



**DE VOLKSBANK N.V.**

(incorporated as a public limited liability company under Dutch law  
and having its statutory seat in Utrecht, the Netherlands)

**€ 15,000,000,000 Covered Bond Programme  
guaranteed as to payments of interest and principal by**

**VOLKS COVERED BOND COMPANY B.V.**

(incorporated as a private limited liability company under Dutch law  
and having its statutory seat in Amsterdam, the Netherlands)

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 and/or 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 will be published in electronic form on the website of the Issuer at <https://www.devolsbank.nl/en/investor-relations/debt-information/covered-bond-programme>. This Base Prospectus is issued in replacement of the base prospectus dated 23 December 2021 and any supplements thereto and accordingly supersedes any earlier base prospectus, which does not affect any covered bonds issued prior to the date of this Base Prospectus.

The Issuer has requested the AFM to provide the competent authority in Luxembourg, the Commission de Surveillance du Secteur Financier, with a Notification. The Issuer may request the AFM to provide competent authorities in additional Member States within the EEA with a Notification.

**This Base Prospectus shall be valid for a period of up to 12 months from the date of its approval by the AFM and shall expire on 15 December 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 € 15,000,000,000 Covered Bond Programme the Issuer may from time to time subject to compliance with all relevant laws, regulations and directives, issue Covered Bonds denominated in any currency agreed between the Issuer and the relevant Dealer, if any. As set out herein, the maximum aggregate nominal amount of the Covered Bonds from time to time outstanding under the Programme will not exceed € 15,000,000,000 (or its equivalent in any other currency calculated as described herein) subject to any increase as described herein.

The CBC will as an independent obligation irrevocably undertake to pay interest and principal payable under the Covered Bonds pursuant to a guarantee issued under the Trust Deed. 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 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 Relevant Documents. Recourse against the CBC under its guarantee will be limited to the Security.

The Covered Bonds may be issued on a continuing basis to the Dealer specified below 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. The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Covered Bonds is or are referred to as the "relevant Dealer" in respect of those Covered Bonds. Covered Bonds may be distributed by way of public offers or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant Series or Tranche will be stated in the relevant

## 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 and admitted to trading on the regulated market of the Luxembourg Stock Exchange will be filed with and delivered to the Luxembourg Stock Exchange 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 the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange 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 and admitted to trading on any other EEA 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 will 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 rating equal to the rating of the then outstanding Covered Bonds. On the date of this Base Prospectus the outstanding Covered Bonds have an "Aaa" rating by Moody's and an "AAA" rating by Fitch and the rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. Whether or not a credit rating in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency which is registered under the CRA Regulation and which is included in the list of registered rating agencies published on the website of ESMA and is established in the European Union or which is established outside the European Union and 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. Fitch Ratings Ireland Limited and Moody's France SAS are established in the European Union and each of them has been registered by the European Securities and Markets Authority as credit rating agencies in accordance with the CRA Regulation.

The Covered Bonds and the Guarantee have not been and will not be registered under the 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), 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 either (i) with a common safekeeper or common depositary for Euroclear and Clearstream, Luxembourg or (ii) with 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 0 (*Covered Bonds*) under '*Form of Covered Bonds*'.

The Covered Bonds may be issued in a 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 ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria from time to time.

An investment in the Covered Bonds involves certain risks. Prospective investors should have regard to the risk factors described in section 2 (*Risk Factors*) of this 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, 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 (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.

**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 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (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 (the "**UK Prospectus Regulation**"). 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.

**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 manufacturer('s/s') 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 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.

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

**UK MiFIR product governance / 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.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Arranger and/or any Dealer subscribing for any Covered Bonds is a manufacturer under the UK MiFIR Product Governance Rules in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**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 Regulation (EU)

2016/1011 (the "**Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the administrator thereof is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the 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 and/or a benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable 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.

This Base Prospectus must be read and construed together with any supplements hereto and with the documents incorporated by reference herein (which can be found on the website of the Issuer <https://www.devолksbank.nl/en/investor-relations/debt-information/covered-bond-programme> and may be obtained by contacting the Issuer by telephone (+31 302914246/ +31 302914807) or by e-mail: jacob.bosscha@devолksbank.nl and davey.hak@devолksbank.nl) and together with the applicable Final Terms relating to the specific Tranches.

The information on the websites to which a hyperlink has been included in this Base Prospectus (other than the hyperlinks contained in section 18 (*Documents Incorporated by Reference*)) does not form part of this Base Prospectus and has not been scrutinised or approved by the AFM.

Capitalised terms used herein have the meaning ascribed thereto in section 20 (*Glossary of Defined Terms*).

The date of this Base Prospectus is 15 December 2022.

**ARRANGER**

**Coöperatieve Rabobank U.A.**

**DEALER**

**Coöperatieve Rabobank U.A.**

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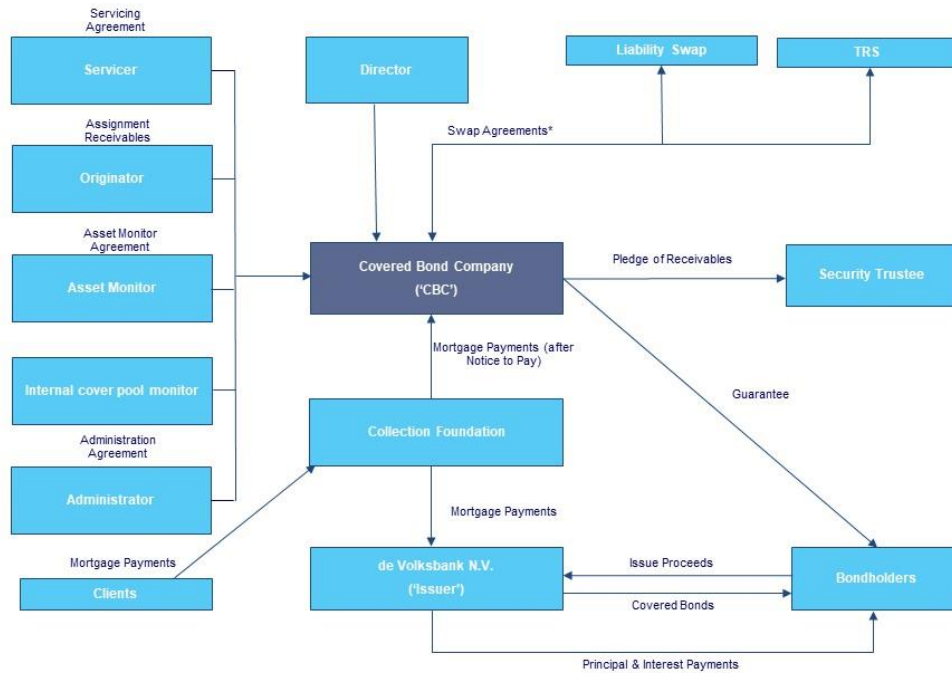
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## 1. GENERAL DESCRIPTION OF THE PROGRAMME

### 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.



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

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

*This overview constitutes a general description of the parties and of the principal features of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980 and must be read as an introduction to this Base Prospectus. This overview is not a summary within the meaning of Article 7 of the Prospectus Regulation. Any decision to invest in the Covered Bonds should be based on a consideration of this Base Prospectus as a whole, including any amendment and/or supplement hereto and the documents incorporated by reference herein. The following overview does not purport to be complete and is taken from, and is qualified by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds and the applicable Final Terms. Words and expressions defined in the Terms and Conditions of the Covered Bonds or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.*

### PARTIES:

<b>Issuer:</b>	de Volksbank N.V., incorporated under Dutch law as a public limited liability company ( <i>naamloze vennootschap</i> ), having its corporate seat in Utrecht, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 16062338. The Legal Entity Identifier of the Issuer is 724500A1FNICHSDF2111.
<b>Originator:</b>	de Volksbank, in its capacity as originator.
<b>CBC:</b>	Volks Covered Bond Company B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 34286571. The Legal Entity Identifier of the CBC is 724500VGEL1U5Z14P225.
<b>Guarantor:</b>	CBC.
<b>Administrator:</b>	Intertrust Administrative Services B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 33210270, in its capacity as administrator under the Administration Agreement, or its successor or successors.
<b>Servicer:</b>	de Volksbank 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.
<b>Collection Foundation:</b>	Stichting Hypotheken Incasso, established under Dutch law 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 52181553.
<b>Asset Monitor:</b>	Ernst & Young Accountants LLP, a limited liability partnership incorporated under the laws of England and Wales.
<b>Internal Cover Pool Monitor:</b>	de Volksbank Internal Audit (as part of de Volksbank).
<b>Arranger:</b>	Coöperatieve Rabobank U.A., a cooperative with excluded liability ( <i>coöperatie met uitgesloten aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 30046259.
<b>Dealer(s):</b>	Rabobank, and any additional Dealers appointed to the Programme or for a



particular Tranche of Covered Bonds by the Issuer from time to time.

**Security Trustee:** Stichting Security Trustee Volks Covered Bond Company, established under Dutch law as a foundation (*stichting*), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 34286862.

**Stichting Holding:** Stichting Holding Volks Covered Bond Company, established under Dutch law as a foundation (*stichting*), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 34286083.

The entire issued share capital of the CBC is held by Stichting Holding.

**Directors:** Intertrust Management B.V., incorporated under Dutch law 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 33226415, the sole director of the CBC;

Intertrust (Netherlands) B.V., incorporated under Dutch law 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 33144202, the sole director of the Stichting Holding; and

IQ EQ Structured Finance B.V., incorporated under Dutch law 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 33075510, the sole director of the Security Trustee.

Intertrust Management B.V. and Intertrust (Netherlands) B.V. belong to the same group of companies.

