CBC.

The CBC shall accept each such offer to purchase new Mortgage Receivables if the relevant conditions precedent set out in the Guarantee Support Agreement have been met, including in the case of transfer of mortgage receivables (the "**New Mortgage Receivables**") receipt of a confirmation that the Mortgage Receivables Warranties are true and correct in all material respects and not misleading in any material respect as at the relevant Transfer Date.

If in respect of a Transferor an Assignment Notification Event has occurred, unless the Security Trustee, subject to Rating Agency Confirmation, instructs it otherwise, the Issuer or, at its option, the relevant Transferor shall notify or ensure that the relevant Borrowers and, solely in relation to the Beneficiary Rights, the Insurance Companies are forthwith notified of the assignment of the relevant Mortgage Receivables, the Beneficiary Rights relating thereto.

The CBC has the right to make these notifications itself.

For as long as no Assignment Notification Event has occurred and no Breach of Asset Cover Test Notice (which is not remedied), no Notice to Pay and no CBC Acceleration Notice has been served, pursuant to the Guarantee Support Agreement, the CBC is not entitled to receive or retain any proceeds from the Transferred Assets; such proceeds will all be received and retained by each Transferor for its own benefit. If an Assignment Notification Event occurs or a Breach of Asset Cover Test Notice (which is not remedied), a Notice to Pay or CBC Acceleration Notice is served on the CBC, pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Security Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following such Assignment Notification Event (unless remedied) or service of such Notice to Pay or CBC Acceleration Notice.

In the Guarantee Support Agreement each Transferor covenants, among other things, that if (i) it makes any Further Advance under any mortgage loan agreement, (ii) such Further Advance is secured by the same Mortgage that secures the Mortgage Receivable and (iii) (a) such Further Advance results in an Eligible Receivable, then it will offer to sell and transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date, or (b) such Further Advance does not result in an Eligible Receivable, then it will request the retransfer of the relevant Mortgage Receivable in accordance with the Guarantee Support Agreement.

Neither the CBC, the Security 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 Transferor Warranties by the relevant Transferor contained in the Guarantee Support Agreement. The parties to the Guarantee Support Agreement may, with the prior written consent of the Security Trustee and subject to Rating Agency Confirmation, amend the Transferor Warranties. The mortgage receivables warranties (the "**Mortgage Receivables Warranties**") are as follows and are given on the relevant Transfer Date by the relevant Transferor in respect of the Eligible Receivables and the New Mortgage Receivables to be transferred by it to the CBC:

- (i) each New Mortgage Receivable is an Eligible Receivable; and
- (ii) the particulars of the Eligible Receivables set out in Annex 1 to the relevant deed of assignment and pledge, are true, complete and accurate in all material respects and the Outstanding Principal Amount in respect of each Eligible Receivable as at the relevant Transfer Date and the aggregate Outstanding Principal Amount of the Eligible Receivables is correctly stated in the relevant deed of assignment.

The Programme Agreement provides a mechanism for (i) at the option of the Issuer, members of NIBC Group wishing to transfer Eligible Assets to the CBC, to accede to the Transaction Documents as a New Transferor, subject always to Rating Agency Confirmation and (ii) Transferors that have not originated any of the CBC's Transferred Assets held by the CBC at such time, to withdraw from the Transaction Documents as a Transferor.

In the Trust Deed, the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that an Assignment Notification Event or a Breach of Asset Cover Test has occurred.

For the purpose hereof:

**"Assignment Notification Event"** means in respect of a Transferor the earliest to occur of the following events:

- (i) a default is made by such Transferor in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) business days after notice thereof has been given by the CBC or the Security Trustee to the relevant Transferor;
- (ii) such Transferor fails to duly perform or comply with any of its obligations under any Transaction Document to which it is a party in any material way and if such failure is capable of being remedied, such failure, is not remedied within ten (10) business days after notice thereof has been given by the CBC or the Security Trustee to the relevant Transferor;
- (iii) such Transferor takes any corporate action or other steps are taken or legal proceedings are started or threatened against it (unless as a consequence of a legal merger (*juridische fusie*)) for its dissolution (*ontbinding*), liquidation (*vereffening*) or legal demerger (*juridische splitsing*) involving the relevant Transferor or for its being converted (*omzetting*) in a foreign entity, or its assets are placed under administration (*onder bewind gesteld*);
- (iv) such Transferor takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its suspension of payments (*surseance van betaling*), (ii) its bankruptcy (*faillissement*), (iii) any analogous insolvency proceedings under any applicable law or (iv) the appointment of a liquidator, administrator or a similar officer of it or of any or all of its assets;
- (v) a Notice to Pay is served on the CBC;
- (vi) an Issuer Acceleration Notice is served on the Issuer;
- (vii) a CBC Event of Default occurs;

- (viii) a Security Trustee Pledge Notification Event occurs;
- (ix) NIBC Bank ceases to hold at least 51 per cent. of the shares in the relevant Transferor; or
- (x) the relevant Collection Foundation holding the bank account into which payments under the Mortgage Receivables are made has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it.

**"Further Advance"** means, in relation to a Mortgage Receivable, a new mortgage loan or a further advance to be made to a Borrower by the relevant Transferor, whether or not under the relevant Mortgage Loan, which is only secured by the Mortgage which also secures the Mortgage Receivable.

**"Further Advance Receivable"** means any and all rights of the relevant Transferor under or in connection with a Further Advance.

**"Net Outstanding Principal Amount"** means in relation to a Mortgage Receivable, at any date, the Outstanding Principal Amount of the relevant Mortgage Loan less, if it is a Savings Mortgage Loan subject to a Participation, an amount equal to the Participation on such date (for the avoidance of doubt, any Construction Deposit is not included).

**"Outstanding Principal Amount"** in respect of a Mortgage Receivable, on any date the (then remaining) aggregate principal sum (*hoofdsom*) due by the relevant Borrower under the relevant Mortgage Loan, including any Further Advance Receivable transferred to the CBC, and after the foreclosure of the relevant Mortgage Receivable resulting in a loss being realised, zero.

**"Transferor Warranties"** means the representations and warranties given by each of the Transferors with respect to it as set out in Schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement including the Mortgage Receivables Warranties.

**"Transfer Date"** means the date of transfer of any Eligible Assets to the CBC in accordance with the Guarantee Support Agreement.

**"Transferred Assets"** means the Mortgage Receivables, the Beneficiary Rights relating thereto and the Transferred Collateral.

**"Transferred Collateral"** means any Eligible Collateral transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not redeemed, retransferred, sold or otherwise disposed of by the CBC.

**"Rating Agency Confirmation"** means, with respect to a matter which requires Rating Agency Confirmation under the Transaction Documents and which has been notified to each Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

- a) a confirmation from each Rating Agency that its then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant matter (a **"confirmation"**);
- b) if no confirmation is forthcoming from any Rating Agency, a written indication, by whatever means of communication, from such Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an **"indication"**); or
- c) if no confirmation and no indication is forthcoming from any Rating Agency and such Rating Agency has not communicated that the then current ratings of the Covered Bonds will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:
  - i. a written communication, by whatever means, from such Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or

- ii. if such Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Rating Agency.

## RETRANSFERS

Pursuant to the Guarantee Support Agreement:

### *Mandatory retransfer*

1. Prior to the occurrence of a CBC Event of Default, the relevant Transferor shall request a retransfer of a Mortgage Receivable from the CBC if such Transferor becomes entitled to an Other Claim, including a Further Advance, such Other Claim or Further Advance, respectively, is secured by the same Mortgage that secures the Mortgage Receivable and such Further Advance or Other Claim, respectively does not result in an Eligible Receivable.
2. Prior to the occurrence of a CBC Event of Default, each of the Transferors shall on the CBC Payment Date immediately following, in respect of Mortgage Loans originated by Quion 30 (including, to the extent Quion 30 is the successor, Mortgage Loans originated by Quion I B.V., Quion III B.V., Quion 14 B.V. and Quion 19 B.V.) only, the date on which (i) the interest on the relevant Mortgage Receivable will be reset, if the interest rate in respect of such relevant Mortgage Receivable is reset and the Relevant Mortgage Loan shall according to the relevant mortgage conditions used by Quion 30 be transferred to another legal entity (other than the Transferor) or (ii) an amendment of the terms of the Relevant Mortgage Loan upon the request of a Borrower is refused by Quion 30 and the Relevant Mortgage Loan shall, according to the relevant mortgage conditions used by Quion 30 be transferred to another legal entity (other than the Transferor), accept the retransfer and re-assignment of the relevant Mortgage Receivables.

### *Voluntary retransfer*

3. Prior to the occurrence of a CBC Event of Default or the service of a Notice to Pay, the Issuer may from time to time request a retransfer from the CBC to a Transferor of any Transferred Asset.

### *Right of first refusal of Transferors*

4. If the CBC intends to sell Transferred Assets on terms permitted or required by the Asset Monitoring Agreement, it shall first offer such Transferred Assets for sale on the same terms to the Transferors (or any party appointed by such Transferor) in accordance with the Guarantee Support Agreement.

The CBC shall in each case comply with such request so long as the Asset Cover Test is not breached upon such retransfer.

A retransfer of a Mortgage Receivable will take place in accordance with the Guarantee Support Agreement. A retransfer by the CBC as abovementioned will be effectuated in substantially the same manner as the transfers to the CBC described above, *mutatis mutandis*. If the retransfer concerns Mortgage Receivables which are transferred to a Transferor further to the relevant Transferor's right of first refusal (*voorkeursrecht*), the underlying transfer will be concluded through execution and registration of a deed of assignment.

The Guarantee Support Agreement provides that each of the Transferors may amend the terms and conditions of the Mortgage Loans, in respect of Mortgage Receivables, provided that (i) after such amendment the Mortgage Loan or, as the case may be, the Mortgage Receivable meets the Eligibility Criteria and (ii) such amendment does not adversely affect the enforceability of the Mortgage Loan or, as the case may be, the Mortgage Receivable and the security rights granted in connection therewith. Therefore, if a Transferor wishes to amend the terms and conditions of the Mortgage Loans, in respect of Mortgage Receivables, in such manner that such Mortgage Loan or, as the case may be, the Mortgage Receivable will no longer meet the Eligibility Criteria, it must first request the retransfer the relevant Mortgage Receivable prior to such amendment.

**"Defaulted Receivable"** means any Mortgage Receivable (other than any Mortgage Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower owing such Mortgage Receivable or any Mortgage Receivable which has been written off by the relevant Transferor as irrecoverable for accounting purposes in accordance with that Transferor's general accounting practices) in respect of which:

- (i) a declaration has been made by the Transferor that such Mortgage Receivable is irrecoverable;

- (ii) legal proceedings have been commenced for its recovery;
- (iii) the related Borrower is declared bankrupt (*failliet verklaard*) or has been granted a suspension of payments (*surseance van betaling*) or debt rescheduling arrangement (*schuldsaneringsregeling*) or equivalent or analogous events or proceedings have occurred in relation to the relevant Borrower; or
- (iv) the relevant Borrower is in default with its payment obligation under such Mortgage Receivable (including, without limitation, payments made by third parties on behalf of the Borrower) by the end of the calendar month during which such Mortgage Receivable becomes more than ninety (90) days overdue for payment from the original date on which such Mortgage Receivable is due and payable within the meaning of Article 178 of the CRR (and the relevant guideline issued on the application of this Article 178 CRR from time to time).

## ELIGIBLE ASSETS

The following assets are eligible to be transferred to the CBC by the Transferors pursuant to the Guarantee Support Agreement:

- Eligible Receivables; and
- Eligible Collateral (together with the Eligible Receivables; the "**Eligible Assets**").

For the purpose hereof:

**"Eligible Collateral"** means euro denominated cash and/or Substitution Assets.

**"Eligible Receivable"** means a mortgage receivable or a mortgage loan to which it relates which complies with the following criteria, which are all subject to amendment from time to time, provided that Rating Agency Confirmation is obtained in respect of such amendment (as amended from time to time, the "**Eligibility Criteria**") as at the relevant Transfer Date.

**"Substitution Assets"** means the classes of assets denominated in euro from time to time eligible under the CRR and/or the Wft to collateralise covered bonds including (on the date of this Base Prospectus) and subject to certain limitations:

- (a) exposures to or guaranteed by central governments, central banks or international organisations in accordance with Article 129(1)(a) CRR;
- (b) exposures to or guaranteed by public sector entities, regional governments or local authorities in accordance with Article 129(1)(b) CRR;
- (c) exposures to institutions in accordance with Article 129(1)(c) CRR; and
- (d) exposures for which DNB has waived the application of Article 129(1)(c) CRR in accordance with Article 129(1) CRR third paragraph,

which assets on an aggregate basis are subject to a limit of 20 per cent., or such other percentage as required under the Wft, of the aggregate Principal Amount Outstanding of the Covered Bonds.