**Insurance Savings Participant:** SRLEV N.V., incorporated under Dutch law as a public limited liability company (*naamloze vennootschap*), having its corporate seat in Alkmaar, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 34297413 and such other saving insurance company which will enter into an Insurance Savings Participation Agreement with the CBC.

**Bank Savings Participant:** de Volksbank.

**Previous Transaction SPV's:** PEARL Mortgage Backed Securities 1 B.V.; Lowland Mortgage Backed Securities 5 B.V.; Lowland Mortgage Backed Securities 6 B.V.; and Woonhuishypotheke B.V.

**Previous Transaction Security Trustees:** Stichting Security Trustee PEARL Mortgage Backed Securities 1; Stichting Security Trustee Lowland Mortgage Backed Securities 5; Stichting Security Trustee Lowland Mortgage Backed Securities 6; and Stichting Security Trustee Woonhuishypotheke.

**GIC Provider:** Rabobank.

**Foundation Account Providers:** de Volksbank and Rabobank.

<b>Principal Paying Agent:</b>	Banque Internationale à Luxembourg S.A., a company incorporated in Luxembourg.
<b>Paying Agent:</b>	any paying agent appointed under the Agency Agreement.
<b>Listing Agent:</b>	BIL.
<b>Registrar:</b>	de Volksbank.
<b>Rating Agencies:</b>	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 issued under the Programme from time to time, which at the date of this Base Prospectus includes Fitch and Moody's.

#### **THE COVERED BONDS:**

<b>Programme size:</b>	Up to € 15,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Issue Price:</b>	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.
<b>Form of Covered Bonds:</b>	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 Temporary Global Covered Bond (a) which is intended to be issued as an NGN Temporary Global Covered Bond will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg, (b) which is not intended to be issued in NGN-form may be deposited on or around the relevant Issue Date (i) with Euroclear Nederland, (ii) with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (iii) with (a depositary for) any other agreed clearing system. A Temporary Global Covered Bond will be exchangeable as described therein for a Permanent Global Covered Bond.

A Permanent Global Covered Bond is exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event or, in case a Permanent Global Covered Bond is deposited with Euroclear Nederland, only upon the occurrence of a Delivery Event, all as described in section 0 (*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 0 (*Covered Bonds*) under '*Form of Covered Bonds*'.

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

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

<b>Denomination:</b>	Covered Bonds will be issued in such denominations as set forth in the applicable Final Terms save that the minimum denomination of each Covered Bond will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination (and in respect of Covered Bonds issued at a discount to their nominal amount, 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 € 100,000 (or if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, the Covered Bonds may be issued in euros or in other currencies as set forth in the applicable Final Terms.
<b>Status and Ranking:</b>	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 <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for any obligations preferred by a mandatory operation of applicable law.
<b>Interest:</b>	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).
<b>Fixed Rate Covered Bonds:</b>	Fixed Rate Covered Bonds means Covered Bonds which will bear interest at a fixed rate, payable on such date or dates as specified in the applicable Final Terms and on redemption and will be calculated on the basis of such Day Count Fraction as specified in the applicable Final Terms.
<b>Floating Rate Covered Bonds:</b>	<p>Floating Rate Covered Bonds means Covered Bonds which will bear interest either at:</p> <ul style="list-style-type: none"> <li>(i) a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series) or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series) as specified in the applicable Final Terms; or</li> <li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed</li> </ul>

between the Issuer and the relevant Dealer, being EURIBOR, €STR, Compounded Daily SOFR, Weighted Average SOFR, SONIA, or by the use of Mid Swap Rate (as defined in the applicable Final Terms) or another benchmark.

If the Reference Rate has been discontinued or, *inter alia*, a Benchmark Event, an €STR Index Cessation Event or SOFR 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 applicable fallback provision set out in Condition 5(c) (*Replacement Reference Rate*). If the Issuer is unable to or otherwise does not determine a substitute, alternative or successor rate, the rate of interest may ultimately be determined as at the last preceding Interest Determination Date before, *inter alia*, the Benchmark Event, the €STR Index Cessation Event or the SOFR Index Cessation Event occurred, which may ultimately result in the effective application of a fixed rate to what was previously a Floating Rate Covered Bond.

<b>Margin:</b>	The Margin (if any) will be specified in the applicable Final Terms.
<b>Other provisions in relation to Floating Rate Covered Bonds:</b>	Floating Rate Covered Bonds may also have a Cap, a Floor or Collar. Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as specified in the applicable Final Terms.
<b>Zero Coupon Covered Bonds:</b>	Zero coupon bonds means Covered Bonds which will be offered and sold at a discount or at a premium to their nominal amount or at par and will not bear interest other than in case of late payment.
<b>Redemption:</b>	The applicable Final Terms will indicate either that (a) the Covered Bonds cannot be redeemed prior to their stated maturity (other than following specified events, if applicable, or for tax reasons as described in Condition 7(b) ( <i>Redemption for tax reasons</i> )) 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 specified 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 specified in the applicable Final Terms.
<b>Maturities:</b>	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 or the relevant Specified Currency, subject to a maximum maturity for each Series of forty (40) years.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Covered Bonds and Coupons by the Issuer will be made without withholding or deduction of any present or future taxes or duties of whatever nature, unless such withholding or deduction is required by law. In the event that such withholding or deduction is imposed or levied by or on behalf of any Tax Jurisdiction, the Issuer will make the required withholding or deduction of such taxes or duties for the account of the Covered Bondholders and the Issuer will, in accordance with and subject to certain exceptions as provided in Condition 8 ( <i>Taxation</i> ), including an exception for any withholding taxes pursuant to the Dutch Withholding Tax Act 2021 ( <i>Wet bronbelasting 2021</i> ) 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 any additional amounts for any withholding or deduction in respect of tax or duties.

**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, any regulations or agreements thereunder, official interpretation 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 indemnify an investor in any other way 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 the relevant currency to Euroclear Nederland or, as the case may be, (ii) in the relevant currency to the Principal Paying Agent for the credit of the respective accounts of the Covered Bondholders through Euroclear and Clearstream, Luxembourg or, as the case may be, (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 its general corporate purposes.

**SECURITY FOR THE COVERED BONDS:**

**Guarantee, Security, CBC:**

Pursuant to the Guarantee issued under the Trust Deed, the CBC will as an independent obligation irrevocably undertake to pay interest and principal payable under the Covered Bonds. The obligations of the CBC under the Guarantee will constitute unsubordinated and unguaranteed obligations of the CBC, secured 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 Relevant 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 Post Issuer Acceleration Notice 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 the Parallel Debt Agreement for the benefit of the Covered Bondholders and the other Secured Parties under which the CBC, by way of parallel debt, undertakes to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create claims of the Security Trustee thereunder which can be validly secured by the rights of pledge created by any Security Trustee Receivables Pledge Agreement and any Security Trustee Rights Pledge Agreement.

**Security over Collection Foundation Accounts balances:**

The Collection Foundation has granted (i) a first ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts in favour of the Security Trustee and the Previous Transaction Security Trustees jointly and (ii) a second ranking right of pledge to the CBC and the Previous Transaction SPVs jointly, in each case under the condition that future issuers (and any future security trustees relating thereto) in subsequent securitisation transactions or covered bond transactions and future vehicles in conduit

transactions or similar transactions initiated by the Issuer will after accession also have the benefit of such first ranking right of pledge, or second ranking right of pledge, respectively. Such rights of pledge have been notified to the Foundation Account Providers.

**Guaranteed Amount:** 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, then:

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

**Guarantee Support:** As consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Originator will transfer Eligible Assets to the CBC in accordance with the Guarantee Support Agreement. At the option of the Issuer, subject always to Rating Agency Confirmation, New Originators may accede to the Guarantee Support Agreement.

The Issuer is obliged, 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.

#### **THE MORTGAGE RECEIVABLES:**

**Mortgage Receivables:** Under the Guarantee Support Agreement, the Originator may assign Mortgage Receivables and the Beneficiary Rights, subject to the fulfilment of certain conditions.

The Mortgage Loans shall, after the assignment of Eligible Receivables has taken place and to the extent not redeemed, retransferred, sold or otherwise disposed of, be the loans entered into by the Originator and the relevant Borrowers set out in the relevant deed of assignment, re-assignment, release and pledge and will result from loans secured by a first-ranking mortgage over (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementenrecht*), (iii) a long lease (*erfpacht*) or (iv) a right of superficies (*opstalrecht*), situated in the Netherlands and entered into by the Originator and the relevant Borrowers. See section 9 (*Guarantee Support*).

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

**Insurance Savings Participation Agreement:** The CBC has entered into the Insurance Savings Participation Agreement with the Insurance Savings Participant under which the Insurance Savings Participant will acquire participations under the condition precedent of an Assignment Notification Event in the relevant Insurance Savings Mortgage Receivables equal to the amounts of Savings Premium paid by the relevant

Borrower to the Insurance Savings Participant in respect of a Savings Insurance Policy, with respect to de Volksbank, with the Savings Alternative. In the Insurance Savings Participation Agreement the Insurance Savings Participant has undertaken to pay to the CBC amounts equal to all amounts received as Savings Premium on the Savings Insurance Policies, with respect to de Volksbank, with the Savings Alternative. In return, the Insurance Savings Participant is entitled to receive the Insurance Savings Participation Redemption Available Amount from the CBC. The CBC will have the right, but not the obligation, to enter into an Insurance Savings Participation Agreement with any other Insurance Company which offers a Savings Insurance Policy connected to an Insurance Savings Mortgage Receivable which has been transferred to the CBC. See further section 13 (*Participation Agreements*).

**Bank Savings Participation Agreement:**

The CBC has entered into the Bank Savings Participation Agreement with the Bank Savings Participant under which the Bank Savings Participant will acquire participations, under the condition precedent of an Assignment Notification Event, with respect to the Bank Savings Participant, in the relevant Bank Savings Mortgage Receivables equal to amounts received as Bank Savings Deposit by the Bank Savings Participant. In the Bank Savings Participation Agreement the Bank Savings Participant has undertaken to pay to the CBC amounts equal to all amounts received as Bank Savings Deposit from the relevant Borrowers. In return, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available Amount from the CBC. See further section 13 (*Participation Agreements*).