## ELIGIBILITY CRITERIA

For a Mortgage Receivable to be an Eligible Receivable it must meet the following eligibility criteria:

### General

- a) the mortgage loans are denominated in euro and either:
  - a. Interest-only mortgage loans (*aflossingsvrije hypotheken*);
  - b. Linear mortgage loans (*lineaire hypotheken*);
  - c. Annuity mortgage loans (*annuïteitenhypotheken*);
  - d. Investment mortgage loans (*beleggingshypotheken*);
  - e. Insurance Savings Mortgage Loans (*spaarhypotheken*);
  - f. Life mortgage loans (*levenhypotheken*); or
  - g. mortgage loans which combine any of the above mentioned types of mortgage loans (*combinatiehypotheken*) and, for the avoidance of doubt, any of the above mentioned types of mortgage loans which qualify as starters mortgage loans (*startershypotheekleningen*);
- b) the Mortgage Receivable and the Beneficiary Rights relating thereto are duly and validly existing, not subject to annulment or dissolution as a result of circumstances which have occurred prior to the relevant Transfer Date;
- c) each Mortgage Receivable and the Mortgage and the right of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the relevant Transferor, subject to any limitations arising from bankruptcy, insolvency and any other laws of general application relating to or affecting the rights of creditors. The binding effect and enforceability of the obligations of a Borrower may be affected by rules of Dutch law which generally apply to contractual arrangements, including (without limitation) the requirements of reasonableness and fairness (*redelijkheid en billijkheid*) and rules relating to force majeure;
- d) the Mortgage Loans and, if offered by the relevant Transferor, the Insurance Policy connected thereto, has been granted, in all material respects, in accordance with all applicable legal requirements prevailing at the time of origination, and insofar applicable at such time the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) and the relevant originator's standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a prudent lender of Netherlands residential mortgages;
- e) the maximum Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, (A) which does not have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*) (a) originated in and after August 2011 did not at origination exceed (i) 104 per cent. of the original market value of the relevant mortgaged assets, which outstanding principal amount may, where applicable, be supplemented by the real property transfer tax payable under the Dutch Legal Transactions (Taxation) Act (*Wet op belastingen van rechtsverkeer*) upon its creation or, if lower, (ii) the maximum amount as may be applicable under the relevant regulations at the time of origination, and (b) originated before August 2011 the Outstanding Principal Amount of the Mortgage Loan from which its results does not exceed:
  - (i) 125 per cent. of the foreclosure value of the related Mortgaged Asset at the time of origination; or
  - (ii) 130 per cent. of the foreclosure value of the related Mortgaged Asset at the time of origination, in which case the 5 per cent. above 125 per cent. will be used for an upfront premium for a payment protection insurance;(B) if it has the benefit of an NHG Guarantee, the maximum amount as may be set under the NHG requirements, as the case may be, at the time of origination;
- f) with respect to Mortgage Receivables secured by a Mortgage on a long lease, the Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the Transferor provide that certain provisions should be met as would in such case be required by a reasonable lender and (b) becomes due if the long lease terminates for whatever reason;
- g) there are no other receivables having the same details, and (i) in the administration of the relevant Transferor the Mortgage Receivables, which are purported to be assigned and pledged, can be identified without uncertainty, and (ii) one can determine in the administration of the relevant Transferor without any uncertainty which Beneficiary Rights and ancillary rights belong to which Mortgage Receivables;
- h) each Borrower under the Mortgage Loans has given a power of attorney to direct debit its account for amounts due under the Mortgage Loans and there are no contractual limitations in the relevant powers of attorney as to which bank account(s) such payments should be transferred;
- i) the relevant Transferor does not have any Other Claims against the relevant Borrower;
- j) none of the Borrowers is an employee of any of the Transferors;
- k) each Borrower is a private individual and a resident of the Netherlands;

- l) in the Mortgage Loans, it is stipulated that all payments by the Borrowers should be made without any deduction or set-off;
- m) each Mortgage Loan is governed by Dutch law;
- n) to the best knowledge of the relevant Transferor, the Borrowers are not in material breach of their Mortgage Loans;
- o) none of the Mortgage Loans has a maturity date beyond 30 years after the date of the transfer of the related Mortgage Receivable to the CBC;
- p) none of the Mortgage Loans has a floating rate of interest (*variabele rente*), unless the CBC and the relevant Transferor agree otherwise, subject to Rating Agency Confirmation;
- q) the interest rates for the Mortgage Receivables (or relevant loan part thereof) on the relevant Cut-Off Date are at least equal to the Minimum Mortgage Interest Rate, provided that the interest rate for a Mortgage Receivables may be lower than the Minimum Mortgage Interest Rate, if the Asset Cover Test provides for an adjustment of the Current Balance of such Mortgage Receivables;
- r) the principal sum was in case of each Mortgage Loan fully disbursed to the relevant Borrower whether or not through the relevant civil law notary and no amounts are held in deposit with respect to premia and interest payments (*rente en premiedepots*) except for any Construction Deposits;
- s) at least the first instalment of each Mortgage Receivable is paid by the relevant Borrower;
- t) (i) the relevant Transferor (other than NIBC Bank) owes no amounts to a Borrower under a savings account or a current account or another account relationship and (ii) no deposits have been accepted by it from any Borrower other than Construction Deposits;
- u) other than the Mortgage Loans granted by NIBC Bank and NIBC Direct Hypotheken (A) any savings account of the Borrower held with the Issuer and the Mortgage Loan are offered in such manner that it is clear to the Borrower that (i) such savings account is held with the Issuer, (ii) the Mortgage Loan is granted by the relevant Transferor and (iii) the Issuer and the relevant Transferor are different legal entities and (B)(i) neither the Issuer nor any intermediary offer any savings accounts or the term deposits as products which are in any way connected with the Relevant Mortgage Loans, (ii) the Relevant Mortgage Loan is not connected to any savings account or any term deposit with the Issuer, for example by means of set-off provisions, (iii) the Relevant Mortgage Loan are not offered at the same time with a savings account or the term deposit with the Issuer, and (iv) no rights under a savings account or term deposit with the Issuer will be pledged to the relevant Transferor as security for the Relevant Mortgage Loan;

#### Transfer

- v) the relevant Transferor has full right and title to the Mortgage Receivables and the Beneficiary Rights and ancillary rights relating thereto and no restrictions on the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned, save that for assignment and pledge of some of the Savings Mortgage Receivables the consent of the Savings Participant is required, which has been obtained;
- w) the relevant Transferor has power (*is beschikkingsbevoegd*) to assign the Mortgage Receivables and the Beneficiary Rights relating thereto;
- x) the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments (*beslagen*) and no option rights to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto have been granted by the relevant Transferor in favour of any third party with regard to the Mortgage Receivables and the Beneficiary Rights relating thereto;
- y) all Mortgage Loans (i) provide that in case of assignment or pledge of the Mortgage Receivable the assignee or pledgee will have the benefit of the Mortgage, or (ii) do not contain any reference nor indication nor wording to the effect that in case of assignment or pledge of the receivable the mortgage or pledge will not follow the receivable if assigned or pledged;

#### Security

- z) each Mortgage Receivable is secured by a Mortgage on a Mortgaged Asset which is located in the Netherlands and is predominantly used for a residential purpose in the Netherlands;
- aa) all Mortgages and rights of pledge granted to secure the Mortgage Receivable (i) constitute valid Mortgages (*hypothekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge respectively and, to the extent relating to the Mortgages, entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*), (ii) have first or first and sequentially lower ranking priority and (iii) were vested for a principal sum which is at least equal to the Outstanding

- Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the relevant Transferor on behalf of the Borrower;
- bb) each Mortgaged Asset is occupied by the Borrower at the moment of (or shortly after) origination;
  - cc) each Mortgaged Asset concerned was valued according to the then prevailing guidelines of the relevant Transferor, which guidelines are in a form as may reasonably be expected from a prudent lender of residential mortgage loans in the Netherlands. No revaluation of the Mortgaged Assets has been made for the purpose of the Programme;
  - dd) in case of a Mortgage Loan that has the benefit of an NHG Guarantee (i) each NHG Guarantee connected to the relevant Mortgage Loan was granted for the full amount of the relevant Mortgage Loan at origination (subject to the limitations set out in the applicable terms and conditions of the NHG Guarantee) and constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms, (ii) all terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with and (iii) the relevant Transferor is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of any Mortgage Loan should not be met in full (subject to the limitations set out in the applicable terms and conditions of the NHG Guarantee) and in a timely manner;
  - ee) if the Transferor is not the originator of the Mortgage Loan, the relevant Mortgage Loan was transferred (i) by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation and no longer secures any other claims of the prior transferor after such contract transfer or (ii) by means of a merger;

#### *Insurance*

- ff) with respect to Mortgage Loans (other than these assigned by Hypinvest (to the extent it is the successor of Amstelstaete B.V. and Zwaluw Hypotheken B.V.) to the extent originated by an originator which is not the Transferor), and only to the extent it is a condition for the granting of the Mortgage Loan that a life insurance policy is entered into by the Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the relevant Transferor, (ii) the Mortgage Loan and the life insurance policy are in the relevant Transferor's or the Life Insurance Company's promotional materials not offered as one product or under one name except for those originated by (a) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Nationale Nederlanden Levensverzekering N.V.), (b) SRLEV N.V. to the extent it is a legal successor of Axa Leven N.V., Generali Levensverzekeringen N.V., Reaal Levensverzekering N.V., Zürich Lebensversicherungs-Gesellschaft or DBV Levensverzekeringmaatschappij N.V., or (c) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V.) or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.), (d) Achmea Pensioen- en Levensverzekering N.V., to the extent originated by Hypinvest, or (e) Allianz, to the extent originated by Hypinvest (to the extent it is the successor of Estate Hypotheken B.V. or Royal Residentie Hypotheken B.V.), or (f) SRLEV to the extent originated by Hypinvest (to the extent it is the successor of Seyst Hypotheken B.V.), or (g) Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix" N.V., to the extent originated by Hypinvest Hypotheken B.V. (to the extent it is the successor of Nationale Hypotheek Maatschappij B.V.), (iii) the Borrowers are free to choose the relevant Life Insurance Company, (iv) to the best of the Issuer's knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the risk that a Borrower can successfully set-off its obligations under the Life Mortgage Loans with its claims under the Life Insurance Policy or that it can invoke defences in this respect and (iv) the Life Insurance Company is not a group company of the Transferor nor of the Originator;
- gg) the relevant Insurance Company has been instructed to make all payments in respect of the Beneficiary Rights to the Collection Foundation Accounts;
- hh) in respect of each Mortgage Loan for which it is a condition for the granting of such Mortgage Loan that a life insurance policy is entered into by the relevant Borrower, the relevant Transferor has the benefit of a valid right of pledge on the rights under a life insurance policy and either (i) the relevant Transferor (or originator) has been validly appointed as beneficiary under such policy or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;

#### *Savings Mortgage Loans*

- ii) with respect to Savings Mortgage Loans the relevant Transferor has the benefit of a valid right of pledge on the rights under the Savings Linked Insurance Policies and either (i) the relevant Transferor has been validly appointed as beneficiary under such policy or (ii) the Insurance Company is irrevocable authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;

### *Investment Mortgage Loans*

- jj) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Transferor and the securities are purchased for investment on behalf of the relevant Borrower by an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, such as a securities broker or a portfolio manager, or by a bank, each of which is by law obliged to make adequate arrangements to safeguard the clients' rights to such securities;

### *Entire Loan*

- kk) each receivable under a Mortgage Loan (*hypothecaire lening*) which is secured by the same Mortgage is assigned to the CBC pursuant to the Guarantee Support Agreement; and
- ll) each Mortgage Loan constitutes the entire Mortgage Loan granted to the relevant Borrower and not merely one or more loan parts (*leningdelen*);

**"Mortgage"** means a mortgage right (*hypothekerecht*) securing the relevant Mortgage Receivable.

**"Mortgaged Assets"** means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), (iii) a long lease (*erfpacht*), which is subject to a Mortgage.

## 10. OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

This section 10 (*Overview of the Dutch Residential Mortgage Market*) is derived from the overview which is available at the website of the DSA (<https://www.dutchsecuritisation.nl/dutch-mortgage-and-consumer-loan-markets>) regarding the Dutch residential mortgage market and was lastly updated April 2022. For the avoidance of doubt, this website does not form part of this Prospectus. The Issuer confirms that this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by the Dutch Securitisation Association, no facts have been omitted which would render the information in this section 10 (*Overview of the Dutch Residential Mortgage Market*) 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 783 billion in Q4 2021<sup>1</sup>. This represents a rise of EUR 33.4 billion compared to Q4 2020.

### *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 per cent.), but since 2014 the maximum deduction has been gradually reduced (during the 2014 – 2019 period), by 0.5 per cent.-point per annum. As from 1 January 2020, the maximum deduction percentage is decreased by 3.0 per cent.-point per annum until it will ultimately be equal to 37.05 per cent. in 2023. For 2022, the highest tax rate against which the mortgage interest may be deducted is 40 per cent.

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 of 2 per cent. is due when a house is acquired for owner-occupation. From 2021, house buyers younger than 35 years will no longer pay any transfer tax (from 1 April 2021, this exemption only applies to houses sold for EUR 400,000 euros or less). The exemption can only be applied once and the policy is initially in place for a period of 5 years. A transfer tax of 8 per cent. is due upon transfer of houses which are not owner-occupied.

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.

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<sup>1</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 (20-30 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 per cent. or 106 per cent. when financing energy saving measures (including all costs such as stamp duties). The new government has indicated not to lower the maximum LTV further. 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 as applicable at the time of origination 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>2</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 per cent. 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.

#### **Recent developments in the Dutch housing market**

The Dutch housing market has recovered substantially since the second half of 2013. Important factors have been among others the economic recovery, high consumer confidence and decreasing mortgage rates. More recently, consumer confidence has declined significantly at the end of 2021 and beginning of 2022.

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<sup>2</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.

Existing house prices ("**PBK-index**") in Q4 2021 were 19.1 per cent. higher than in Q4 2020. The price increases in the last couple of months have been the highest seen for the PBK index in the last 20 years. In absolute Euro terms, the price increases over the previous months continue to be the highest in the history of the Dutch housing market with the estimated year-on-year increase of EUR 63,649 for the month of December. The average house price level was 51.5 per cent. above the previous peak of 2008.

Over 2021, a total of 226,087 houses exchanged hands, a decrease of 21.6 per cent. year-on-year compared to 2020. There was a record high Q1 2021 transaction volume of 66,627. Starting in May the year-on-year home sales dropped. The jump in the first quarter seemed to be caused by the transfer tax exemption for households below the age of 35 which entered into force on 1 January 2021. Young buyers postponed the transfer of ownership of newly bought properties until after 1 January 2021 whilst specifically for homes with a sales price of EUR 400,000 or more, the transfer date was brought forward to achieve the deadline of 1 of April 2021.

The Dutch housing market is still faced with a persistent housing shortage, still low mortgage rates, the home equity held by subsequent homebuyers moving house, high rents and currently a favorable economic backdrop. These factors combined explain why the housing market remains overheated.

### **Forced sales**

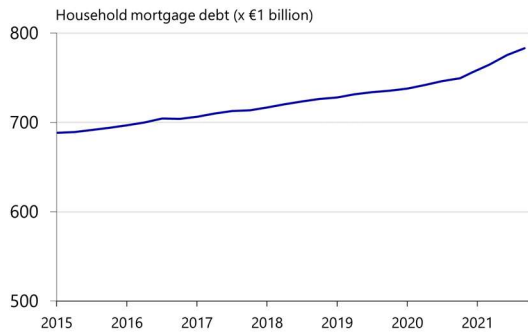
Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates.<sup>3</sup>The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly 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. The Land Registry recorded 79 forced sales by auction in Q4 2021 (0.15 per cent. of total number of sales).