**Administration Agreement:**

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

**Servicing Agreement:**

Under the terms of the Servicing Agreement, 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, (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies. The Servicer is permitted to sub-contract its servicing role to its subsidiaries and, subject to any applicable conditions in the Servicing Agreement, to another third party servicer. If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets.

**GIC:**

The CBC and the GIC Provider have entered into the GIC, under which the GIC Provider agrees to pay a guaranteed rate of interest determined by reference to €STR, less the GIC Margin on the GIC Funds, or such other interest rate as may be agreed between the GIC Provider and the CBC.

**GIC Account:**

The CBC shall maintain with the GIC Provider the GIC Account or GIC Accounts to which all amounts to be received in respect of the Transferred Assets and other amounts by the CBC are to be paid.

**Collection Foundation 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 Collection Foundation Accounts.

**Swaps:**

There may be certain mismatches between the interest and principal and the

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

The CBC has in respect of certain Covered Bonds entered into Total Return Swaps, which all have been terminated on or about the date of this Base Prospectus, and Interest Rate Swaps and may, but is not required to, in relation to Covered Bonds to be issued, enter into Total Return Swaps, Interest Rate Swaps and Structured Swaps as further described below. The Issuer may also issue new Covered Bonds which are not hedged by the CBC under any Swap Agreement, except for its obligation to enter into a Structured Swap Agreement if any Series is denominated in a currency other than euro.

A Total Return Swap Agreement will only provide a hedge in relation to TRS Hedged Covered Bonds. The Issuer may agree with the CBC and the Security Trustee that Covered Bonds that are TRS Hedged Covered Bonds will no longer be hedged under a Total Return Swap and will no longer be TRS Hedged Covered Bonds.

In case a new Series is issued which has not been accepted or does no longer continue to be designated as TRS Hedged Covered Bonds and therefore has not been hedged under any Total Return Swap Agreement, the income of an equivalent part of the Total Pool Assets will not be exchanged with the interest on the Covered Bonds (unless such part of the Total Pool Assets is hedged under an Interest Rate Swap Agreement) and only a *pro rata* part of the Total Pool Assets, equal to the TRS Hedged Covered Bonds Ratio multiplied by all Total Pool Assets, will be hedged. At the date of this Base Prospectus, there are no TRS Hedged Covered Bonds outstanding.

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

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

**Management Agreements:** Each of the CBC, the Security Trustee and the Stichting Holding have entered into a Management Agreement 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.

**Deposit Agreement:** Each of the CBC, the Security Trustee, the Issuer and the Agent have entered



into the Deposit Agreement, pursuant to which the Originator will deposit personal data with respect to the Borrowers with the Agent who may only release such information to the CBC and/or the Security Trustee upon the occurrence of an Assignment Notification Event.

#### **COVERED BOND REGULATIONS:**

**Regulated Covered Bonds:** On the date of this Base Prospectus, the Issuer and the Covered Bonds are included in the list of issuers and covered bond programmes as published by DNB for the purpose of Article 1:109 of the Wft. The Issuer and the Covered Bonds issued prior to 8 July 2022 were listed in the DNB-register for the purpose of the Dutch covered bond laws in effect prior to 8 July 2022, including as being compliant with Article 129 CRR.

**Compliance with Article 129 CRR:** On the date of this Base Prospectus, the Issuer and the Covered Bonds are included in the list, the Covered Bonds are in the DNB-register registered as being compliant with Article 129 CRR.

**Compliance CB Regulations:** The Covered Bonds issued under the Programme comply with the CB Regulations.

**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) CRR. Each Borrower is a resident of the Netherlands and the Mortgage Receivables are governed by Dutch law.

**Extended Due for Payment Date:** The Extended Due for Payment Date is the date falling one (1) year after the Maturity Date, as specified in the applicable Final Terms.

**European Covered Bond (Premium) label:** Yes.

#### **OTHER:**

**Listing:** Application may be made for the Covered Bonds to be listed and admitted to trading on the official list of the Luxembourg Stock Exchange. The Covered Bonds may also be listed, quoted and/or traded on or by such other or further competent listing authority(ies), stock exchange(s) and/or quoted system(s) as set forth in the applicable Final Terms in relation to each Series. Unlisted Covered Bonds may also be issued.

The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).

**Selling restrictions:** There are selling restrictions in relation to the United States, the European Economic Area (including Belgium, Italy and the Netherlands), the United Kingdom and Japan and there may be other selling restrictions in connection with the offering and sale of a particular Tranche or Series. See section 0 (*Covered Bonds*) under '*Subscription and Sale*'.

**Ratings:** It is expected that a Series of Covered Bonds will, on issue, be assigned a rating equal to the rating of the then outstanding Covered Bonds (in case any rating will be assigned). On the date of this Base Prospectus the outstanding Covered Bonds have an "Aaa" rating by Moody's and an "AAA" rating by Fitch and the rating will be specified in the applicable Final Terms.

**Relevant Documents:** the Programme Agreement, the Master Definitions Agreement, the Pledge

Agreements, the Swap Agreements, the Administration Agreement, the Servicing Agreement, the Deposit Agreement, the GIC, the Trust Deed, the Parallel Debt Agreement, the Agency Agreement, the Guarantee Support Agreement, the Receivables Proceeds Distribution Agreement, the Collection Foundation Account Pledge Agreement, any Beneficiary Waiver Agreement, any Insurance Savings Participation Agreement, any Bank Savings Participation Agreement, the Asset Monitoring Agreement, any Calculation Agency Agreement, any Asset Monitor Appointment Agreement, the Management Agreements and any other documents relating to the Volks Covered Bond Programme.

**Governing Law:**

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

**Risk factors:**

There are certain factors which may affect the ability of the Issuer to fulfil its obligations under the Covered Bonds issued under the Programme and/or the ability of the CBC to fulfil its obligations under the Guarantee, that are specific to the Issuer, the Covered Bonds and/or the Guarantee and which 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 2 (*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 the Issuer's financial situation;
- B. Risks related to the Issuer's business activities and industry;
- C. Legal and regulatory risks;
- D. Internal control risk; and
- E. Environmental, social and governance risks.

**Risk factors regarding the Covered Bonds**

- A. Risks related to the nature, structure and issuance of the Covered Bonds;
- B. Risks related to counterparties and third parties;
- C. Risks related to the admission of the Covered Bonds to trading on a regulated market;
- D. Regulatory risks regarding the Covered Bonds; and
- E. Tax risks regarding the Covered Bonds.

**Risk factors regarding the Guarantor and the Guarantee**

**Risk factors regarding Swaps**

**Risk factors regarding Asset Monitoring and Servicing**

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

**Rights**

- A. Risks regarding the Mortgage Receivables;
- B. Set-off risks and other defences that may affect the Mortgage Receivables; and
- C. Risk factors regarding Security Rights.

See section 2 (*Risk Factors*).

## 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.

Transaction Party	Rating threshold Fitch	Rating threshold Moody's	Consequence if rating below threshold	Section in Base Prospectus
<b>GIC Provider</b>	If the deposit rating falls below both F1 (short-term) and A- (long-term)	If rating falls below Prime-1 (short-term)	Replacement of gic provider or obtain a guarantee from a financial institution with GIC Provider Required Ratings.	Section 17 ( <i>Cash flows</i> under ' <i>GIC Accounts and Swap Replacement Ledger</i> ').
<b>Issuer</b>	If the issuer default rating falls below BBB- (long-term)	If rating falls below Baa3 (long-term) (cr)	Asset Monitor to conduct the Asset Cover Test or the Amortisation Test following each Calculation Date.	Section 15 ( <i>Asset Monitoring</i> under ' <i>Asset Monitor and Cover Pool Monitor</i> ').
<b>Issuer</b>	If the deposit rating falls below both F1 (short-term) and A- (long-term)	If rating falls below Prime-1 (short-term) and Prime-1 (cr) (short-term)	Y1 of Asset Cover Test is triggered and Deposit Amount is deducted from the Adjusted Aggregate Asset Amount.	Section 15 ( <i>Asset Monitoring, Asset Cover Test</i> ).
<b>Issuer</b>	If the issuer default rating falls below both F2 (short-term) and BBB (long-term)	If rating falls below Baa1 (long-term)	Y2 of Asset Cover Test is triggered and an additional amount in connection to the commingling risk is deducted from the Adjusted Aggregate Asset Amount.	Section 15 ( <i>Asset Monitoring</i> under ' <i>Asset Cover Test</i> ').
<b>Issuer</b>	If rating falls below both F1 (short-term) and A- (long-term).	If rating falls below Prime-1 (short-term) (cr).	Requirement to post the Reserve Fund Trigger Required Amount (if such amount is higher than the Liquidity Reserve Required Amount).	Section 17 ( <i>Cash flows</i> ).
<b>Servicer</b>	If the issuer default rating falls below BBB- (long-term)	If rating falls below Baa3	Negotiate agreement with a back-up servicer.	Section 14 ( <i>Servicing, Administration and Custody</i> ).
<b>Swap Counterparties</b>	Minimum rating specified in the relevant swap agreement	Minimum rating specified in the relevant swap agreement	Replacement of relevant swap provider or other remedy, subject to	Section 16 ( <i>Swaps</i> ).

applicable rating criteria.