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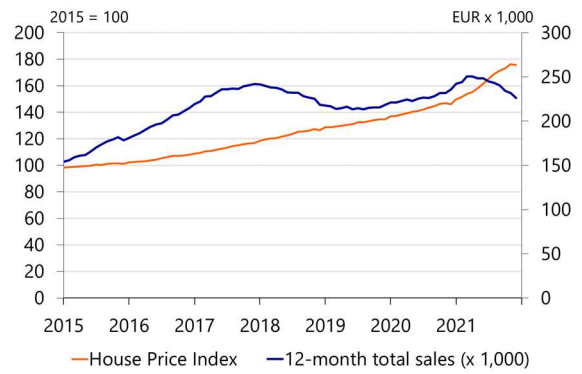
<sup>3</sup> Comparison of S&P RMBS index delinquency data.

**Chart 1: Total mortgage debt**



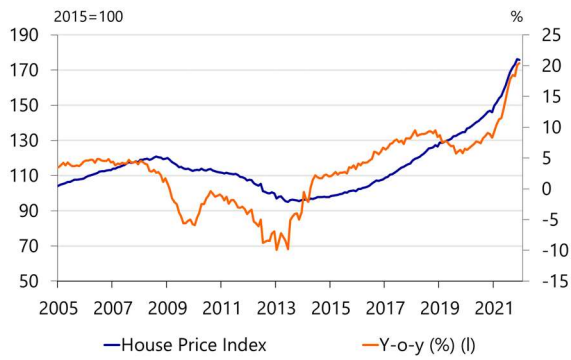
Source: Statistics Netherlands, Rabobank

**Chart 2: Sales**



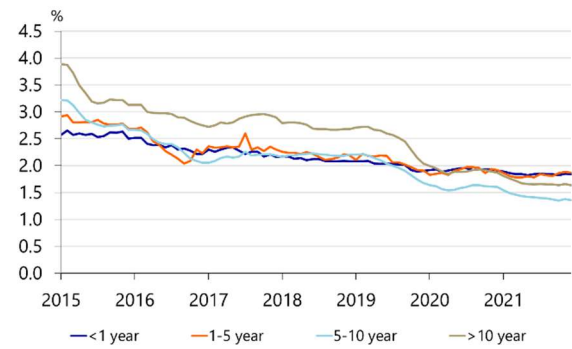
Source: Dutch Land Registry (Kadaster), Statistics Netherlands (CBS)

**Chart 3: Price index development**



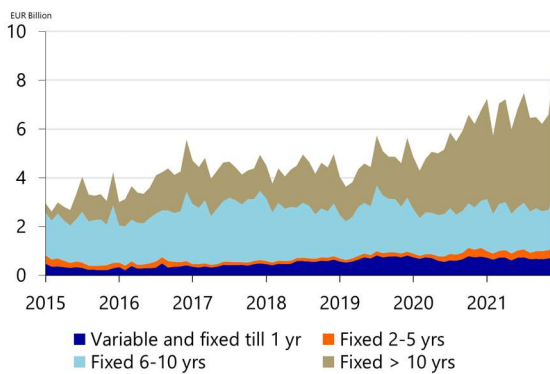
Source: Statistics Netherlands, Rabobank

**Chart 4: Interest rate on new mortgage loans**



Source: Dutch Central Bank

**Chart 5: New mortgages by interest type**



Source: Dutch Central Bank

**Chart 6: Confidence**



Source: Statistics Netherlands (CBS), OTB TU Delft And VEH



## 11. 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 Stichting WEW (a central privatised entity) is responsible for the administration and granting of the NHG Guarantee (*Nationale Hypotheek Garantie*) 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 the principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a (maximum of) 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 3 (*Risk Factors*)).

### Financing of Stichting WEW

Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower by a current charge of 0.60 per cent. (as of 1 January 2022) of the principal amount of the mortgage loan at origination. Besides this, the scheme provides for liquidity support to Stichting WEW from the Dutch State and the participating municipalities. Should Stichting 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 Stichting WEW of up to 50 per cent. of the difference between Stichting 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 Stichting 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 Stichting WEW of up to 100 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting 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 and the binding offer (*bindend aanbod*) meet 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. Stichting 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 Stichting 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 BKR, a central credit agency used by all financial institutions in the Netherlands. All financial commitments above EUR 250 over the past five (5) years that prospective borrowers have entered into with financial institutions are recorded in this register. This applies to both positive and negative registrations. After repayment of the debt by the borrower, a negative statement remains registered for up to five years after repayment. 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 mortgage conditions applicable to each mortgage loan should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

### **Claiming under the NHG Guarantee**

When a borrower is in arrears with payments under the mortgage loan for a period of three (3) months, a lender informs Stichting WEW. When the borrower is in arrears Stichting 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, Stichting 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. In case of a private sale permission of Stichting WEW is required unless the property is sold for an amount higher than 95 per cent. 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 and Stichting WEW has given its consent to the forced sale.

Within one month after receipt of the proceeds of the private or forced sale of the mortgaged property, the lender must make a formal request to Stichting WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, Stichting WEW must make payment within two (2) months. If the payment is late, provided the request is valid, Stichting 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 Stichting WEW because of the lender's culpable negligence (*verwijtbaar handelen of nalaten*), the lender must act vis-à-vis the borrower as if Stichting 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.

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 Stichting 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 moneys 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 of the borrower.

### **Main NHG underwriting criteria (Normen) as of 1 January 2022 (Normen 2022-1)**

On 1 November 2021, new NHG terms and conditions were published, which entered into force on 1 January 2022. With respect to a borrower, the underwriting criteria include, but are not limited to, the following:

- 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, a three (3) year history of income statements for workers with flexible working arrangements or during a probational period (*proeftijd*) or three (3) year (annual) statements for self-employed persons.
- The maximum loan based on the income of the borrowers is based on the '*financieringslast 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 term of less than ten (10) years on the basis of a percentage determined and published by the AFM, or, in case of a mortgage loan with a fixed interest term of ten (10) years or longer or if the mortgage loan is redeemed within the fixed interest term of less than ten (10) years, on the basis of the binding offer.

With respect to the mortgage loan, the underwriting criteria include, but are not limited to, the following:

- As of 1 January 2013, for new borrowers the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximal term of thirty (30) years.
- As of 1 January 2020, 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 (*Kadaster*)) 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 are two maximum loan amounts:
  - (i) EUR 355,000 for loans without energy saving improvements as of 1 January 2022; and
  - (ii) EUR 376,300 for loans with energy saving improvements as of 1 January 2022.

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 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) an amount up to 6 per cent. of the amount under (i) plus (ii). 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 new-build properties, the maximum loan amount is broadly based on the purchase price or amount contracted for, increased with a number of costs such as the cost of construction interest or loss of interest during the construction period (to the extent not already included in the purchase or construction cost).

### **NHG Advance Rights**

Pursuant to the NHG underwriting criteria, which entered into force on 1 June 2020 (*Normen 2020-2*), changes have been made in order for the NHG Guarantee to meet the requirements for a guarantee to qualify as eligible credit protection for banks under the CRR. In particular the ability to receive an advance payment of the expected loss is introduced. Lenders can make use of this option immediately after publication, both for existing and new loans with an NHG Guarantee. Under the underwriting criteria, as stated above and any subsequent underwriting criteria, Stichting WEW will offer lenders the opportunity to receive an advance payment of expected loss, subject to certain conditions being met, including foreclosure procedures not having been completed 21 months after default of the NHG mortgage loan (the "**NHG Advance Right**").

The NHG Advance Right is a separate right and it is not part of the surety by NHG. Unlike the surety, this NHG Advance Right therefore does not automatically transfer. If a mortgage receivable has been transferred to a third party (including in the context of special purpose vehicle transactions), the NHG Advance Right may be transferred simultaneously or at a later moment in time, for example when the transferee wishes to exercise the NHG Advance Right. This transfer is necessary if the transferee of the mortgage receivable wants to make use of this NHG Advance Right. However, if the transferee does not wish to exercise the NHG Advance Right, no transfer is necessary. After a transfer of the Mortgage Receivable, the transferor can no longer exercise the NHG Advance Right, regardless of whether the NHG Advance Right is transferred to the transferee. This prevents the NHG Advance Right payment being made to a party other than the transferee of the mortgage receivable. However, at the request of the transferee the transferor can on its behalf exercise the right to an NHG Advance Right on behalf of the transferee.

The underwriting criteria as of 1 June 2020 include a repayment obligation by the person that exercises the NHG Advance Right in case the payment exceeded the amount payable by Stichting WEW under the surety as actual loss eligible for compensation. This would for example be the case if the proceeds of the enforcement are higher than estimated, but also if the borrower in arrears resumes payment under the mortgage loan. The Issuer and the Transferor will not transfer the NHG Advance Rights to the CBC, however, pursuant to the Guarantee Support Agreement the CBC shall have the option to request the transfer of the NHG Advance Rights after the occurrence of a Notification Event and the Issuer or the Transferor, as the case may be, shall use its reasonable efforts to transfer such NHG Advance Rights (to the extent

available).

## 12. TRANSFERORS AND RESIDENTIAL MORTGAGE BUSINESS

The Mortgage Loans involved are originated by (i) the Transferors (all 100 per cent. subsidiaries of NIBC) and (ii) in the case of Mortgage Loans sold by Hypinvest (to the extent it is the successor of Amstelstaete Hypotheken B.V.) and which were originated prior to 16 December 2004, by SRLEV and (iii) in the case of Mortgage Loans sold by Hypinvest (to the extent it is the successor of Zwaluw Hypotheken B.V.) and which were originated before July 2003, by Goudse Levensverzekeringen N.V. and NN Group N.V. and (iv) in the case of Mortgage Loans sold by Hypinvest, partly by GMAC RFC Nederland B.V., and (v) in the case of Mortgage Loans sold by Quion 30 (as successor of Quion 14), partly by Quion 7 B.V.; (the Transferors, SRLEV, Goudse Levensverzekeringen N.V., NN Group N.V., GMAC RFC Nederland B.V. and Quion 7 B.V. collectively referred to as the "**Originators**"). To the extent a Relevant Mortgage Loan was not originated by the relevant Transferor, such Relevant Mortgage Loan was transferred to the relevant Transferor by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation.

On 1 November 2015, the following entities merged into Hypinvest (one of the Transferors):

- (i) 1895 Hypotheken B.V.;
- (ii) Amstelstaete Hypotheken B.V.;
- (iii) ATRIOS Hypotheekfonds B.V.;
- (iv) Capitalum Hypotheken B.V.;
- (v) Estate Hypotheken B.V.;
- (vi) Huizen Hypotheken B.V.;
- (vii) Muzen Hypotheken B.V.;
- (viii) Nieuwegein Hypotheken B.V.;
- (ix) Royal Residentie Hypotheken B.V.;
- (x) Seyst Hypotheken B.V.; and
- (xi) Zwaluw Hypotheken B.V.

On the same date, the following entities merged into Quion 30 B.V. (one of the Transferors):

- (i) Quion I B.V.;
- (ii) Quion III B.V.;
- (iii) Quion 14 B.V.; and
- (iv) Quion 19 B.V.

Next to this IKS Hypotheken B.V. acquired Nationale Hypotheek Maatschappij B.V. and changed its name to Hypinvest Hypotheken B.V. and on 1 June 2018, NIBC Direct Hypotheek B.V. merged into NIBC Direct Hypotheken B.V. As of such date Hypinvest B.V., Quion 30 B.V., Hypinvest Hypotheken B.V. and NIBC Direct Hypotheken B.V. are the remaining Transferors in the Programme.

The main business activity of SRLEV is providing insurance services. The registered address of SRLEV is Kruseman van Eltenweg 1, 1817 BC Alkmaar.

The main business activity of NN Group N.V. is providing insurance services and asset management activities. The registered address of NN Group N.V. is Schenkkade 65, 2595 AS 's-Gravenhage.

The main business activity of Goudse Levensverzekeringen N.V. is providing life insurance services. The registered address of Goudse Levensverzekeringen N.V. is Bouwmeesterplein 1, 2801 BX Gouda.

The only business activity of the Transferors is originating mortgage loans. The registered address of the Transferors (other than Quion 30) is Carnegieplein 4, 2517 KJ The Hague. The registered address of Quion 30 is Fascinatio Boulevard 1302, 2909 VA Capelle aan den IJssel.

### **Mortgage Activities**

Against a background of institutional investors increasingly looking for direct financing relationships with individual companies, for direct purchases of assets and for increased yield, the Issuer is increasingly acting as originator and arranger of structured transactions. It has played a leading role in the development of securitisation in the Netherlands. At the end of 1997, the Issuer structured and placed the first pass-through residential mortgage-backed certificates in the Dutch financial market, the Dutch MBS 97-I and Dutch MBS 97-II transactions. Since then, the Issuer has structured and/or

placed over twenty Dutch RMBS transactions. As well as acting as arranger and (joint-) lead manager, NIBC also performs the functions of paying agent and issuer administrator in these transactions.

As a customer-focused and service-oriented bank, the Issuer has originated residential mortgages since the early 1990s via the independent intermediary channel. The management of the mortgages portfolio is done by the Issuer and some activities are subcontracted to specialised third parties. These third parties provide the origination systems and activities consisting of mortgage payment transactions and ancillary activities with regard to the Issuer's residential mortgage loan portfolio.

In May 2013, the Issuer commenced the origination of mortgage loans under its own private label: NIBC Direct. NIBC Direct mortgages are targeted primarily at first- and second-time home buyers. Distribution of NIBC Direct mortgages is facilitated by selected intermediaries, mortgage advisers and a compliance framework that meets AFM requirements. NIBC Direct mortgages are compliant with the Temporary Rule of Mortgages (*Tijdelijke Regeling Hypothecair Krediet*).

In addition, in January 2015 the Issuer started offering a new type of buy-to-let mortgage loan directed at parties that do not qualify as consumers under the Wft, called the NIBC Vastgoed Hypotheek.