Eligible Counterparty*	Swap	Fitch	Moody's	Consequences if below rating trigger	Section in Base Prospectus
<b>in the case of the Total Return Swap (if applicable)</b>		If the derivative counterparty rating falls below both F1 (short-term) and A- (long-term)	If rating falls below A2 (long-term) (cr) or Prime-1 (short-term) (cr) or, if no short-term rating is available, A1 (long-term) (cr)	Replacement of relevant swap provider or other remedy, subject to applicable rating criteria.	Section 16 (Swaps).
<b>in the case of a Structured Swap</b>		If the derivative counterparty rating falls below both F1 (short-term) and A- (long-term)	If rating falls below A2 (long-term) (cr) or Prime-1 (short-term) (cr) or, if no short-term rating is available, A1 (long-term) (cr)	Replacement of relevant swap provider or other remedy, subject to applicable rating criteria.	Section 16 (Swaps).
<b>in the case of an Interest Rate Swap</b>		If the derivative counterparty rating falls below both F1 (short-term) and A- (long-term)	If rating falls below A2 (long-term) (cr) or Prime-1 (short-term) (cr) or, if no short-term rating is available, A1 (long-term) (cr)	Replacement of relevant swap provider or other remedy, subject to applicable rating criteria.	Section 16 (Swaps).

\* see for the minimum ratings specified in the relevant Swap Agreement the most recent Investor Report.

Collection Foundation	Fitch (to the extent if assigns to the bonds)	Moody's (to the extent if assigns to the bonds)	S&P (to the extent if assigns to the bonds)	Consequences if below rating trigger	Section in Base Prospectus
<b>Foundation Account Providers</b>	If rating falls below both F1 (short-term) and A (long-term)	If rating falls below Baa1 (long-term)	If rating falls below BBB (long-term) / A2 (short-term)	Post collateral, or establish reserve funds, or obtain an eligible guarantee, divert direct debits directly to the CBC or Security Trustee, or the (amounts standing to the) Collection Foundation Account will be transferred to Rabobank or the Collection Foundation Eligible Counterparty.	Section 17 (Cash flows).

## 2. RISK FACTORS

*The Issuer and the CBC believe that the following factors may affect their ability to fulfil their obligations under the Covered Bonds and/or 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 and/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. While the risk factors below have been divided into categories, 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. Where a risk factor could belong in more than one category, such risk factor is included in the category that is deemed the most appropriate by the Issuer.*

*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 may occur for other reasons and the Issuer nor the CBC represents that the statements below regarding the risks of investing in any Covered Bonds are exhaustive. Other risks, events, facts or circumstances not included in this Base Prospectus, not presently known to the Issuer or the CBC, or that the Issuer 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 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 THE ISSUER'S FINANCIAL SITUATION

##### 1. The Issuer faces substantial funding and liquidity risk

The Issuer's primary sources of funding are customer deposits and wholesale funding. Customer deposits are currently the main funding source of the Issuer. The amount of such deposits can be volatile and future amounts cannot be predicted with complete certainty. During the COVID-19 crisis and still continuing, customer deposits have increased substantially, while additional outflow has not been observed. The amount of mortgage loans on the Issuer's balance sheet is therefore currently lower than the amount of customer deposits attracted. The amount of these deposits is sensitive to the savings rates the Issuer pays. This has resulted in a certain dependency on wholesale funding in the money markets and capital markets including the use of securitisation of the mortgage loan portfolio and the issuance of covered bonds. This leads to the diversification of funding through longer fixed maturities, which facilitates liquidity and funding planning. The equity and liability mix of the Issuer consisted of 16% debt instruments and equity, amounting to a total of EUR 8.9 billion in wholesale funding, whereas the percentage of customer deposits taken was 78% (being an amount of EUR 58.2 billion) as per 30 June 2022. This leads to the loan-to-deposit ratio of 86%.

Good access to the money markets and capital markets may be necessary to finance the growth of the Issuer's mortgage loan portfolio and to refinance all its outstanding loans with a shorter maturity than the mortgage loans in which the money is invested. Access to wholesale funding may be negatively affected by concerns about the credit strength of the Issuer or a downgrade of any of the ratings of the Issuer (for whatever reason), but may also be influenced, *inter alia*, by concerns about the market segments in which the Issuer is active, or by a general market disruption. Any such factors may result in higher funding and refinancing costs for the Issuer in the money markets and capital markets and may also affect or effectively limit access to these markets. Although in addition to customer deposits and wholesale funding the Issuer may have access to the ECB facilities, the sensitivity of the Issuer to a liquidity risk is substantial. Liquidity risk is the risk that the Issuer

has insufficient liquid assets available in the short or long term to meet its financial obligations, under normal circumstances or in times of stress, without incurring unacceptable costs or losses. The majority of the Issuer's customer deposits are non-maturing liabilities, meaning that such deposits can be freely withdrawn by the customers at any time, which may lead to the Issuer having insufficient liquid assets available if all such deposits are withdrawn in a short period of time. The customer deposits that can be freely withdrawn make up an amount of EUR 43,517 million on a total of EUR 45,645 million in customers' savings as per 31 December 2021. In the first half of 2022, the liquidity position of the Issuer remained substantially higher than its internal targets and regulatory requirements (as at 30 June 2022, the Liquidity Coverage Ratio (LCR) of the Issuer stood at 359%). The Issuer may however have difficulties in meeting its financial obligations if the liquidity risk described above materialises and its balance sheet structure may develop in such a way that the Issuer is excessively exposed to disruptions in its funding sources.

**2. The Issuer is exposed to the risk of a downgrade of any of its credit ratings**

Ratings in relation to the Issuer are described in section 0 (*The Issuer*) under '*Rating Agencies*'. A downgrade of any of the Issuer's ratings would result in higher funding and refinancing costs for the Issuer in the capital markets. Such downgrade may also affect or effectively limit access to the capital markets, because investing in the Issuer will in such case likely be considered less attractive (also because of the Issuer's possible reputational damage) and/or will no longer be allowed for certain investors. In addition, a downgrade of any of the Issuer's ratings may limit its opportunities to operate in certain business areas. For example, the Issuer may hedge its positions in the derivatives market to manage its trading or investment risks in this market, also in relation to issuances under this Programme. When rating triggers are present, a decline in the rating of the Issuer below a certain level can alter the obligations of parties to an agreement, such as providing a counterparty to a derivatives contract with the right to demand collateral or lenders the right to demand repayment of a loan. Additionally, a lower rating may result in the Issuer having to post (additional) collateral, counterparties being unwilling to trade with the Issuer and/or a credit rating event being triggered which could potentially result in trades being terminated early.

**3. The Issuer's participation in the Deposit Guarantee Scheme may have a material adverse effect on its results of operations and financial condition**

The Issuer is a participant in the Deposit Guarantee Scheme (*Depositgarantiestelsel*). As a result, 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% 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. The ultimate costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by DNB, based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. Additionally, the Issuer may be faced with extra costs for coverage if any claims are made under the Deposit Guarantee Scheme as a result of any financial institution participating in the Deposit Guarantee Scheme failing to pay claims against it. For example, the bankruptcy of Amsterdam Trade Bank N.V. in April 2022 has led to payouts under the Deposit Guarantee Scheme. This necessitated all participating bank in the Deposit Guarantee Scheme to increase their quarterly general contribution to the fund in order to maintain on track in reaching the target size of the fund in time. Consequently, the ultimate costs to the industry of payments which may become due under the Deposit Guarantee Scheme remain uncertain although they may be significant and the associated costs borne by the Issuer under the Deposit Guarantee Scheme may have a material adverse effect on its results of operations and financial condition.

**4. The Issuer has issued 403-guarantees and the enforcement thereof could have an adverse effect on its financial position**

The Issuer has provided 403-guarantees as referred to in Article 2:403 of the Dutch Civil Code (exemption from filing and publishing financial statements).

As at the date hereof, the Issuer has issued 403-guarantees for the following subsidiaries: ASN Duurzame Deelnemingen N.V., Pettelaar Effectenbewaarbedrijf N.V. and SNS Global Custody B.V. In the 403-guarantee the Issuer declares itself to be jointly and severally liable for the obligations of the relevant subsidiary resulting from legal acts executed by it. See also section 0 (*The Issuer*) under '*Guarantees pursuant to Article 2:403 of the Dutch Civil Code for Propertize*'.

If enforced in accordance with its terms, the Issuer may be held liable under these 403-guarantees and therefore may incur payment obligations towards creditor(s) of the relevant subsidiary for which it issued a 403-guarantee. At the date of this Base Prospectus, the Issuer is not held liable under any of the 403-guarantees issued by it. However, any enforcement of a 403-guarantee issued by the Issuer could have an adverse effect on the financial position of the Issuer.

## **B. RISKS RELATED TO THE ISSUER'S BUSINESS ACTIVITIES AND INDUSTRY**

### **1. The business of the Issuer is primarily concentrated in the Netherlands**

The Issuer generates most of its income in the Netherlands and therefore is particularly exposed to the economic, political and social conditions in the Netherlands. Economic conditions in the Netherlands may be negatively influenced by conditions in the global financial markets and economy. Following a contraction of Dutch GDP with 3.9% in 2020, due to the COVID-19 pandemic, 2021 economic growth rebounded with 4.9%. In the first six months of 2022 economic growth, according to the first available estimates, came in at over 5%. Since mid-2022 the war in Ukraine has affected the Dutch economy causing prices for commodities (mainly energy and food) to increase rapidly, leading to high inflation. Any deterioration or merely a long-term persistence of a difficult economic environment in the Netherlands could negatively affect the demand for products and services of the Issuer and lead to an increase of defaults on its loan portfolio due to a deterioration of the financial position of its customers and therefore may have a negative impact on the profitability of its business. For the Issuer in particular this may result in a decrease in the demand for mortgage loans, lower margins on mortgage loans, a change in the rate of repayment of and an increase in defaults under mortgage loans (which mortgage loans constitute a major part of the Issuer's assets, see also the risk factor '*A significant portion of the results of the Issuer relates to its mortgage loan products which is exposed to the risk of any material change affecting residential mortgage loans generally and/or of the Issuer specifically*'). The same may apply to the other loans portfolio of the Issuer in the Netherlands. Therefore, the profitability and financial position of the Issuer is materially dependent on the economic, political and social conditions in the Netherlands in particular due to its dependence on its existing loan portfolio and future loan origination in the Netherlands.

### **2. A significant portion of the results of the Issuer relates to its mortgage loan products which is exposed to the risk of any material change affecting residential mortgage loans generally and/or of the Issuer specifically**

Residential mortgage loans constitute 62.2% of the Issuer's total assets as per 30 June 2022. Any material change affecting residential mortgage loans generally and/or of the Issuer specifically will likely have a material impact on the Issuer. Mortgage loans are subject to financial risks, such as credit, liquidity and interest rate risks. Increased interest rates, a significant downturn in the economy, stagnation or drop in property values, changes to the fiscal treatment of interest payments on residential mortgage loans in the Netherlands, high inflation, the financial standing of borrowers or a combination thereof and other similar factors, could lead to a decrease in the production of new mortgage loans and/or increased default rates on existing mortgage loans and/or a reduction of the margins on the mortgage loans and a change in prepayment rates, see also the risk factor '*The business of the Issuer is primarily concentrated in the Netherlands*' and the risk factor '*Risk of high prices for commodities and high inflation on Issuer's loan portfolio*'. The outbreak of COVID-19 did not have a significant (long term) impact on the credit quality of the portfolio.

The higher the loan to income ratio, the larger the proportion of the earnings of a borrower that will be needed to pay interest and principal under mortgage loans, especially when confronted with unexpected costs or expenses, or, in respect of an interest-only mortgage loan, the repayment of principal. This loan to income ratio and other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by borrowers and could ultimately have an adverse impact on the ability of borrowers to repay their mortgage loans.

Considering that mortgage loans represent a high percentage of the loan portfolio of the Issuer, any material change to its existing and new mortgage loan portfolio is material for the Issuer and may have an adverse effect on the interest margins of the Issuer (if the Issuer is not able to (fully) translate these into higher mortgage rates, which will be the case in circumstances other than newly offered mortgages and existing mortgages on the date of the interest rate review) and may result in a decrease of its portfolio and/or in the production and an increase in defaults. This could negatively affect the profitability and financial position of the Issuer.



**3. Risk of high prices for commodities and high inflation on Issuer's loan portfolio**

Since mid-2022 prices for commodities (mainly energy and food) have increased rapidly, leading to high inflation. High prices for commodities and high inflation in general could, amongst others, lead to (near) future financial difficulties for low and medium income households and enterprises. Although the Dutch government has announced mitigating measures for households, it is uncertain what the impact thereof will be and it is unlikely that these measures will fully offset the negative impact of the high commodity prices and inflation. These financial difficulties of its customers could most likely lead to an increase in defaults and, amongst others, result in higher or lower prepayment rates of the mortgage loans and other loans of the Issuer and may adversely affect the Issuer's return on the mortgage loans and other loans.

**4. Change to Dutch tax treatment of interest on mortgage loans may impose various risks**

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The deduction period allowed is restricted to a term of 30 years. For the year 2022, the maximum tax rate against which mortgage interest may be deducted for Dutch tax purposes (the maximum deductibility rate) is set at 40%. In 2023, the maximum deductibility rate will further decrease to 36.93%. This reduction of the maximum deductibility rate could ultimately have an adverse impact on the ability of borrowers to pay interest and principal on their mortgage loans and may lead to different prepayment behaviour by borrowers on their mortgage loans, and may thus result in higher or lower prepayment rates of such loans and may adversely affect the Issuer's return on the mortgage loans.

**5. The Issuer's business and results of operations may be adversely affected by a weakening of economic conditions in Europe**

Global markets and economic conditions have been negatively impacted in recent years by the banking and sovereign debt crisis in the EU and globally. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the Member States in the Eurozone. The potential impact of a sovereign default on the Eurozone countries and the risk that some Member States could leave the Eurozone (either voluntarily or involuntarily), continues to raise concerns about the ongoing viability of the euro currency and the EMU. Despite several measures, amongst which on the level of the ECB, there remains considerable uncertainty as to whether such measures will sustain the economic recovery or avert the threat of sovereign default.

In addition, the business operations of the Issuer, its third party service providers and clients are vulnerable to epidemics or pandemics, outbreaks of infectious diseases or any other serious public health concerns such as the COVID-19 outbreak, which could cause imposition of quarantines and prolonged closures of workplaces, the impact of which will depend on future developments which are highly uncertain and cannot be predicted or other forms of natural disasters and other disasters beyond its control such as war and heightened geopolitical tension, including the war in Ukraine and the sanctions issued against Russia and Belarus in response thereto, although the Issuer does not have direct exposure in Ukraine, Russia or Belarus nor does the Issuer have a material indirect exposure to these countries. The inflation in the EEA has risen to approximately 10.0% in November 2022 according to Eurostat. Potentially, additional inflation might be driven by, *inter alia*, further rising of energy prices caused by the Russia/Ukraine war. The impact of inflationary developments on the Issuer's balance sheet depends on inflation itself, but also on how other market factors move, amongst others driven by the response of central banks to rising inflation and market expectations of investors.

These factors may create economic and political uncertainties, which may have a material adverse effect on the global economy in general or on the economic conditions in the regions in which the Issuer operates and have in the past resulted in, or may in the future result in, a reduced demand for financial products and services, a deterioration in asset quality of the Issuer, a delay in receipt of interest income and/or repayment of principal and increases in loan impairment charges.

Furthermore, the full impact of a renewed rise of financial market tensions, like those among the Eurozone during the sovereign debt crisis, may lead to renewed stress in sovereign and bank funding markets. Market conditions remain vulnerable to disruption and risks remain. Deterioration of the economic environment, including as a result of an increase in unemployment rates, a market downturn or a weakening of the Dutch, European or global economies or other new economic shocks which could lead to a more severe economic downturn, the COVID-19 outbreak and other disasters, environmental, social and governance events, any

developments concerning the situation in Ukraine and sanctions against Russia and Belarus, elections held or to be held in Europe, an exit of one or more additional Member States from the EMU, or a potential dissolution of the EMU and a consequential re-introduction of individual currencies in one or more EMU Member States is impossible to predict.

If any such event were to occur the critical issues are that it may likely:

- a) disrupt and adversely affect the economic activity of the Dutch and other European markets the Issuer is active on;
- b) result in significant market dislocation, decreased liquidity, high volatility in the securities markets and significant volatility in the value of the euro against other currencies, which may negatively impact the appetite to invest in the Covered Bonds and subsequently may affect the Issuer's financial position;
- c) significantly heighten counterparty risk, which may result in one or more of the Issuer's counterparties to default on its obligations to the Issuer which arise from lending or other financial transactions;
- d) result in downgrades of credit ratings for European borrowers, such as the Issuer, giving rise to significant increases in credit spreads and decreases in security values;
- e) adversely affect the management of market risk and in particular asset and liability management due, in part, to the redenomination of financial assets and liabilities and the potential for mismatch;
- f) significantly threaten the quality of the Issuer's loan portfolio, in particular for retail clients; and/or
- g) have a material adverse effect on the value of the Issuer's assets, the Issuer's fee and commission income and/or interest income, the ability of its clients to meet financial obligations and could cause the Issuer's loan impairment charges to rise or cause the Issuer to incur further market-to-market losses.

The Issuer may have to incur significant costs to store or mitigate the effects of the foregoing. The Issuer's prospects, financial condition and results of operations in particular may be materially affected by the above factors, events and developments.

**6. Changes in customer behaviour may impact financial position and result of operations negatively**

Customer behaviour may change among others as a result of changes on financial markets or regulations. For example, the amount of prepayments of mortgages and the duration of non-maturing deposits will vary depending on the interest rate environment. A decrease in the general level of interest rates could affect the Issuer through, among other things, increased prepayments on the loan and mortgage portfolio as a result of low interest rates on saving accounts. On the other hand, any period of rapidly increasing interest rates may result in a decrease in the demand for mortgage loans. This may affect the composition of the Issuer's assets and liabilities and any gap position resulting from that and therefore the effectiveness of the Issuer's interest rate risk management. Changes in behaviour of customers, including small and medium enterprises in the Netherlands, may have an adverse effect on the Issuer's financial condition and/or results of operations, especially in highly volatile financial markets.

**7. The Issuer faces substantial competitive pressures which could adversely affect its results of operations**

Technology giants, (start-up) fintech companies, payment specialists, retailers, telecommunication companies, crowd-funding initiatives and aggregators are all encroaching on traditional banking services and from traditional bank competitors who team up with such new players. The Issuer also faces competition from traditional banking parties and from non-banking parties, such as pension funds and insurance companies, with relatively new parties providing more segmented offers to its customers and clients in the field of mortgage loans. In particular, the Issuer's funding capabilities for offering long-term mortgages may not be sufficient, therefore the Issuer is not able to offer long-term mortgages against a competitive interest rate. There is a risk that the several measures of the Issuer in relation to long-term mortgages, such as continuously streamlining of the mortgage process and aiming for cost control, may not be enough to become sufficiently competitive. The clients of the Issuer, in turn, are willing to consider alternative offers, as a result of which the Issuer may lose these clients to competitors. If the Issuer is unable to offer competing and attractive products and services that are profitable, it may lose market share or incur losses on some or all of its activities. Competition in the financial services industry is furthered by the high level of consolidation in the Netherlands in the markets where the Issuer operates. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm the ability of the Issuer to maintain or increase its market share and profitability.

## **8. The Issuer is exposed to risks of damage to its reputation**

The Issuer is the fourth-largest retail bank in the Dutch market, offering products such as mortgages, payments and savings, making its trustworthy reputation essential for its business. Any damage to the reputation of the Issuer, in particular with a view to its focus on retail and SME customers, social impact and the concentration of its business in the Netherlands, could cause disproportionate damage to its business, regardless of whether or not the negative publicity is factually accurate.