Starting 2016 the Issuer further diversified its mortgage business by offering mortgages from Originate-to-Manage (OTM) mandates from institutional investors.

In 2020, the Issuer launched a new mortgage label, named Lot Hypotheken.

### 13. SAVINGS PARTICIPATION AGREEMENTS

#### Savings Mortgage Loans

A portion of the Mortgage Loans or parts thereof may be in the form of insurance savings mortgage loans (hereinafter "**Insurance Savings Mortgage Loans**") which consist of mortgage loans entered into by any of the Transferors and the relevant Borrowers combined with a savings insurance policy (a "**Savings Insurance Policy**"). A Savings Insurance Policy consists of a combined risk and capital insurance policy taken out by a Borrower with an insurance company established in the Netherlands (an "**Insurance Company**") in connection with the relevant Insurance Savings Mortgage Loan. Under an Insurance Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the Mortgage Loan. Instead, the Borrower pays a premium on a monthly basis, which consists of a risk element and a capital element. The capital element is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the relevant Insurance Company to the relevant Borrower will be equal to the amount due by the Borrower to the Transferor at maturity of the Insurance Savings Mortgage Loan ("**Insurance Savings Mortgage Receivables**").

A portion of the Mortgage Loans or parts thereof may be in the form of switch mortgage loans with a Savings Alternative ("**Switch Mortgage Loans**"). Under a Switch Mortgage Loan with a Savings Alternative, no principal is paid by the Borrower prior to the maturity of the Mortgage Loan as in case of an Insurance Savings Mortgage Loan. The capital element of the insurance premium is invested by the relevant Insurance Company either (i) in such a way that the return on investment is equal to the interest rate on the related Mortgage Receivables or (ii) in certain investment funds selected by the Borrower. The Borrowers have the possibility to switch (*omzetten*) their investments among the two categories.

If a portion of the Mortgage Loans or parts thereof will be Insurance Savings Mortgage Loans or Switch Mortgage Loan, the CBC and the Issuer will use their best efforts to procure that a Savings Participation Agreement is entered into with each Insurance Company with whom Borrowers have taken out a Savings Linked Insurance Policy and of which the related Mortgage Receivables are transferred to the CBC, in order to continue the investments in the relevant Mortgage Loans.

The rights and obligations of the Savings Participant and the CBC under the Savings Participation Agreement will be effective as from the date of signing of the relevant Savings Participation Agreement. The form of Savings Participation Agreement is attached to the Guarantee Support Agreement and the following description is based on such form.

#### Participations

Under each Savings Participation Agreement the relevant Savings Participant will undertake to pay to the CBC:

- (a) on the Transfer Date on which the Savings Mortgage Receivable is transferred to the CBC, or, if applicable, in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan, on the immediately succeeding CBC Payment Date following such switch (i) an amount equal to the sum of the Savings Premia received by the Savings Participant with accrued interest up to the first day of the calendar month in which the relevant Transfer Date falls; or (ii) in respect of Switch Mortgage Receivables with a Savings Alternative, amounts switched under the relevant Savings Investment Insurance Policies from investments into a deposit into the Savings Alternative during the month immediately preceding such CBC Payment Date (the "**Initial Participation**") in relation to each of the Savings Mortgage Receivables; and
- (b) on each CBC Payment Date, after the Transfer Date, an amount equal to the amount received by the Savings Participant as Savings Premium during the calendar month immediately preceding such CBC Payment Date in respect of the relevant Savings Insurance Policies

provided that in respect of each relevant Savings Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Participation in such relevant Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Savings Mortgage Receivable (the "**Participation Maximum Amount**").

If and when such payment has been made, as a consequence of such payments the Savings Participant will acquire a participation (the "**Participation**") in each of the relevant Savings Mortgage Receivables. The Participation will be equal to (i) the Initial Participation and (ii) the monthly increases calculated as follows (the "**Participation Increase**"):

$(P/O \times I) + S$ , whereby:

P = the Participation on the first day of the relevant month in the relevant Savings Mortgage Receivable;

S = the Savings Premium received by (or on behalf of) the CBC from the relevant Savings Participant in such month in respect of the relevant Savings Mortgage Receivable;

O = the Outstanding Principal Amount of the relevant Savings Mortgage Receivable on the first day of the relevant month;

I = the amount of interest, due by the Borrower on the relevant Savings Mortgage Receivable and actually received by the CBC in such month.

### **Entitlement of Savings Participants**

In consideration for the undertakings of the Savings Participant described above, under any Savings Participation Agreement the CBC will undertake to pay to the Savings Participant on each CBC Payment Date an amount equal to, in respect of each Savings Mortgage Receivable in respect of which amounts have been received during the month immediately preceding such CBC Payment Date (up to the relevant Maximum Savings Participation Amount):

- (i) repayments and prepayments under the relevant Savings Mortgage Receivable but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivable which is subject to a Participation;
- (ii) amounts received (if any) in connection with the retransfer of a Savings Mortgage Receivable pursuant to the Guarantee Support Agreement to the extent such amounts relate to principal,
- (iii) amounts received in connection with the transfer of a Savings Mortgage Receivable pursuant to the Asset Monitoring Agreement to the extent such amounts relate to principal; and
- (iv) amounts received as Net Proceeds on any Savings Mortgage Receivable to the extent such amounts relate to principal ((i) up to and including (iv) together the "**Participation Redemption Available Amount**").

### **Reduction of Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a relevant Savings Mortgage Receivable and if, for whatever reason any Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Linked Insurance Policy and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of such relevant Savings Mortgage Receivable, the Participation of the relevant Savings Participant with respect to such Savings Mortgage Receivable will be reduced by an amount equal to the amount which the CBC has failed to so receive and the calculation of the Participation Redemption Available Amount shall be adjusted accordingly.

### **Enforcement**

If a CBC Acceleration Notice is served by the Security Trustee to the CBC, then and at any time thereafter the Security Trustee on behalf of each of the Savings Participants may, and if so directed by a Savings Participant shall, by notice to the CBC:

- (i) declare that the obligations of the relevant Savings Participant under the (relevant) Savings Participation Agreement(s) are terminated; and
- (ii) declare the Participations in relation to the relevant Insurance Savings Mortgage Receivables to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Participation Redemption Available Amount received or collected by the CBC or, in case of enforcement, the Security Trustee under the relevant Savings Mortgage Receivables.

### **Termination**

If one or more of the Savings Mortgage Receivables are (i) sold by the CBC to a third party pursuant to the Asset Monitoring Agreement or (ii) retransferred to the relevant Transferor, the Participation in such Savings Mortgage Receivables will terminate and the Participation Redemption Available Amount with respect to such Savings Mortgage Receivables will be paid by the CBC to the relevant Savings Participant. If so requested by the relevant Saving Insurance Company, the CBC will use its best efforts to ensure that the acquirer of the Savings Mortgage Receivables will enter into a Savings Participation Agreement with the relevant Savings Participant in a form similar to the Savings Participation Agreement entered into with such Savings Participant. Furthermore, the Participation envisaged in the Savings Participation



Agreement shall terminate if at the close of business of any CBC Payment Date the relevant Savings Participants have received the Participation Maximum Amount in respect of the relevant Savings Mortgage Receivables.

If, in case of a Switch Mortgage Loan with a Savings Alternative, all or part of the premia accumulated in the relevant Savings Investment Policy are switched from investment in the Switch Mortgage Loan with a Savings Alternative into other investment funds, the sub-participation envisaged in the Savings Participation Agreement shall terminate, in whole or in a part, and the Participation Redemption Available Amount (or part thereof, if applicable) in respect of such Switch Mortgage Receivable with a Savings Alternative will be paid by the CBC to the Savings Participant, but only if and to the extent that on the relevant CBC Payment Date or any later CBC Payment Date the amounts received by the CBC from the relevant Savings Participant under the Savings Participation Agreement are sufficient for this purpose on such date.

## 14. SERVICING, ADMINISTRATION AND CUSTODY

### **Servicing**

The CBC has entered into the Servicing Agreement with NIBC Bank. In the Servicing Agreement NIBC Bank agrees to act as the Servicer in respect of the Mortgage Receivables. The Servicer will agree (i) to provide management services to the CBC on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including the enforcement of Mortgages (see further section 12 (*Transferors and residential mortgage business*)); (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies.

The Servicer will be obliged to service the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own portfolio.

The Servicer is permitted to sub-contract its servicing role to an affiliate of the Issuer and, subject to any applicable conditions in the Servicing Agreement, which include notification to the Rating Agency, to any third party and provided that the Servicer shall continue to be liable as if no such appointment had taken place.

The Servicer will initially appoint (a) Stater Nederland B.V. as the Sub-servicer to provide certain of the Pool Services in respect of the Mortgage Loans originated by Hypinvest and NIBC Direct Hypotheken (or its legal predecessors), (b) Quion Hypotheekbemiddeling B.V. as the Sub-servicer to provide certain of the Pool Services in respect of the Mortgage Loans originated by Quion 30 (or its legal predecessors) and (c) Quion Hypotheekbegeleiding B.V. and Quion Services B.V. as the Sub-servicers to provide certain of the Pool Services in respect of the Mortgage Loans originated by Hypinvest Hypotheken and NIBC Hypotheken (or its legal predecessors).

### **Administration**

In the Administration Agreement the Administrator will agree to provide certain administration, calculation and cash management services to the CBC, including (i) all calculations to be made in respect of the Covered Bonds and the Transaction Documents and (ii) to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test.

### **Back-up Administration**

In the Back-up Administration Agreement the Back-up Administrator is appointed as substitute administrator to perform certain administration, calculation and cash management services for the CBC on a day-to-day basis, in accordance with and subject to the provisions of the Administration Agreement and the provisions of the Back-up Administration Agreement under the condition precedent (*opshortende voorwaarde*), that the appointment of NIBC Bank N.V. as administrator under the Administration Agreement has been terminated.

### **Termination**

The Servicing Agreement and the Administration Agreement may be terminated by the Security Trustee or the CBC (with the consent of the Security Trustee) in certain circumstances (in respect of the relevant party only), including (a) a default by the Servicer and/or the Administrator in the payment on the due date of any payment due and payable by it under the Servicing Agreement or, as the case may be, Administration Agreement, (b) a default is made by the Servicer and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or, as the case may be, Administration Agreement, (c) the Servicer and/or the Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its suspension of payments, as applicable, or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) the Servicer is no longer licensed to act as intermediary (*bemiddelaar*) or offeror (*aanbieder*) under the Wft.

Upon termination of the Servicing Agreement or, as the case may be, the Administration Agreement in respect of the Administrator or the Servicer, the Security Trustee and the CBC undertake to appoint a substitute servicer and/or substitute administrator, as the case may be, and such substitute servicer and/or substitute administrator, as the case may be, shall enter into an agreement with the CBC and the Security Trustee substantially on the terms of the Servicing Agreement or, as the case may be, Administration Agreement, provided that such substitute servicer and/or substitute administrator shall have the benefit of a servicing fee and an administration fee at a level to be then determined. Any such substitute servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence under the Wft. The CBC shall, promptly following the execution of such agreement, pledge its interest in

such agreement in favour of the Security Trustee on the terms of the Security Trustee Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Servicing Agreement and the Administration Agreement may be terminated by the CBC or the Servicer or, as the case may be, the Administrator upon the expiry of not less than 12 months' notice of termination given by the Servicer or, as the case may be, the Administrator to each of the CBC and the Security Trustee or by the CBC to the Servicer or Administrator and the Security Trustee provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute servicer or administrator, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Servicing Agreement or, as the case may be, the Administration Agreement and the Servicer or Administrator shall not be released from its obligations under the Servicing Agreement or, as the case may be, the Administration Agreement until such substitute servicer or administrator has entered into such new agreement.

### **Custody**

If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets. The Substitution Assets will be serviced in accordance with a custody agreement to be entered into between the CBC and an eligible custodian (the "**Custody Agreement**") the terms and conditions of which will be agreed with the Security Trustee.

## 15. ASSET MONITORING

### ASSET COVER TEST

Under the asset monitoring agreement entered into on the Programme Date between the Issuer, the CBC and the Security Trustee (the "**Asset Monitoring Agreement**") and the Guarantee Support Agreement, the CBC and the Issuer, respectively, have undertaken on a reasonable efforts or best efforts basis, respectively, that as at the end of each calendar month until the service of a Notice to Pay or CBC Acceleration Notice, that:

- (i) the Adjusted Aggregate Asset Amount shall be an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B as defined below, up to the date specified in item (B)), all as calculated on the immediately succeeding Calculation Date;
- (ii) the First Regulatory Current Balance Amount shall be at least equal to 105 per cent., or such other percentage as may be required from time to time under the CB Regulations, of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B as defined below, up to the date specified in item (B)) all as calculated on the immediately succeeding Calculation Date; and
- (iii) the Second Regulatory Current Balance Amount shall be at least equal to 100 per cent., or such other percentage as may be required from time to time under the CB Regulations, of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B as defined below, up to the date specified in item (B)) all as calculated on the immediately succeeding Calculation Date, (item (i) up to and including item (iii), the "**Asset Cover Test**").

Pursuant to the Administration Agreement the Administrator will calculate the Asset Cover Test on each Calculation Date. If at the end of a calendar month (or with respect to item (B) as defined below, up to the date specified in item B) the Asset Cover Test has not been met, then the Administrator will notify the CBC thereof under the Asset Monitoring Agreement, and the CBC will notify the Issuer thereof under the Guarantee Support Agreement, and the Issuer will undertake its best efforts to transfer or procure the transfer of sufficient further Eligible Receivables to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met at the end of the next succeeding calendar month.

Such a breach of the Asset Cover Test will not constitute an Issuer Event of Default. However, it will prevent the Issuer from issuing any further Series after such Calculation Date, until remedied and, if it is not remedied on the next Calculation Date (such failure to remedy the Asset Cover Test as calculated on the next succeeding Calculation Date being a "**Breach of Asset Cover Test**") the Security Trustee will be entitled to serve a notice of breach (a "**Breach of Asset Cover Test Notice**") on the Issuer and the CBC. Upon receipt of such a Breach of Asset Cover Test Notice the Issuer will (continue to) use its best efforts to transfer or procure the transfer of sufficient Eligible Assets to the CBC, either directly by the Issuer or, upon instruction of the Issuer, by the other Transferors to the CBC. A Breach of Asset Cover Test may be remedied and after being remedied the Issuer may issue new Series subject to other conditions being met. After the service of a Breach of Asset Cover Test Notice and provided that the Breach of Asset Cover Test has not been remedied, the CBC shall be allowed to retain the proceeds received on the Transferred Assets until the Breach of Asset Cover Test is remedied.

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 with a view to maintain the rating of the highest rated Series of Covered Bonds. Any adjustment of the Asset Percentage will be disclosed within the relevant Investor Report as the new Asset Percentage as determined in accordance with the Asset Monitoring Agreement. 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.

The most recent Asset Percentage will be included in the investor report, drawn up by the Administrator following the end of each calendar month in the form set out in a Schedule to the Administration Agreement and delivered to, *inter alia*, the CBC and the Security Trustee two business days prior to the immediately succeeding CBC Payment Date (the "**Investor Report**").

In the Administration Agreement entered into on the Programme Date between the CBC, the Administrator and the Security Trustee, the Administrator agrees to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test (each an "**Asset Cover Report**") and to provide certain administration, calculation and cash management services for the CBC on a day-to-day basis, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Covered Bonds, subject to and in accordance with the Administration Agreement. Each Asset Cover Report will be included in the Investor Report. In the Trust Deed, the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that the Asset Cover Test has been passed or failed and, if failed, whether the following Asset Cover Report states that the Asset Cover Test has been failed for the second time, meaning that a Breach of Asset Cover Test shall have occurred.

For the purpose hereof:

**"Adjusted Aggregate Asset Amount"** means  $A + B + C + D - Z$ .

**"A"** means the lower of:

- (a) the sum of all Adjusted Current Balances of all Mortgage Receivables. The "Adjusted Current Balance" of a Mortgage Receivable is the lower of:
  - (i) the Current Balance of such Mortgage Receivable minus  $\alpha$ ; and
  - (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Mortgage Receivable, minus  $\beta$ ; and
- (b) the Asset Percentage of the Current Balance minus  $\alpha$  of all Mortgage Receivables.

**" $\alpha$ "** means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable an amount calculated on the basis of a method proposed to the Rating Agencies, related to the built-up of savings in connection with such Savings Mortgage Receivable, provided that no amount will be deducted if and to the extent that a Savings Participation Agreement (a "**Savings Participation Agreement**") is in place in relation to the Savings Mortgage Receivable;
- (ii) if it was in breach of the Mortgage Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iii) if it is 3 months or more in arrears or it is a Defaulted Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iv) if the related Mortgage Loan (or a relevant loan part thereof) has a fixed interest rate or a floating interest rate which is lower than the Minimum Mortgage Interest Rate, an amount equal to: the product of (i) the difference between 1 per cent. and the actual interest rate of such Mortgage Loan (or the relevant loan part thereof); and (ii) the Current Balance of such Mortgage Loan (or the relevant loan part thereof); and (iii) the remaining (fixed) interest period in years (unless such period is less than 5 years, in which case such period is set to 5 years) (rounded if necessary to the first decimal, with 0.05 being rounded upwards);
- (v) if the Issuer's rating from S&P falls below BBB (long-term issuer credit rating), an additional amount in connection with the possible set-off risk pertaining to deposits maintained by Borrowers with the Issuer for mortgage loans issued by NIBC Direct Hypotheken (the "**Deposit Amount**") being equal to (i) the amount deposited with the Issuer or (ii) such lower amount as long as this will not adversely affect the rating of any Series; or
- (vi) if it corresponds to a Construction Deposit: the amount of the Construction Deposit.

**"Construction Deposit"** means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the relevant Transferor, the proceeds of which can only be applied towards construction of, or improvements to, the relevant Mortgaged Asset.

**" $\beta$ "** means for each Mortgage Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii)  $\alpha$  minus L.

"L" means for each Mortgage Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation provided that if the result is negative, L shall be zero and if the result exceeds  $\alpha$ , L shall equal  $\alpha$ .

"Asset Percentage" means 77.5 per cent. or such other percentage figure as is determined from time to time in accordance with the Asset Monitoring Agreement as described above.

"Current Balance" means in relation to an Eligible Receivable at any date, the aggregate (without double counting) of the Net Outstanding Principal Amount, Accrued Interest (unless it concerns calculations for either the Asset Cover Test or the Amortisation Test Aggregate Asset Amount, in which case Accrued Interest will not be included) and Arrears of Interest as at that date.

"LTV Cut-Off Percentage" means 80 per cent. for all Mortgage Receivables or such other percentage as may be notified to the Rating Agencies from time to time in respect of the relevant Mortgage Receivables, or such lower percentage as is (a) required from time to time for Covered Bonds to qualify as 'covered bonds' as defined in the CRR or (b) otherwise determined from time to time in accordance with the Asset Monitoring Agreement.

"B" means the aggregate amount of all Principal Receipts on the Mortgage Receivables up to the end of the immediately preceding calendar month which have not been applied in accordance with the Trust Deed.

"C" means the aggregate amount of (i) all Transferred Collateral in cash which has not been applied in accordance with the Trust Deed and (ii) the amounts standing to the credit of the Reserve Account.

"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 (to the extent not included in B). Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology notified to the Rating Agencies.

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

"Interest Reserve Required Amount" means on the date with respect to which the Asset Cover Test is calculated (i.e. the end of each calendar month), the higher of zero and (i) U minus W on such date; or (ii) such lower amount as notified by the Issuer to the CBC as long as this will not adversely affect the rating of any Series; whereas

"U" means the sum of the aggregate amount of interest payable in respect of all Series of Covered Bonds from the relevant date up to and including the relevant Maturity Date minus any amount of interest to be received under any Swap Agreement in connection with a Series of Covered Bonds and in the event floating rate interest has to be calculated, it is assumed that such rates remain at the same level as at the relevant Calculation Date preceding the relevant CBC Payment Date.

"W" means the Estimated Portfolio Interest Income multiplied by (1 minus the Portfolio Swap Fraction) and minus any amount of interest to be paid under any Swap Agreement (other than any Portfolio Swap Agreement) in connection with a Series of Covered Bonds.

"Estimated Portfolio Interest Income" means on the date with respect to which the Asset Cover Test is determined (i.e. the end of each calendar month), the aggregate amount, as determined by the CBC (or the Administrator on its behalf) (and such estimation, absent manifest error, being final and binding), of future interest receipts on the Mortgage Receivables and future interest income derived from Substitution Assets on such date, and such estimation to be calculated as the sum of:

- (i) all Fixed Interest Loan Payment Amounts;
- (ii) all Variable Interest Loan Payment Amounts; and
- (iii) all Substitution Assets Payment Amounts.

"Fixed Interest Loan Payment Amount" means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a fixed interest rate, the product of (x) the expected weighted average life (expressed in years) of all Mortgage Receivables with a fixed interest rate; and (y) the weighted average interest rate (expressed as a percentage) of all Mortgage

Receivables (where upon the interest reset date of such Mortgage Receivable the interest rate is assumed to be reset at the Minimum Mortgage Interest Rate); and (z) the aggregate Outstanding Principal Amount of such Mortgage Receivable.

**"Variable Interest Loan Payment Amount"** means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a variable interest rate, the product of (x) the expected weighted average life (expressed in years) of all Mortgage Loans with a variable interest rate, (y) the Minimum Mortgage Interest Rate; and (z) the aggregate Outstanding Principal Amount of such outstanding Mortgage Receivable.

**"Substitution Assets Payment Amount"** means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each Substitution Asset the sum of the aggregate interest expected to be received up to and including the maturity date of the respective Substitution Asset.

**"Original Market Value"** in relation to any Mortgaged Asset means the foreclosure value (*executiewaarde*) given to that Mortgaged Asset by the most recent valuation addressed to the Transferor that transferred the relevant Mortgage Receivable to the CBC, divided by 0.85.

**"Indexed Valuation"** in relation to any Mortgaged Asset at any date means:

- (a) where the Original Market Value of that Mortgaged Asset is equal to or greater than the Price Indexed Valuation as at that date, the Price Indexed Valuation; or
- (b) where the Original Market Value of that Mortgaged Asset is less than the Price Indexed Valuation as at that date, the Original Market Value plus 90 per cent. (or, if a different percentage is required or sufficient from time to time for the Covered Bonds to qualify as "covered bonds" as defined in the CRR and the Issuer wishes to apply such different percentage, then such different percentage) of the difference between the Price Indexed Valuation and the Original Market Value.

**"Price Indexed Valuation"** in relation to any property at any date means the Original Market Value of that property increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value.

**"Index"** means the index of increases or decreases, as the case may be, of house prices issued by the Dutch land registry (*kadaster*) in relation to residential properties in the Netherlands.

**"Selected Mortgage Receivables"** means Mortgage Receivables to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitoring Agreement.

**"First Regulatory Current Balance Amount"** means an amount equal to sum of (i) the aggregate amount of the Current Balance of the Mortgage Receivables, excluding any Defaulted Receivables, and (ii) the Substitution Assets Amount, or in each case such other amount as must be calculated in accordance with the CB Regulations.

**"Substitution Assets Amount"** means an amount equal to the sum of (i) B (as defined above) and (ii) C (as defined above), less any cash standing to the credit of the CBC Transaction Accounts held with an entity within the NIBC Group, which amount will be limited to a maximum of 20 per cent., or such other percentage as required under the CB Regulations, of the aggregate Principal Amount Outstanding of the Covered Bonds.

**"Second Regulatory Current Balance Amount"** means an amount equal to the sum of (A) the aggregate balance of all Mortgage Receivables, excluding any Defaulted Receivables, whereby the balance is determined for each such Mortgage Receivable as the lower of (i) the Current Balance of the Mortgage Receivable and (ii) the Regulatory Cut-Off Percentage of the Indexed Valuation relating to such Mortgage Receivable and (B) Substitution Assets Amount, or in each case such other amount as must be calculated in accordance with the CB Regulations.

**"Regulatory Cut-Off Percentage"** means 80 per cent. for all Mortgage Receivables, or such other percentage as may be required from time to time under the CB Regulations.

## AMORTISATION TEST

Under the Asset Monitoring Agreement and the Guarantee Support Agreement, the CBC must ensure that as at the end of each calendar month following service of a Notice to Pay (but prior to service of a CBC Acceleration Notice), the Amortisation Test Aggregate Asset Amount shall be an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds as at the end of such calendar month (or with respect to item B as defined below, up to the date specified in item B), all as calculated on the immediately succeeding Calculation Date (the "**Amortisation Test**").

If on any Calculation Date following the service of a Notice to Pay the Amortisation Test is not met per the end of the previous 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 Security Trustee thereof in writing, and the Security Trustee shall be entitled to serve a CBC Acceleration Notice under the Terms and Conditions.

For this purpose:

**"Amortisation Test Aggregate Asset Amount"** means  $A + B + C - Z$ .

**"A"** means the sum of all Amortisation Test Current Balances of all Mortgage Receivables. The **"Amortisation Test Current Balance"** of a Mortgage Receivable is the Current Balance of such Mortgage Receivable minus  $\alpha$ .

**" $\alpha$ "** means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable an amount calculated on the basis of a method notified to the Rating Agencies, related to the built-up of savings in connection with such Savings Mortgage Receivable, provided that no amount will be deducted if and to the extent that a Savings Participation Agreement is in place in relation to the relevant Savings Mortgage Receivable;
- (ii) if it was in breach of the Mortgage Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iii) if it is 3 months or more in arrears or it is a Defaulted Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero.

**"B"** means the amount of any cash standing to the credit of the CBC Account up to the end of the immediately preceding Calculation Period which have not been applied in accordance with the Trust Deed.

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

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

**"Interest Reserve Required Amount"** means on the date on which the Amortisation Test is calculated, the higher of zero and (i)  $U$  minus  $W$ ; or (ii) such lower amount as long as this will not adversely affect the rating of any Series; whereas

**"U"** means the sum of the aggregate amount of interest payable in respect of all Series of Covered Bonds from the date of the relevant calculation up to and including the relevant Maturity Date minus any amount of interest to be received under a Swap Agreement in connection with a Series of Covered Bonds and in the event floating rate interest has to be calculated, it is assumed that such rates remain at the same level as at the relevant Calculation Date preceding the relevant CBC Payment Date.

**"W"** means the Estimated Portfolio Interest Income multiplied by (1 minus the Portfolio Swap Fraction) and minus any amount of interest to be paid under any Swap Agreement (other than any Portfolio Swap Agreement) in connection with a Series of Covered Bonds.



## SALE OR REFINANCING OF SELECTED ASSETS

The Asset Monitoring Agreement provides that the CBC shall, but does not have an obligation to do so vis-à-vis the Issuer and any Transferor, sell or refinance Selected Transferred Assets following the service of a Notice to Pay on the CBC and an Issuer Acceleration Notice on the Issuer, but prior to the service of a CBC Acceleration Notice, if on any date the relevant Series that has the earliest Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a CBC Event of Default) (the "**Earliest Maturing Covered Bonds**") have an Extended Due for Payment Date which falls within twelve (12) months, or such other date as the Security Trustee may approve, of such date.

The proceeds from any such sale or refinancing will, in the case of each Mortgage Receivable, and in respect of a Savings Mortgage Receivable to which a Participation applies, after deduction of an amount equal to such Participation, form part of the Principal Available Amount.

If the CBC is required to sell or refinance Selected Mortgage Receivables as abovementioned, the Asset Monitoring Agreement provides that the CBC shall ensure that the Selected Mortgage Receivables will be selected on a random basis as described in the Asset Monitoring Agreement, provided that no more Selected Mortgage Receivables will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount (after deduction of costs) and as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any) plus, in the case of Savings Mortgage Receivables which are subject to a Participation, an amount equal to the aggregate Participations and provided that the Amortisation Test is not breached following the proposed sale and refinancing,

where:

**"Adjusted Required Redemption Amount"** means an amount equal to the aggregate Required Redemption Amount of the Earliest Maturing Covered Bonds in respect of which the CBC is required to undertake a sale pursuant to the Asset Monitoring Agreement, less amounts standing to the credit of the CBC Account and the principal amount of any Substitution Assets (excluding all amounts to be applied on the following CBC Payment Date to repay higher ranking amounts in the CBC Priority of Payments and excluding those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series ).