The Issuer is, for example, exposed to the risk that, among other things, litigation, employee misconduct, operational failures, or products or services developed or recommended by it, which are not performing as expected, whether or not founded, will harm its reputation. The Issuer is exposed to changing public sentiment regarding climate change. If the Issuer does not meet society's expectations to contribute sufficiently to the mitigation of climate change, the Issuer's reputation will be harmed. Furthermore, negative publicity could be based on allegations that the Issuer does not or does not fully comply with regulatory requirements or anti-money laundering or anti-bribery rules, or result from negative publicity about a third party linked to the Issuer (e.g. resulting from misconduct or malpractice relating to intermediaries, independent advisers, partners, business promoters or third party managers) or about politically exposed persons in the customer base of the Issuer (being topics for which the Dutch banking sector is exposed to increased scrutiny and public attention over recent years).

Furthermore, negative publicity could also result from the fact that certain of the financial products and services of the Issuer and its subsidiaries are distributed through third parties or form part of broader products and services sold by third parties. Any negative publicity in respect of such third parties or such broader products and services could also have negative consequences for the Issuer. Furthermore, negative publicity could result from insufficient response to public expectations to ESG events, failures in the information technology systems of the Issuer, loss of customer data or confidential information, or failure in risk management procedures.

Any damage to the reputation of the Issuer could cause existing customers to withdraw their business from the Issuer and potential customers to be reluctant or elect not to do business with the Issuer. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuer, which may make it more difficult for the Issuer to maintain its credit ratings. See also the risk factor '*Litigation, other proceedings, or significant claims may adversely affect the business, financial condition and results of operations of the Issuer*'.

## **9. The performance of the Issuer depends on its ability to accurately price its products and services**

The results of operations and the financial condition of the Issuer depends, among other things, on its ability to set rates and prices accurately. Rate adequacy is necessary to generate sufficient premiums to pay losses and expenses and to earn profits on income. The ability of the Issuer to price its products and services accurately is subject to a number of uncertainties.

One of these uncertainties lies in the fact that interest rates or price of products of the Issuer (such as derivatives, floating rate notes, floating rate covered bonds and mortgages) may be determined by reference to various benchmarks (including interest rate benchmarks such as EURIBOR, €STR, SOFR and SONIA), which are subject to the Benchmarks Regulation. 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. Any changes to a benchmark due to these reforms may have the effect of reducing or increasing the rate or level, or affecting the volatility of, the published rate or level, of the benchmark, (in some cases) without the Issuer having the possibility to apply any mitigating adjustments thereto. Uncertainty as to the continuation of a benchmark, the availability of quotes from reference banks to allow for the continuation, and the rate that would be applicable if a benchmark would be materially amended or is discontinued, may result in rates and prices of products and services being determined on the basis of inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies. See also the risk factor '*Benchmark reforms may cause benchmarks used in respect of the Covered Bonds to be materially amended or discontinued*'.

If the Issuer fails to establish adequate rates and prices for its products and services, its revenues derived from such products could decline while its expenses increase resulting in proportionately greater financial

losses.

**10. The Issuer is exposed to the risk of a decline of and a high volatility in the securities markets**

Under highly volatile market conditions, funding transactions, as well as hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. The Issuer uses financial derivative measures as part of its risk management strategy and it may not be able to manage its exposures adequately through the use of such derivatives as a result of modelling, sensitivity analysis or other risk assessment method failures or as a result of appropriate derivative products not being available. Market conditions, and periods of high volatility can occur not only as a result of purely economic factors, but also as a result of geopolitical tensions, such as international trade disputes or international sanctions or as a result of war, acts of terrorism, natural disasters or other similar events outside the Issuer's control. There is no assurance that market volatility will not result in a prolonged market decline, or that such market declines for other reasons will not occur in the future.

Severe market events have historically been difficult to predict, and could lead to the Issuer realising significant losses if extreme market events were to persist for an extended period of time. Therefore market volatility, liquidity disruptions, or dislocations could have a material adverse effect on the Issuer's business, financial position and results of operations.

**11. The Issuer is exposed to the sensitivity and variation of the level of interest rates which could adversely affect its results**

The level of interest rates, credit spreads and changes in prevailing interest rates and credit spreads (including changes in the difference between the levels of prevailing short- and long-term rates) could adversely affect the results of the Issuer.

The results of the Issuer's business are affected by the management of interest rate sensitivity. The composition of the assets and liabilities of the Issuer, and any maturity gap position resulting from that composition, causes the banking business' net interest income to vary with changes in interest rates. There can be no assurance that the Issuer will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with decreasing interest rates, sustained low, flat or even negative interest rates (for the avoidance of doubt, this has no effect on the Minimum Rate of Interest becoming less than zero). In addition, any period of rapidly increasing interest rates may result in a decrease in the demand for loans and higher interest rates to be paid to customer deposits and on debt securities the Issuer has issued or may issue on the financial markets from time to time to finance its operations, which would increase its interest expenses and reduce its result. A mismatch of interest-earning assets and interest bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial position or result from operations of the Issuer. For example, the Issuer's interest income is under pressure as a result of the low interest rate environment of the past years resulting in mortgages with lower income margins. It cannot be predicted whether and when such pressure would disappear or decrease in the future.

**12. The Issuer is exposed to credit risks, including counterparty exposure, which may result in credit provisions to be inaccurate**

The Issuer is exposed to general credit risks, for example the Issuer is exposed to credit risks of borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include customers (such as borrowers under loans granted, including without limitation, to mortgage loans), the issuers whose securities are being held by an entity within the Issuer's group, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer or its group companies due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons and could have an adverse effect on the Issuer's business, financial position and results of operations. Midyear 2022, the Issuer saw for example a swing in impairment charges of provisions for credit risk of €14 million, as the final impact of the pandemic showed to be limited. Midyear 2022 the impairment charges consisted of €53 million compared to year-end 2021 impairment charges of €67 million, regardless of the uncertainty related to the effect of the war in Ukraine and the high inflation (rising commodity prices) that could cause payment difficulties for client groups. This may be read as an indication for future provisions, subject to unforeseen and/or external circumstances such as a dramatic increase or decrease of defaulting parties. As a consequence of any such defaulting parties the adequacy of the Issuer's credit provisions included in its agreements entered into by or in respect of such parties may be

impacted. These provisions relate to the possibility that a counterparty may default on its obligations to the Issuer which arise from lending or other financial transactions. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Issuer to determine its credit provisions, these provisions could be inadequate.

## **C. LEGAL AND REGULATORY RISKS**

### **1. The regulatory environment and intensive supervision to which the Issuer is subject gives rise to significant costs and non-compliance could result in monetary and reputational damages**

The financial services industry continues to be the focus of significant regulatory scrutiny. This has led to a more intensive approach to supervision and oversight, more regulatory investigations and enforcement actions as well as an increase in the amount of fines against financial institutions.

If the Issuer is unable to obtain, retain and commit sufficient resources for regulatory compliance, this could lead to delays and errors, and may force it to choose between prioritising compliance matters over administrative support for business activities, or may ultimately force the Issuer to cease the offering of certain products or services. For example, the Issuer expects to commit significant resources for purposes of anti-money laundering, anti-terrorist financing measures, IT security and privacy. Furthermore, the Issuer continues to invest in resources to adapt to the ECB's supervisory approach and to familiarise the ECB with the Issuer's business and financial position.

Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, loss of significant assets, public reprimands, a negative effect on the Issuer's reputation, regulatory measures in the form of cease and desists orders, fines, increased regulatory compliance requirements, which have become more stringent as a result of new regulations and resulting from a more expansive interpretation thereof by supervisory authorities, or other potential regulatory restrictions on the Issuer's business, enforced suspension of operations and in extreme cases, withdrawal of licenses or authorisations to operate particular businesses, or criminal prosecution in certain circumstances. The last few years have seen a steep escalation in the severity of the terms which competent supervisory authorities and law enforcement authorities have required to settle legal and regulatory proceedings against financial institutions, with settlements including unprecedented monetary penalties as well as criminal sanctions. Non-compliance with applicable regulation may also lead to civil liability towards affected clients and, increasingly, third parties. See also the risk factor '*Litigation, other proceedings, or significant claims may adversely affect the business, financial condition and results of operations of the Issuer*'.

In addition to non-compliance by the Issuer itself, the Issuer may suffer negative consequences of non-compliance by its clients or any third parties. The Issuer may also suffer negative consequences of clients or any third parties operating businesses or schemes in violation of applicable rules and regulations whose activities the Issuer could be held to monitor and, where applicable, to denounce or to interrupt.

In conclusion, the regulatory environment and the intensive supervision to which the Issuer is subject gives rise to significant legal and financial compliance costs. Non-compliance with applicable regulation may result in monetary and reputational damages, which could have an adverse effect on the Issuer's business, financial position and results of operations.

### **2. Major changes in laws and regulations as well as enforcement action could have a negative impact on the Issuer**

In pursuit of a broad reform and a restructuring of financial regulation, legislatures and supervisory authorities, continue to introduce proposals and implement standards that could result in major changes to the way the Issuer's operations are regulated and could have adverse consequences for its business, business model, financial position, results of operations, reputation and prospects. Also, the regulatory laws and regulations applicable to the Issuer are to an extent based on the Issuer's interpretations of such laws and regulations. The Issuer cannot guarantee that such interpretations will not be questioned by the relevant authorities. Changes in regulatory laws and regulations or interpretations by the Issuer thereof being challenged by the relevant authorities could materially impact the profitability of the Issuer's businesses, the value of its assets or the collateral available for its loans, require changes to business practices, increase its regulatory reporting and transparency obligations, or force the Issuer to discontinue businesses or change its legal entity structure, capital and funding structure, and expose the Issuer to additional costs, taxes, liabilities, enforcement actions

and reputational risk and are likely to have a material impact on the Issuer.