**"Required Redemption Amount"** means in respect of a Series, the amount calculated as follows: the aggregate Principal Amount Outstanding of such Series x  $(1 + (0.005 \times (\text{days to the Extended Due for Payment Date of such Series} / 365)))$ .

The CBC shall first offer all the Selected Transferred Assets for sale to the relevant Transferor after the occurrence of an Issuer Event of Default. If, for whatever reason, the relevant Transferor informs the CBC, within a period of twenty (20) Business Days after such event has occurred, that it will not purchase the Selected Transferred Assets, the CBC shall offer the Selected Transferred Assets to a third party or third parties.

If, after the non-exercise of the right of first refusal of the relevant Transferor, the CBC receives an offer from a third party to purchase the Selected Transferred Assets, the CBC will notify the relevant Transferor of such offer and, within five (5) business days after such notice, the relevant Transferor has the right to match the offer to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party and, if the relevant Transferor offers to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party, the CBC shall accept such offer of the Transferor.

If the CBC is required or permitted to sell or refinance Selected Mortgage Receivables, the CBC will offer the Selected Mortgage Receivables for sale to purchasers for the best terms reasonably available but in any event for an amount not less than the Adjusted Required Redemption Amount as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any), plus, in the case of Savings Mortgage Receivables which are subject to a Participation, an amount equal to the aggregate Participations.

If, on the date falling six (6) months before the first Extended Due for Payment Date of any Series outstanding, the Selected Mortgage Receivables have not been sold or refinanced (in whole or in part) for an amount equal to the Adjusted Required

Redemption Amount (or a proportional part thereof if only a part of the Selected Mortgage Receivables have been sold) as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any) plus, in the case of each Savings Mortgage Receivable to which a Participation applies, an amount equal to the relevant Participation, then the CBC will (i) offer the Selected Mortgage Receivables for sale for the best terms reasonably available, including but not limited to the best price reasonably available at that time considering the then current market circumstances, or (ii) seek to refinance the Selected Mortgage Receivables on the best terms reasonably available at that time considering the then current market circumstances, both (i) and (ii) subject to the consent of the Security Trustee, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount (plus in the case of each Savings Mortgage Receivable to which a Participation applies, an amount equal to the relevant Participation).

If the CBC intends to sell Selected Mortgage Receivables to a third party, it may appoint a portfolio manager to arrange the sale of such portfolio on behalf of the CBC (each a "**Portfolio Manager**"). The CBC shall pay to the Portfolio Manager a success fee, which may consist of a percentage of the portfolio as agreed between the CBC and the Portfolio Manager and which shall only be payable upon sale of such portfolio and shall be deducted from the proceeds.

In respect of the sale or refinancing of Selected Mortgage Receivables following service of a Notice to Pay on the CBC, in addition to offering Selected Mortgage 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 relevant Transferors pursuant to the Guarantee Support Agreement) is under the Asset Monitoring Agreement permitted to sell a portfolio of Selected Mortgage Receivables, in accordance with the provisions summarised above, in respect of other Series and the CBC shall be required to do so if the Extended Due for Payment Date falls within twelve (12) months (or such other later date as the Security Trustee may approve) of such date.

In respect of any sale or refinancing of Selected Mortgage Receivables following the service of an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, the CBC will instruct the Portfolio Manager to use all best efforts to procure that Selected Mortgage Receivables are sold as quickly as reasonably practicable (in accordance with the recommendations of the Portfolio Manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Guarantee Support Agreement and the Asset Monitoring Agreement.

### **General Sales Requirements**

The CBC shall ensure that the purchaser to which it sells the Selected Mortgage Receivables shall on or before the date of such purchase represent that it has not been granted a suspension of payments (*surseance van betaling verleend*), been declared bankrupt (*failliet verklaard*) or become subject to analogous insolvency proceedings under applicable law or otherwise be limited in its right to dispose of its assets.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Receivables or the terms of any refinancing will be subject to the prior written approval of the Security Trustee.

If purchasers accept the offer or offers from the CBC, the CBC will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant purchasers which will require, among other things, a cash payment from the relevant purchasers.

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

After a CBC Acceleration Notice has been served on the CBC, the Security Trustee may institute such proceedings or take such action as it thinks fit against the Issuer and the CBC to enforce its rights under the Trust Deed and the Security in accordance with the terms of the Trust Deed.

### **Sale of Substitution Assets**

The Asset Monitoring Agreement provides that the CBC (or the Administrator on its behalf) shall sell all Substitution Assets as quickly as reasonably practicable, subject to the pre-emption rights enjoyed by the Transferors pursuant to the Guarantee Support Agreement, following service of an Issuer Acceleration Notice and a Notice to Pay.

## ASSET MONITOR

Under the terms of an asset monitor appointment agreement between Ernst & Young Accountants LLP (the "**Asset Monitor**"), the CBC, the Administrator, the Issuer and the Security Trustee (the "**Asset Monitor Appointment Agreement**"), the Asset Monitor has been appointed as an independent auditor to perform the role as Asset Monitor. The Asset Monitor has agreed, subject to due receipt of the information to be provided by the Administrator to the Asset Monitor, to conduct agreed upon procedures on calculations performed by the Administrator in respect of the Asset Cover Test, the Amortisation Test and the Mandatory Liquidity Required Amount with a view to report factual findings with regard to such calculations.

Pursuant to the Asset Monitor Appointment Agreement, the Asset Monitor will perform agreed upon procedures (i) prior to the service of a Notice to Pay or a CBC Acceleration Notice, in respect of the Asset Cover Test conducted by the Administrator on or before the Calculation Date immediately preceding each anniversary of the Programme Date; (ii) following the service of a Notice to Pay, in respect of the Amortisation Test conducted by the Administrator on or before each Calculation Date; and (iii) in respect of the Mandatory Liquidity Required Amount as calculated by the Administrator on or before the Calculation Date immediately preceding each anniversary of the Programme Date.

Following the report of factual findings by the Asset Monitor of findings with respect to the calculations performed by the Administrator such that (a) the Asset Cover Test was not executed correctly on the applicable Calculation Date (in respect of the previous month's end) (where the Administrator had recorded it as being executed correctly) or (b) the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount differs by an amount exceeding 1 per cent. of the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount, as applicable, the Asset Monitor will be required to perform such agreed upon procedures for each of the four consecutive Calculation Dates thereafter. If the test in relation to the Mandatory Liquidity Required Amount reveal different outcomes in the relevant calculations and consequently, such test has not been executed correctly, then the Asset Monitor shall promptly notify the CBC, the Administrator, the Security Trustee and the Issuer thereof.

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 performing such agreed upon procedures is true and correct and is complete and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The factual findings of the tests conducted by the Asset Monitor will be delivered to, *inter alia*, the Administrator, the CBC, the Issuer and the Security Trustee (the "**Asset Monitor Report**") in accordance with the Asset Monitor Appointment Agreement.

Under the terms of the Asset Monitor Appointment Agreement the CBC will pay to the Asset Monitor a fee per test for the tests to be performed by the Asset Monitor.

The CBC may, at any time, but subject to the prior written consent of the Security Trustee, terminate the appointment of the Asset Monitor by providing at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the CBC (such replacement to be approved by the Security Trustee) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

The Asset Monitor may, at any time, resign from its appointment under the Asset Monitor Appointment Agreement upon providing the CBC and the Security Trustee (copied to the Rating Agencies) with 30 days' prior written notice. If a replacement asset monitor has not been found by the CBC within 30 days of notice of resignation by the Asset Monitor, the Asset Monitor shall immediately undertake to seek a replacement (such replacement to be approved by the Security Trustee) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

If a replacement asset monitor has not been found by the CBC within 30 days of the giving of notice of termination by the CBC, the Asset Monitor may, but will have no obligation to, identify a replacement which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

In the Trust Deed the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether it states that the Asset Cover Test or Amortisation Test, as the case may be, has been passed or failed.

**Pool Audit**

Under the terms of the Trust Deed and pursuant to the Wft, the Issuer shall undertake to request an independent auditor to perform an agreed upon procedure on a sample of randomly selected mortgage files at least once a year.

## 16. SWAPS

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

Rating downgrade language acceptable to the Rating Agencies will be included in the Swap Agreements in relation to the Swap Counterparties.

Upon the termination of a Swap Agreement, the CBC or any Swap Counterparty may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this termination payment will be calculated and made in euro or such other currency as may be agreed. In the event that such a termination payment is payable by the CBC following the service of an Issuer Acceleration Notice, such amount will in most cases (see the applicable priority of payments below) rank ahead of any principal amounts in respect of Swap Agreements due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Counterparty has caused the relevant Swap Agreement to terminate.

### *Portfolio Swap Agreements*

There may be differences between the amounts of interest (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts and (ii) payable in respect of the outstanding Covered Bonds or a rate payable under any Interest Swap Agreement. The CBC may at the instruction of the Issuer elect to enter into portfolio swap agreements (such agreements the "**Portfolio Swap Agreements**") in order to hedge certain mismatches in respect of one or more Series or all Series of Covered Bonds, whereby the revenue scheduled to be received on all Transferred Assets and the CBC Transaction Accounts multiplied by the Portfolio Swap Fraction is exchanged for a fixed or floating rate of interest on the relevant Series of Covered Bonds or a rate payable under any Interest Swap Agreement.

### *Interest Swap Agreements*

There may be differences between the amounts of interest (fixed or floating) (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts and (ii) payable in respect of the outstanding Covered Bonds. The CBC may at the instruction of the Issuer elect to enter into Interest Swap Agreements in order to hedge certain mismatches in respect of one or more Series.

For the purpose hereof:

**"Eligible Swap Counterparty"** means a financial institution which is permitted under Dutch law to enter into derivative contracts with Dutch residents and whose unsecured, unsubordinated and unguaranteed debt obligations are rated not lower than the minimum ratings as amended from time to time, as at the date of this Base Prospectus being A (long-term issuer credit rating) by S&P, or such other rating as the Rating Agencies may be comfortable with to maintain the then current rating of the Covered Bonds.

**"Swap Fraction"** means the fraction to be calculated in relation to the relevant Portfolio Swap Agreement by dividing (i) the Principal Amount Outstanding of the relevant Series of Covered Bonds by (ii) the Principal Amount Outstanding of all outstanding Covered Bonds.

## 17. CASH FLOWS

- A. For as long as no Assignment Notification Event has occurred or a Breach of Asset Cover Test Notice is served (which is not remedied) and no Notice to Pay or CBC Acceleration Notice has been served, pursuant to the Guarantee Support Agreement, the CBC is not entitled to receive or retain any proceeds from the Transferred Assets; such proceeds will all be received and retained by the relevant Transferor for its own benefit. Pursuant to the Trust Deed, the following will then apply:
- (i) all costs and expenses of the CBC, including but not limited to any costs and expenses of the Security Trustee and the Stichting Holding and other amounts due listed under item (a) up to and including (d) of the CBC Priority of Payments, but excluding any negative interest amounts and expenses already paid in accordance with the CBC Account Agreement, will be paid on behalf of the CBC by the Issuer for its own account as consideration for the CBC issuing the Guarantee;
  - (ii) all amounts to be paid and received, respectively by the CBC under the Savings Participation Agreements and/or any Swap Agreement will be paid and received, respectively on behalf of the CBC by the Issuer for its own account, except that any Swap Collateral Amounts will be delivered directly by the relevant Swap Counterparty to the CBC irrespective of whether any Assignment Notification Event has occurred or any Breach of Asset Cover Test Notice is served (which is not remedied) or 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 the Collateral Return Payments shall be made directly by the CBC to the relevant Swap Counterparty; 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 Transaction Accounts (except for any collateral provided by a Swap Counterparty and the balance standing to the credit of the Reserve Account) to the Issuer to the extent such will not result in a breach of the Asset Cover Test.
- B. If an Assignment Notification Event occurs or a Breach of Asset Cover Test Notice (which is not remedied) or a Notice to Pay or CBC Acceleration Notice is served on the CBC, pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Security Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following such Assignment Notification Event or service of a Breach of Asset Cover Test Notice (which is not remedied) or a Notice to Pay or a CBC Acceleration Notice. Pursuant to the Trust Deed, the following will apply:
- (i) if an Assignment Notification Event has occurred or a Breach of Asset Cover Test Notice has been served (which is not remedied) (but no Notice to Pay or Issuer Acceleration Notice or CBC Acceleration Notice has been served), all costs, expenses and all amounts to be paid and received under the Swap Agreements and the Savings Participation Agreements will continue to be settled on behalf of the CBC by the Issuer (except that Collateral Return Payments shall be made directly to the relevant Swap Provider) and all amounts standing to the credit of the CBC Transaction Accounts (except for Swap Collateral Amounts and the Reserve Account) will after payment of costs be distributed as set out abovementioned, provided that after a Breach of Asset Cover Test Notice is served no amounts will be distributed until such breach is remedied;
  - (ii) if an Issuer Acceleration Notice and a Notice to Pay have, but no CBC Acceleration Notice has, been served, the CBC (or the Administrator on its behalf) will apply the Interest Available Amount and the Principal Available Amount in accordance with the CBC Priority of Payments and pay the Participation Redemption Available Amounts to the relevant Savings Participant; and
  - (iii) if a CBC Acceleration Notice has been served, all moneys received or recovered by the Security Trustee or any other Secured Party and all moneys held by or on behalf of the CBC will be applied in accordance with the Post CBC Acceleration Notice Priority of Payments except for any Participation Redemption Available Amounts which will be paid to the relevant Savings Participant and except for any collateral to be provided by a Swap Counterparty which shall first be subject to the provisions set out in the relevant Swap Agreement.

### **Reserve Account Required Amount and Mandatory Liquidity Required Amount**

Pursuant to the Trust Deed, on the Programme Date and on each date thereafter the Issuer will be required to transfer to the Reserve Account an amount equal the higher of (i) Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount (see further section 17 (*Cash flows - CBC Transaction Accounts and Swap Replacement Ledger*) below).

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

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

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

For the purpose hereof:

**"Principal Available Amount"** means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Principal Receipts received during the previous calendar month;
- (ii) any amounts of principal received from any Substitution Asset (not forming part of the Interest Available Amount);
- (iii) the principal amount of any Transferred Collateral in the form of cash (other than pursuant to a Swap Agreement) received during the previous calendar month;
- (iv) any amount required to be transferred to the CBC Account in accordance with item (h) of the CBC Priority of Payments (for the purpose of determining such amount this item (iv) will not be included in the Principal Available Amount for determining the amount available for application to such item (h));
- (v) all amounts in respect of principal (if any) received or to be received by the CBC under the Transaction Documents (other than any Savings Participation Agreement and other than any Swap Collateral Amounts posted under the Swap Agreements) on the relevant CBC Payment Date (or in the CBC Payment Period immediately preceding the relevant CBC Payment Date but excluding the preceding CBC Payment Date);
- (vi) any amounts received in the preceding calendar month as Excess Proceeds to the extent such proceeds do not relate to interest; and
- (vii) any amounts reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement (or towards a higher ranking item than payment of the relevant Series of Covered Bonds or the relevant Swap Agreement in the CBC Priority of Payments) prior to the relevant CBC Payment Date to the extent relating to principal.

**"Interest Available Amount"** means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Interest Receipts received during the previous calendar month;
- (ii) other net income of the CBC including all amounts of interest received on the CBC Transaction Accounts (excluding the Swap Collateral Account) and the Substitution Assets in the preceding calendar month;
- (iii) all amounts in respect of interest received or to be received by the CBC under the Swap Agreements on the relevant CBC Payment Date (or in the CBC Payment Period immediately preceding the relevant CBC Payment Date but excluding the preceding CBC Payment Date) except for any payments in respect of interest received under the Swap Agreements (other than the Portfolio Swap Agreements) that have been applied towards payment of a Series of Covered Bonds (and, for the avoidance of doubt, excluding Swap Collateral Amounts);
- (iv) any amounts on the Reserve Account released in accordance with the Trust Deed;
- (v) any amounts received as Excess Proceeds in the CBC Payment Period immediately preceding the relevant CBC Payment Date to the extent such proceeds do not relate to principal;

- (vi) any amounts to the extent not relating to principal, reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement or towards a higher ranking item than payment of the relevant Series of Covered Bonds or the relevant Swap Agreement in the CBC Priority of Payments prior to the relevant CBC Payment Date;
- (vii) any Excess Swap Replacement Amounts as shall be standing to the credit of the Swap Replacement Ledger on the relevant CBC Payment Date; and
- (viii) any other amounts standing to the credit of the CBC Account, to the extent not relating to principal, not excluded by virtue of (i) to (vii) above;

less

- (ix) on the first CBC Payment Date of each year, an amount equal to 10 per cent. of the annual fixed operational expenses of the CBC, with a minimum of euro 2,500.

**"Principal Receipts"** means:

- (i) any amount received as principal under the Mortgage Receivables (as repayment, prepayment, sale, refinancing, including payments of arrears, Accrued Interest and Arrears of Interest as at the relevant Transfer Date of a Receivable, but excluding prepayment penalties), less in respect of each Savings Mortgage Receivable which is subject to a Participation, the Participation in such Savings Mortgage Receivable;
- (ii) any amounts received or recovered as Net Proceeds to the extent relating to principal, less in respect of each Savings Mortgage Receivable which is subject to a Participation, the Participation in such Savings Mortgage Receivable; and
- (iii) any amounts received as Participation Increase and Initial Participation pursuant to any Savings Participation Agreement.

**"Reserve Account Required Amount"** means the sum of:

- (i) the higher of:
  - a. the aggregate of the expected interest payments for each Series for the immediately succeeding three months, as calculated as:
    - (A) if no Swap Agreement has been entered into or if such Swap Agreement has been terminated in relation to a Series (or part thereof), the aggregate amount of the Scheduled Interest due falling in the next following three CBC Payment Periods, or
    - (B) if a Swap Agreement has been entered into in relation to a Series or a part of such Series (which has not been terminated) with a party other than the Issuer, the amount payable by the CBC (or the Issuer on its behalf) pursuant to such Swap Agreement in the three following CBC Payment Periods for such Series prior to netting of any payments thereunder (excluding any Collateral Return Payments as may fall due thereunder), plus, in the case of a partial hedge, any amount described in (A) not covered by such hedge; and
  - b. the aggregate of the accrued interest for all Series since the last Interest Payment Date of each respective Series (or in case of the first interest period for a Series, the Issue Date); as calculated on the later to occur of each Calculation Date and the last issue date; and
- (ii) 0.03 per cent. of the Principal Amount Outstanding of the Covered Bonds on such Calculation Date (or, as applicable, such last issue date); and
- (iii) EUR 62,500.

**"Mandatory Liquidity Required Amount"** means, on any date, such amount as required to be reserved pursuant to the CB Regulations as liquid assets (*liquide activa*) (set out in article 20e(1) of the Implementing Regulation of the Wft (*Uitvoeringsregeling Wft*) as amended from time to time) for registered covered bonds to meet the interest payment obligations under the Covered Bonds for the following six (6) months or such other amount as the CB Regulations may require from time to time, being at the date hereof an amount equal to the total of:

- (i) the aggregate amount of interest payable under all Covered Bonds for the following six (6) months; plus



- (ii) an amount equal to the amounts payable to third parties under the items ranking senior to the interest payments under item (i) above in the relevant Priority of Payments within the period of the immediately following six (6) months; less
- (iii) an amount equal to the expected cash flows received by the CBC on the Transferred Assets within the period of the immediately following six (6) months and the other amounts available on the CBC Transaction Accounts (including the Reserve Account, but excluding the Swap Collateral Account).

**"Interest Receipts"** means:

- (i) interest and fees and other amounts received by the CBC in respect of the Mortgage Receivables (including any penalties for late payments), other than Principal Receipts and less in respect of each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the net amount received or recovered multiplied by the Participation divided by the Outstanding Principal Amount of such Savings Mortgage Receivable (the **"Participation Fraction"**);
- (ii) prepayment penalties received or recovered by the CBC in respect of the Mortgage Receivables; and
- (iii) any amounts received as Net Proceeds to the extent such proceeds do not relate to principal less, in respect of each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the amount received or recovered multiplied by the Participation Fraction.

**"Net Proceeds"** means in respect of a Mortgage Receivable the sum of (a) the proceeds of a foreclosure on the Mortgage, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to life insurance and fire insurance, (d) the proceeds of any guarantees or sureties in relation to the relevant Mortgage Receivables, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.

**"Accrued Interest"** means in relation to any Mortgage Receivable and as at any date interest on such Mortgage Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Mortgage Loan immediately prior to the relevant date up to and including that date;

**"Arrears of Interest"** means in relation to any Mortgage Receivable and as at any date, interest which is due and payable and unpaid up to and including that date;

#### **Cash Collection Arrangements**

Payments by the Borrowers under the Mortgage Loans are due on the first day of each month, interest being payable in arrear. All payments made by the Borrowers in respect of the Mortgage Receivables sold by the Transferors will be paid into the Collection Foundation Accounts maintained by the Collection Foundations with ABN AMRO Bank N.V. The Collection Foundation Accounts are also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Transferors are entitled vis-à-vis the relevant Collection Foundation.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank N.V. (or a successor bank where the Collection Foundation Accounts are held) are assigned a rating of less than the Collection Foundation Provider Rating (as defined below), the Collection Foundations will as soon as reasonably possible, but at least within 30 days either (i) transfer the Collection Foundation Accounts to an alternative bank with at least the Collection Foundation Provider Rating or (ii) ensure that payments to be made in respect of amounts received on a Collection Foundation Account relating to Mortgage Receivables will be guaranteed by a third party with at least the Collection Foundation Provider Rating, a copy of which guarantee shall in advance be submitted for approval to the relevant credit rating agencies and shall otherwise meet the relevant credit rating agency requirements, where applicable, or (iii) implement any other actions agreed at that time with the relevant credit rating agency.

**"Collection Foundation Provider Rating"** means the rating of (i) 'Prime-1' (short-term) by Moody's, (ii) 'F1' (short-term issuer default rating) and 'A' (long-term issuer default rating) by Fitch Ratings Ltd. and (iii) BBB (long-term unsecured, unsubordinated and unguaranteed debt obligations of the issuer) by S&P.

All reasonable costs and expenses, if any, incurred by the relevant Collection Foundation relating to the transfer of the Collection Foundation Account resulting from a downgrading below the Collection Foundation Provider Rating, shall be borne by the relevant bank where the Collection Foundation Accounts are held and such bank shall reimburse the relevant

Collection Foundation for such costs and expenses immediately after it will have received a written statement from such Collection Foundation, detailing such costs and expenses

Each Collection Foundation has undertaken to distribute all amounts of principal, interest and prepayment penalties received by the relevant Collection Foundation in respect of the Mortgage Receivables and paid to the relevant Collection Foundation Accounts ultimately the 5th business day following receipt.

## CBC 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 Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in the ordinary course of its business, which may be paid on each day by the CBC) will pursuant to the Trust Deed be applied or reserved (in respect of the immediately following CBC Payment Period (which, for the avoidance of doubt, in this priority of payments commences on such CBC Payment Date)), as the case may be, in the following order of priority (the "**CBC Priority of Payments**" and together with the Post CBC Acceleration Notice Priority of Payments (the "**Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee in the immediately following CBC Payment Period under the provisions of the Trust Deed, together with interest;
- (b) *second*, in or towards satisfaction of taxes owed by the CBC to any tax authority accrued and unpaid (to the extent such taxes cannot be paid out of item (ix) of the Interest Available Amount);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of any remuneration and any costs, charges, liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of:
  - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately following CBC Payment Period under the provisions of the Servicing Agreement;
  - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately following CBC Payment Period under the provisions of the Administration Agreement;
  - (iii) any remuneration then due and payable to the Back-up Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-up Administrator in the immediately following CBC Payment Period under the provisions of the Back-up Administration Agreement;
  - (iv) amounts (if any) due and payable to the CBC Account Bank (including costs) pursuant to the terms of the CBC Account Agreement;
  - (v) any amounts (including costs and expenses) due and payable to the Directors; and
  - (vi) 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;
- (e) *fifth*, to each Portfolio Swap Counterparty in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of all amounts (including any termination payment due and payable by the CBC under the relevant Portfolio Swap Agreement to the extent *not* paid from any Swap Replacement Amounts, but excluding any Excluded Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Portfolio Swap Agreement;
- (f) *sixth*, in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto:
  - (i) to each Swap Counterparty, all amounts (including any termination payment due and payable by the CBC under the relevant Swap Agreement (other than under a Portfolio Swap Agreement, which is paid under item (e) above) to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Swap Agreement; and
  - (ii) all Scheduled Interest that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be paid in the relevant CBC Payment Period from amounts received (or to be received) under the relevant Swap Agreement connected to such Series or (ii) are scheduled to be paid in the immediately succeeding CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series but the Administrator determines in its sole discretion may not be available as scheduled due to the potential non-performance by a Swap Counterparty of its obligations pursuant to the relevant Swap Agreement;
- (g) *seventh*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount equal to the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount;

- (h) *eighth*, in or towards satisfaction or to be reserved for payment, *pro rata* and *pari passu* according to the respective amounts owing thereto, of all Scheduled Principal that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds;
- (i) *ninth*, to deposit the remaining moneys in the CBC Account for application on the next following CBC Payment Date in accordance with this priority of payments, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series);
- (j) *tenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amount due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (k) *eleventh*, in or towards satisfaction of any indemnity amount due to the Transferors pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement; and
- (l) *twelfth*, thereafter any remaining moneys will be paid to the Issuer.

For the purposes hereof:

**"CBC Payment Period"** means each period from (and including) a CBC Payment Date to (but excluding) the next CBC Payment Date.

**"Excluded Swap Termination Amount"** means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Counterparty as a result of a of an Event of Default or Termination Event (each as defined in such Swap Agreements) where the relevant Swap Counterparty is the Defaulting Party or the sole Affected Party.

## POST CBC ACCELERATION NOTICE PRIORITY OF PAYMENTS

Under the terms of the Trust Deed, each of the Secured Parties agrees that all moneys received or recovered by the Security Trustee or any other Secured Party (whether in the administration, liquidation of the CBC or otherwise) following the occurrence of a CBC Event of Default and service of a CBC Acceleration Notice, less an amount to which the Savings Participants shall be entitled (which shall be equal to the Participation in each of the Insurance Savings Mortgage Receivables to which the Savings Participation Agreements apply or if the amount recovered in respect of such Savings Mortgage Receivables is less than the Participation, an amount equal to the amount actually recovered and except for Swap Collateral Amounts (which shall first be subject to the provisions set out in the relevant Swap Agreement) will be applied following the enforcement of the security rights in the following order of priority (the "**Post CBC Acceleration Notice Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee under the provisions of the Trust Deed together with interest;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any remuneration and any costs, charges, liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of:
  - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement;
  - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement;
  - (iii) any remuneration then due and payable (if any) to the Back-up Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-up Administrator under the provisions of the Back-up Administration Agreement;
  - (iv) amounts (if any) due and payable to the CBC Account Bank (including costs) pursuant to the terms of the CBC Account Agreement; and
  - (v) amounts (including costs and expenses) due to the Directors;
- (d) *fourth*, to each Portfolio Swap Counterparty in or towards satisfaction, *pro rata* and *pari passu* in accordance with the respective amounts owing thereto, of any amounts due under the relevant Portfolio Swap Agreement (including any termination payment due and payable by the CBC under the relevant Portfolio Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount);
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts owing thereto, of any amounts due and payable:
  - (i) to the Swap Counterparties under the relevant Swap Agreements (other than under a Portfolio Swap Agreement, which is paid under item (d) above) (including, but not limited to, any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts); and
  - (ii) to the Covered Bondholders *pro rata* and *pari passu* in respect of interest due and payable on each Series in accordance with the Guarantee;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts owing thereto, of any amounts due and payable to the Covered Bondholders *pro rata* and *pari passu* in respect of principal due and payable on each Series in accordance with the Guarantee;
- (g) *seventh*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any Excluded Swap Termination Amounts due and payable by the CBC to the Swap Counterparty under the relevant Swap Agreement;
- (h) *eighth*, in or towards satisfaction of certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement;
- (i) *ninth*, thereafter, any remaining moneys will be paid to the Issuer.