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

#### *Basel IV/CRD IV/CRR/EU Banking Reforms*

Regulatory capital requirements, as proposed by the Basel Committee and being implemented in the EU through, among others, the CRD Directive and the CRR, as amended from time to time. Regulatory capital requirements are subject to ongoing regulatory reform, and are expected to become more stringent. This is especially due to the implementation and entry into force of the EU Banking Reforms and the Basel III Reforms (informally referred to as Basel IV). The foregoing measures are expected to require the Issuer to attract and retain additional and/or enhanced regulatory capital, and will impact the Issuer's day-to-day business. Notable changes that will affect the Issuer's business includes changes to the requirements for the risk-weighting of mortgages and the introduction of an output floor. As at the end of December 2021, the Issuer expects that Basel III Reforms will increase its RWA by approximately 1.5% and that its consolidated CET1 capital ratio (position on 31 December 2021 at 22.7%) will go down by approximately 0.2 percentage points as a result of the full phase-in of the Basel III Reforms. Furthermore, the impact of these changes to the applicable prudential regime is yet to be fully determined by the Issuer. This is among others due to the fact that the EU Banking Reforms and Basel III Reforms are still subject (in part) to further implementation in EU or national laws. In that respect, the European Commission published on 27 October 2021 the proposals to implement Basel III Reforms in the EU. It follows from these proposals that implementation will start in January 2025. In order to maximise the capacity of credit institutions to lend and to absorb losses related to the COVID-19 pandemic, certain specific changes were made to the CRR in June 2020, including an acceleration of the application date for some topics following from the EU Banking Reforms. The impact of these changes for the Issuer is however deemed to be limited. In anticipation of these regulations, DNB has set a minimum floor on the risk-weighting of (part of) the mortgage loan portfolios of Dutch banks using internal risk models for said risk-weighting, such as the Issuer, for a period of at least one year. The regulation has effectively come into force as of 1 January 2022 and the measure will expire on 1 December 2022, but DNB can decide whether or not to extend the measure, each time for a period of two years. On 8 July 2022, DNB published a draft regulation for public consultation to extend the measure for a period of two years, so until 1 December 2024.

#### *MREL*

Minimum requirement for own funds and eligible liabilities (MREL), as such requirement has been introduced under the BRRD and the SRM Regulation, as these are amended from time to time. The MREL framework is intended to make sure that the Issuer can absorb losses expected in resolution or at the point of non-viability and to be recapitalised after the implementation of resolution actions. The MREL is subject to ongoing regulatory reform, and is expected to become more stringent. This is especially due to the implementation and entry into force of the changes to BRRD and SRM Regulation forming part of the EU Banking Reforms and the application of the SRB's revised policy on MREL under the EU Banking Reforms published in May 2021. On 10 May 2021, the Issuer received the MREL requirements to be met on a consolidated basis as from 1 January 2022 and as from 1 January 2024. The Issuer has to meet an MREL of 7.87% of the leverage ratio exposure (LRE) as from 1 January 2022. As a binding intermediate MREL target, the Issuer has to meet a MREL of 6.55% of the LRE with subordinated instruments (tier 1 capital, tier 2 capital and senior non-preferred notes) as from 1 January 2022. As from 1 January 2024, the 7.87% MREL has to be fully met with subordinated instruments. The Issuer has to meet a risk-weighted MREL of 20.41% (excluding combined buffer) of RWA as from 1 January 2022. On 24 March 2022, the Issuer received updated risk-weighted MREL requirements to be met as from 1 January 2022 and as from 1 January 2024. The updated calibration of the MREL requirement based on the LRE as from 2024 was inflated due to the temporary ECB relief measure to exclude certain central bank reserves from the LRE. Given the expiration of this temporary measure on 1 April 2022, the final MREL requirement on the basis of the LRE will be recalibrated including central bank reserves in the course of 2022. In the meantime, the SRB has provided a pro forma minimum final MREL requirement amounting to 7.82% based on the calibration that would have applied in the absence of the temporary ECB relief measure. As from 1 January 2022, the Issuer has to meet an MREL of 13.5% of RWA with subordinated instruments. The risk-weighted MREL of 20.41% excluding the additional combined buffer requirement has to be fully met with subordinated instruments as from 1 January 2024. For the Issuer, the non-risk-weighted MREL requirements are more restrictive than the risk-weighted MREL requirements. The subordination requirements will require the Issuer to attract and retain additional subordinated liabilities leading up to 2024.

#### *AML rules and regulations*

Further AML rules, as laid down in, among others, the AML Directive and accompanying AML Regulation, as amended from time to time. The AML requirements require the Issuer to review and amend its current AML processes. Also taking into account the increased regulatory pressure on compliance with AML requirements, the Issuer is working on the implementation of the new requirements in processes, systems and training and awareness for employees. The Issuer runs the risk that failure to (timely) comply with the AML rules results in enforcement measures and damages to the Issuer's reputation.

#### *Benchmarks Regulation*

Under the Benchmarks Regulation requirements apply with respect to the provision of a wide range of benchmarks (such as the Reference Rate), the contribution of input data to a benchmark and the use of a benchmark within the EU. As a supervised entity and user of benchmarks within the meaning of the Benchmarks Regulation, the Issuer has to comply with certain obligations under the Benchmarks Regulation in respect of in-scope products and contracts. This includes the obligation to produce and maintain a robust written plan among others setting out the actions the Issuer would take in the event a benchmark materially changes or ceases to be provided. This plan is commonly referred to as a fallback plan and the Issuer has produced and is maintaining such a plan. The Issuer is also required to ensure that it only makes use of authorised benchmarks and that its contracts include appropriate fallback language. The Issuer runs the risk that it is not timely able to amend its contracts and switch from the use of unauthorised benchmarks to authorised benchmarks and paying and/or receiving a similar rate of interest (both in its internal processes as well as in its external products and investments). This may affect the Issuer's financial and compliance position.

#### *PSD II*

Payment services regulations, such as those laid down in PSD II, impose additional requirements on the Issuer with respect to its payment services and support the emergence of new payment service providers and the development of innovative mobile and online payment methods in Europe. Key elements of the PSD II that could impact the Issuer are: (i) access to payment accounts by other parties than the bank where the customer holds an account (Access to Account (XS2A)), and (ii) security requirements. Access to Account (XS2A), within the meaning of the PSD II, forces the Issuer to make substantial investments and expose it to more or intensified competition and can be a threat as parties other than banks focus on the customer-engagement components of the value chain and leave the commoditised transactional components to banks which could lead to disintermediation. Security is and will remain a core element in the service offering of banks whereby it is important that the security requirements in PSD II, as applied by the Issuer, strike the right balance between ease of use and risk (such as with respect to customer data). PSD II is currently being reviewed by the European Commission, which may result in legislative amendments being proposed that may affect the Issuer.

#### *EMIR*

The Issuer's derivative activities remain subject to significant reform as a result of EMIR. EMIR already requires the Issuer to centrally clear certain OTC-derivatives and report 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.

#### *EU Taxonomy Regulation and other sustainability regulations*

The Issuer is subject to sustainability regulations, such as the EU Taxonomy Regulation which (partially) entered into force on 1 January 2022, as amended and supplemented from time to time, relating to a framework to facilitate sustainable investment. These regulations will require the Issuer to include information at entity and at product level with regard to certain financial products on whether or not it takes into account adverse sustainability impact, whether or not it promotes environmental or social characteristics and whether or not it meets one or more of the environmental objectives as set out in the EU Taxonomy Regulation. Furthermore, DNB and the ECB continuously publish further guidance with regard to these sustainability regulations, and 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. As the Issuer will have to implement these regulations and expects to have to implement more sustainability-related regulations, this will give rise to additional compliance costs and expenses.

During 2022, the ECB conducted a thematic review of climate-related and environmental risks as part of the ECB Banking Supervision roadmap. The ECB has set institution-specific deadlines for full alignment with its expectations as set out in its "Guide to climate-related and environmental risks" by the end of 2024. While there can be exceptions in individual cases, the ECB has communicated its expectation to banks to reach, as a minimum, the following milestones. In a first step, the ECB expects banks to adequately categorise climate and environmental risks and to conduct a full assessment of their impact on the banks' activities by March 2023 at the latest. In a second step, and at the latest by the end of 2023, the ECB expects banks to include climate and environmental risks in their governance, strategy and risk management. In a final step, by the end of 2024 banks are expected to meet all remaining supervisory expectations on climate and environmental risks outlined in 2020, including full integration in the Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. According to the ECB, the deadlines will be closely monitored and, if necessary, enforcement action will be taken. In order to adequately address climate-related and environmental risks as part of its business, in line with the ECB's guide, the Issuer may need to make changes to its portfolios, risk appetites, mitigation strategies, and/or adjust qualitative credit criteria and quantifying and holding capital. Furthermore, should the Issuer not be able to meet the ECB's deadlines, it runs the risk of enforcement action being taken by the ECB against it.

#### *Digital operational resilience act (DORA)*

A new, uniform and comprehensive framework is upcoming on the digital operational resilience of banks and other financial institutions in the EU. This framework will be laid down in the DORA. All institutions in scope of DORA, which will include the Issuer, will have to put in place sufficient safeguards to protect against cyber and other ICT risks. DORA introduces requirements for such financials on governance, ICT risk management, incident reporting, resilience testing and contracting with ICT services providers. DORA is expected to be adopted by the EU legislature and enter into force by Q1 2023, and set to become applicable two years later, likely by Q1 2025. Although the Issuer is already required to comply with certain ICT risk management and resilience obligations, there may be (material) differences between these obligations and the standards as laid down in DORA. Consequently, the Issuer will likely have to perform a gap analysis and implement any of DORA's additional or different requirements in the course of a two year period, and ensure compliance with these requirements going forward. This will give rise to additional compliance and ICT-related costs and expenses. Should the Issuer not be able to timely comply with DORA, this might result in administrative and/or criminal enforcement and/or reputational damage.