The Security Trustee shall give notice to the Covered Bondholders in accordance with Condition 14 (*Notices*) of the date fixed for any payment under the Priorities of Payments. Any payment to be made in respect of the Covered Bonds or Coupons of any Series by the Issuer, the CBC or the Security Trustee may be made in the manner provided in the Conditions, the Agency Agreement and the Trust Deed and any payment so made shall discharge (*kwijten*) the Security Trustee to the extent made.

## CBC TRANSACTION ACCOUNTS AND SWAP REPLACEMENT LEDGER

### CBC Account

Pursuant to the terms of the CBC Account Agreement entered into on the Programme Date between the CBC, Société Générale S.A., Amsterdam Branch as CBC Account Bank and the Security Trustee, the CBC will maintain, with the CBC Account Bank, the CBC Account:

- into which are paid all amounts received by the CBC in respect of Transferred Assets; and
- moneys standing to the credit of which will on each CBC Payment Date be applied by the Administrator in accordance with the relevant Priority of Payments as described above in more detail.

### CBC Account Bank Rating

If the CBC Account Bank is assigned a rating below the Requisite Credit Rating or such rating is withdrawn, then the CBC Account Bank will use its best efforts to, within the Relevant Remedy Period of such occurrence, either:

- procure that the CBC Account will be closed and new accounts will be opened under the terms of a new CBC Account Agreement substantially on the same terms as the CBC Account Agreement with a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Requisite Credit Rating; or
- obtain a guarantee of its obligations under the CBC Account Agreement on terms acceptable to the Security Trustee, acting reasonably, from a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Requisite Credit Rating.

"**Requisite Credit Rating**" means in respect of the ratings other than the ratings of an Eligible Swap Counterparty, the minimum ratings from time to time, being equal to at least 'BBB' (long-term issuer credit rating) by S&P.

### Interest Rate

Pursuant to the CBC Account Agreement, the CBC Account Bank has agreed to pay interest on the CBC Transaction Accounts Funds at the rate determined in accordance with the CBC Account Agreement.

### Additional Accounts

The CBC and the CBC Account Bank may from time to time agree to create additional accounts for the purpose of making deposits with a different interest rate in the name of the CBC with the CBC Account Bank (provided that the Security Trustee has consented in writing). Any such additional accounts will be kept separate from the CBC Account to which it is connected. The CBC may only transfer amounts from such additional accounts to the relevant CBC Account to which it is connected and any amount to be transferred to such additional accounts may only be transferred from the relevant CBC Account.

In the event the CBC is obliged to open any other accounts than the CBC Account, the CBC Account Bank will, on the instructions of the CBC, open such new accounts under the terms of this CBC Account Agreement in the name of the CBC.

### Reserve Account

The CBC has opened a reserve account (the "**Reserve Account**") to which amounts will be transferred by the Issuer on the Programme Date and on each date thereafter until the service of a Notice to Pay with amounts required, if any, in order to effect that amounts standing to the credit of the Reserve Account are equal to higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount and, until the service of a Notice to Pay, the CBC (or the Administrator on its behalf) shall transfer to the CBC Account the excess, if any, of the amounts standing to the credit of the Reserve Account over the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount.

After the earlier of (i) the date falling three (3) months after the occurrence of an Assignment Notification Event pursuant to which the relevant Borrowers have been notified and have been instructed to direct any payments under such Mortgage Receivables to the CBC or (ii) the date on which the CBC demonstrates that the relevant Borrowers pay the required amounts under the Mortgage Receivables to the CBC, the Reserve Account Required Amount will be reduced to zero. Any amounts which may be released from the Reserve Account will be added to the Interest Available Amount and applied in accordance with the relevant Priority of Payments.

From the date of this Base Prospectus, the Issuer will ensure that the amount transferred to the Reserve Account is equal

to the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount to the extent any amounts are available after payment of all items ranking above item (g) of the CBC Priority of Payments have been paid or provided.

In case the Interest Available Amount and the Principal Available Amount are, on a CBC Payment Date, insufficient to meet items (a) to (f) inclusive of the CBC Priority of Payments, all amounts credited to the Reserve Account will be available on such CBC Payment Date to meet items (a) to (f) inclusive of the CBC Priority of Payments and will be released accordingly and form part of the Interest Available Amount.

In case a Notice to Pay is served on any day in the period from the day of the service of a Notice to Pay up to the immediately succeeding CBC Payment Date (the "**Interim Period**") all amounts credited to the Reserve Account will be available to meet any amount of interest due on any Series of Covered Bonds in such Interim Period and will be released accordingly to pay directly, outside any Priority of Payments, any amount of Scheduled Interest due on the Covered Bonds. If the amount credited to the Reserve Account exceeds the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount, such excess will be released and will form part of the Interest Available Amount.

#### **Swap Replacement Ledger**

The CBC shall maintain a ledger to the Swap Collateral Account to which shall be credited (a) those amounts received from any replacement Swap Counterparty in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Swap Agreement and (b) those amounts received from any Swap Counterparty in respect of any Swap Agreement which has terminated for any reason (such amounts "**Swap Replacement Amounts**") (such ledger the "**Swap Replacement Ledger**"). Pursuant to the Administration Agreement, the CBC has agreed that it shall only debit to the Swap Replacement Ledger the following amounts:

- (i) those amounts payable to the replacement Swap Counterparty by the CBC in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Swap Agreement, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so replaced; and
- (ii) those amounts payable by the CBC to a Swap Counterparty in respect of the termination of any Swap Agreement, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so terminated,

provided that in the event that any Swap Agreement has been replaced and the Swap Replacement Amounts received by the CBC with respect to such transaction as is being so replaced exceed the amounts debited to the Swap Replacement Ledger under paragraphs (i) or (ii) above in respect of the replacement of such transaction, then such excess proceeds shall be debited from the Swap Replacement Ledger and shall form part of the Interest Available Amount on the immediately succeeding CBC Payment Date and shall be distributed on such CBC Payment Date accordingly (such amounts "**Excess Swap Replacement Amounts**").

## 18. DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the AFM and shall be deemed to be incorporated in, and form part of, this Base Prospectus:

- (a) The most recent Articles of Association of the Issuer which can be obtained from <https://www.nibc.com/media/2064/articles-of-association-nibc-bank-en.pdf>;
- (b) the Issuer's consolidated financial information for the year ended 31 December 2020 being set out in (i) the Key Figures from page 12 up to and including page 14, (ii) Vision and Strategy starting from "Strategic priorities" on page 23 up to "Continuous development" on page 24, (iii) the Financial Review from page 36 up to and including page 43, (iv) Risk Management starting from "Asset quality" on page 50 up to and including page 54, (v) the Consolidated Financial Statements from page 103 up to and including page 300, (vi) the auditor's report related thereto, as set out on page 337 up to and including page 347 and (vii) the Alternative Performance Measures from page 349 up to and including page 355, of the publicly available Annual Report 2020 NIBC Bank N.V., published on 4 March 2021, which can be obtained from <https://www.nibc.com/media/2887/annual-report-nibc-bank-nv-2020.pdf>;
- (c) the consolidated financial information for the year ended 31 December 2020 of NIBC Holding N.V. being set out in (i) the Key Figures from page 12 up to and including page 14, (ii) Vision and Strategy starting from "Strategic priorities" on page 24 up to "Continuous development" on page 24, (iii) the Financial Review from page 38 up to and including page 47, (iv) Risk Management starting from "Asset quality" on page 54 up to and including page 59, (v) the Consolidated Financial Statements from page 109 up to and including page 313, (vi) the auditor's report related thereto, as set out on page 327 up to and including page 337 and (vii) the Alternative Performance Measures from page 339 up to and including the table "Net interest margin" on page 345, of the publicly available Annual Report 2020 NIBC Holding N.V., published on 4 March 2021, which can be obtained from <https://www.nibc.com/media/2886/annual-report-nibc-holding-nv-2020.pdf>;
- (d) the Issuer's consolidated financial information for the year ended 31 December 2021 being set out in (i) the Key Figures from page 12 up to and including page 14, (ii) Vision and Strategy starting from "Strategic priorities" on page 22 up to and including "Business review and strategic choices" on page 23, (iii) the Financial Review from page 27 up to "Sustainability" on page 41, (iv) Risk Management starting from "Credit risk (audited)" on page 61 up to and including page 85 (until "Other risk types"), "Other risk types" on page 85 and "Capital adequacy" on page 85 up to and including page 88, (v) the Consolidated Financial Statements from page 119 up to and including page 273, (vi) the auditor's report related thereto, as set out on page 309 up to and including page 319 and (vii) the Alternative Performance Measures from page 321 up to and including the table "Net interest margin" on page 327, of the publicly available Annual Report 2021 NIBC Bank N.V., published on 4 March 2022, which can be obtained from <https://www.nibc.com/media/3124/annual-report-nibc-bank-nv-2021.pdf>;
- (e) the consolidated financial information for the year ended 31 December 2021 of NIBC Holding N.V., being set out in (i) the Key Figures from page 12 up to and including page 14, (ii) Vision and Strategy starting from "Strategic priorities" on page 22 up to and including "Business review and strategic choices" on page 23, (iii) the Financial Review from page 27 up to "Sustainability" on page 41, (iv) Risk Management starting from "Credit risk (audited)" on page 61 up to and including page 85 (until "Other risk types"), "Other risk types" on pages 85 and 86 and "Capital adequacy" on page 85 up to and including page 88, (v) the Consolidated Financial Statements from page 119 up to and including page 278, (vi) the auditor's report related thereto, as set out on page 293 up to and including page 295 and (vii) the Alternative Performance Measures from page 297 up to and including the table "Net interest margin" on page 303, of the publicly available Annual Report 2021 NIBC Holding N.V., published on 4 March 2022, which can be obtained from <https://www.nibc.com/media/3123/annual-report-nibc-holding-nv-2021.pdf>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.



Any information contained in or accessible through any website, including <https://www.nibc.com/>, does not form a part of the Base Prospectus and has not been scrutinised or approved by the AFM, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the 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 will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus.

## 19. GENERAL INFORMATION

1. The establishment of the Programme and the issue of Covered Bonds under the Programme from time to time and the update of the Programme have been duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 12 May 2022. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under Dutch law have been given for the issue of Covered Bonds and for the Issuer to undertake and perform its obligations under the Transaction Documents.
2. The issuing of the Guarantee has been duly authorised by a resolution of the Board of Managing Directors of the CBC dated 10 May 2022.
3. Application may be made for Covered Bonds issued under the Programme to be listed on the official list of Euronext Amsterdam during the period of twelve (12) months from the date of this Base Prospectus. Notice of any terms and conditions not contained herein which are applicable to the Covered Bonds will be set out in the Final Terms which, with respect to such Covered Bonds to be listed on Euronext Amsterdam, will be delivered to Euronext Amsterdam on or before the date of issue. Covered Bonds issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms or be unlisted.
4. Ernst & Young Accountants LLP, whose principal place of business is at Boompjes 258, 3011 XZ Rotterdam, The Netherlands, is registered at the Chamber of Commerce of Rotterdam in The Netherlands under number 24432944. The registeraccountants of Ernst & Young Accountants LLP are members of the NBA (*Koninklijke Nederlandse Beroepsorganisatie van Accountants* – the Royal Netherlands Institute of Chartered Accountants). The NBA is the professional body for accountants in the Netherlands.
5. Copies of the following documents may for the life of the Base Prospectus be inspected at the specified offices of the Security Trustee and the Principal Paying Agent during normal business hours and will be made available on <https://www.nibc.com/about-nibc/investor-relations/debt-investors/soft-bullet-covered-bonds/documentation/>:
  - (i) the Deed of Incorporation and the Articles of Association of the Issuer, the Security Trustee and the CBC;
  - (ii) the Pledge Agreements;
  - (iii) the Administration Agreement;
  - (iv) the Back-up Administration Agreement;
  - (v) the Servicing Agreement;
  - (vi) the CBC Account Agreement;
  - (vii) the Trust Deed;
  - (viii) the Parallel Debt Agreement;
  - (ix) the Agency Agreement;
  - (x) the Guarantee Support Agreement;
  - (xi) any Savings Participation Agreement;
  - (xii) the Asset Monitoring Agreement;
  - (xiii) the Asset Monitor Appointment Agreement;
  - (xiv) the Master Definitions Agreement; and
  - (xv) the Management Agreements.

6. The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer and on <https://www.nibc.com/about-nibc/investor-relations/annual-reports/>.
7. A copy of the Issuer's articles of association is available, free of charge, at the office of the Issuer and will be made available on <https://www.nibc.com/about-nibc/investor-relations/debt-investors/soft-bullet-covered-bonds/documentation/>.
8. A copy of the CBC's articles of association is available, free of charge, at the office of the CBC and will be made available on <https://www.nibc.com/about-nibc/investor-relations/debt-investors/soft-bullet-covered-bonds/documentation/>.
9. A copy of all Final Terms will be made available on <https://www.nibc.com/about-nibc/investor-relations/debt-investors/soft-bullet-covered-bonds/>.
10. Application will be made for the Covered Bonds to be accepted for clearance through Euroclear and Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, as the case may be. The appropriate common code, ISIN and security code allocated by Euroclear and Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, as the case may be, will be specified in the applicable Final Terms.
11. A monthly investor report on the Covered Bonds under this Programme will be published on and can be obtained at: [www.assetbacked.nl](http://www.assetbacked.nl).
12. The Issuer does not intend to provide any post-issuance information in relation to any issues of Covered Bonds.
13. At the date of this Base Prospectus:
  - (i) there has been no material adverse change in the prospects of the Issuer since 31 December 2021;
  - (ii) there has been no significant change (a) in the financial position of the NIBC Group which has occurred since 31 December 2021 and (b) in the financial performance of the NIBC Group since 31 December 2021; and
  - (iii) there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the previous twelve (12) months which may have, or have had in the recent past significant effects on the Issuer and/or its subsidiaries' financial position or profitability.

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