### **3. Resolution regimes may, *inter alia*, lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding**

The BRRD and the SRM Regulation set out a common European recovery and resolution framework. If the Issuer would be deemed no longer viable (or one or more other conditions apply) the Resolution Authority may decide to write-down, cancel or convert relevant capital instruments of the Issuer independently (i.e. separate from a resolution action) or do so in combination with a resolution action (such as the application of a transfer tool and/or the bail-in tool).

If the Issuer would be deemed to fail or likely to fail and the other resolution conditions would also be met, the Resolution Authority may decide to place the Issuer under resolution. It may decide to apply certain resolution tools. These resolution tools include the sale of business tool, the bridge institution tool and the asset separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the SRM provides for the bail-in tool. The bail-in tool may be applied to recapitalise the Issuer (whether or not in combination with one of the aforementioned transfer tools) or convert into (claims which may give rights to) shares or other instruments of ownership or reduce the principal amount of claims or debt instruments of the Issuer that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than the relevant capital instruments of the Issuer, and may also result in the write-down or conversion into (claims which may give rights to) shares or other instruments of ownership of eligible liabilities in accordance with a certain order of priority.

In addition to the resolution powers described above, the Resolution Authority may decide to terminate or amend any agreement (including a debt instrument, such as the Covered Bonds) to which the Issuer is a party or replace the Issuer as a party thereto. Furthermore, the Resolution Authority may, subject to certain conditions, suspend the exercise of certain rights of counterparties vis-à-vis the Issuer or suspend the performance of payment or delivery obligations of the Issuer. In addition, pursuant to Dutch law, certain counterparty rights may be excluded.



In addition to the BRRD and SRM Regulation, the Wft enables the Dutch Minister of Finance to intervene with a bank 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 vermogensbestanddelen*) 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 the 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 Covered Bondholders and the credit rating attached to debt instruments then outstanding and could result in losses to Covered Bondholders, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures 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 in the preceding risk factor) to the SRM Regulation and the BRRD or the Wft, which may add to these effects.

Covered Bonds should normally be exempted from the applicability of the write-down and conversion powers described above. This exemption, however, 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. It is uncertain whether the Guarantee constitutes such collateral and therefore to what extent such exception applies to the obligations of the Issuer under the Covered Bonds. The resolution framework under the BRRD also provides for certain safeguards against a partial transfer and the exercise of certain other resolution powers in respect of covered bonds, which purport to ensure that rights arising out of covered bonds will not be affected by such partial transfer or exercise of such resolution power. However, it is unclear if and to which extent some of the rules may be applied, and to what extent the safeguards apply, to covered bonds. This will to a certain extent also be subject to future Level II-legislation yet to be adopted by European legislators and regulatory authorities on the scope and interpretation of certain aspects of the BRRD and the SRM Regulation.

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. Capital and/or liquidity requirements may adversely affect the business of the Issuer**

The Issuer is required by regulators to maintain adequate capital and liquidity levels, as such regulators may deem appropriate. Adequate capital and liquidity levels are also necessary for the Issuer's financial flexibility and to cope with adverse developments. Changes to capital adequacy and liquidity requirements may require the Issuer to raise additional regulatory capital or hold additional liquidity buffers, for example because of different interpretations of or methods for calculating risk exposure amount, or because the Issuer does not comply with ratios and levels, or instruments and collateral requirements that currently qualify as capital or capital risk mitigating techniques no longer do so in the future. For example, the Issuer is required to comply with the minimum amount of MREL, which should ensure the effective application of the bail-in resolution tool under the BRRD and SRM Regulation. This leads to increased funding costs for the Issuer. If the Issuer is unable to raise the requisite regulatory capital in order to comply with current or future capital requirements or with MREL, it may, amongst others, be required to reduce its risk exposure amount, restrict certain activities or engage in the disposition of core and other, non-core, businesses, which may not occur on a timely basis or at prices which would otherwise not be attractive to the Issuer.

The Issuer must comply with a Liquidity Coverage Ratio (LCR) and the EU Banking Reforms introduced a binding Net Stable Funding Ratio (NSFR) and leverage ratio. These are likely to have an impact on the Issuer's funding costs and in having to maintain buffers of liquid assets, which may in turn result in lower returns than less liquid assets. Furthermore, if the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations. In addition, the Issuer may be required to attract additional stable sources of funding or hold a higher liquidity buffer, which may result in higher costs for the Issuer.

**5. The Issuer is subject to requirements of privacy laws, and may be precluded from implementing business models based on analysis and use of client generated data**

The Issuer is subject to new extensive requirements of privacy laws as a consequence of the recently reformed EU legal framework on the protection of personal data after the entering into force of the GDPR. As the GDPR contains various open standards, a risk of divergent interpretations exists as to how the GDPR can be complied with. There is a risk that the Issuer applies a certain interpretation as to how the GDPR must be complied with, which may not be in line with (future) publications of the European Data Protection Board and the DDPA, which may cause the Issuer to alter its approach.

Due to public pressure and perceived or actual infringements of privacy laws, the Issuer may be precluded from implementing business models based on analysis and use of client generated data for its marketing purposes.

Other risks relating to incompliance with privacy laws may include administrative sanctions from the DDPA (such as significant fines (an order subject to) a non-compliance penalty (*(last onder) dwangsom*) or a ban on processing (*verwerkingsverbod*), on the basis of which the Issuer could be precluded from developing and implementing new business models based on the processing activities), civil claims from clients whose personal data are processed (e.g. analysed) by the Issuer, complaints from such clients against the Issuer filed with the DDPA and negative publicity which may cause harm to the Issuer's reputation.

**6. Litigation, other proceedings, or significant claims may adversely affect the business, financial condition and results of operations of the Issuer**

The Issuer faces substantial legal risks in the conduct of its business. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings against financial institutions are increasing. A number of proceedings have been initiated against the Issuer for violation of its duty of care (*zorgplicht*). Current proceedings are still pending and their outcome is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. Financial institutions in the Netherlands, such as the Issuer, owe a duty of care and must comply with duty of care rules under Dutch law, which includes provisions on client classification, disclosure requirements and know-your-customer obligations. Pursuant to the General Banking Conditions (*Algemene Bankvoorwaarden*) used by Dutch banks, a bank must always act in accordance with its duty of care, irrespective of whether the service or product is sold to a professional client or a non-professional client. In recent years, the duty of care standards applicable to financial institutions have become more stringent as a result of new regulations and resulting from a more expansive interpretation of existing rules and standards by courts and supervisory authorities. The Issuer expects this trend to continue. Where in the past the duty of care was held to apply predominantly to clients, the application of this standard has on the basis of case law been extended more broadly for the benefit of third parties that suffer damages inflicted by clients of the financial institution. In these cases, courts held, for example, that in certain circumstances financial institutions may be expected to monitor activities of their clients, denouncing or even halting any suspected illegal activity. Accordingly, there can be no assurance that additional proceedings will not be brought against the Issuer. Such litigation may have a material adverse effect on the Issuer's business, reputation, results of operations, financial position and prospects. See also the risk factor '*The Issuer is exposed to risks of damage to its reputation*' and section 0 (*The Issuer*) under '*Legal proceedings*'.

**7. The Issuer is subject to stress tests that could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken**

The banking sector, including the Issuer, is subject to periodic stress testing in respect of the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the EBA or the ECB. In addition thereto, in 2021 the Issuer participated in a SSM stress test coordinated by the ECB. The results of the EBA stress test and the SSM stress test are both published, although the latter only high-level. The SSM stress test was performed at the highest level of consolidation and was based on the same methodology as that of the EBA stress test. Based on the assumptions and methodological restrictions of the stress test's adverse scenario, the CET1 ratio of the Issuer at year-end 2023 would end up in the highest range of  $\geq 14\%$ , as used by the ECB, and would remain amply above the Issuer's overall CET1 capital ratio requirement in 2021 from the SREP of 11.00%. At 31 December 2021, the consolidated CET1 ratio of the Issuer stood at 22.7%. There is no guarantee that the result of any future stress test will meet the Issuer's internal target as well. Stress tests and the announcements of their results by supervisory authorities can destabilise the banking or financial services sector and lead to a loss of trust with regard to individual banks

or financial services sector as a whole. The outcome of stress tests could negatively impact the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Issuer having to meet higher capital and liquidity requirements, which could have a negative impact on the Issuer's business, results of operations, profitability or reputation. In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Issuer had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a negative impact on the Issuer's business, results of operations, profitability or reputation. See also section 0 (*The Issuer*) under '*The Issuer participated in the SSM stress test*'.

**8. The Issuer is subject to changes in financial reporting standards or policies which could materially adversely affect the Issuer's reported results of operations and financial condition**

The Issuer's financial statements are prepared in accordance with IFRS as adopted in the EU, which is periodically revised or expanded. Accordingly, from time to time the Issuer is required to adopt new or revised accounting standards issued by recognised bodies, including the International Accounting Standards Board (IASB). Previous revisions and/or expansions of IFRS as adopted in the EU have had a material impact on the Issuer on an operational and financial level. It is possible that future accounting standards which the Issuer is required to adopt, or as a result of choices made by the Issuer, could change the current accounting treatment that applies to its solo and consolidated financial statements and that such changes could have a material adverse effect on the Issuer's reported results of operations and financial condition and may have a corresponding impact on capital ratios.

**9. Risk related to complaints and compensation arrangements for consumer loans with variable interest rate**

As a recent development in the Dutch consumer credit industry, there have been legal proceedings in which several credit providers were involved before KiFiD and Dutch courts regarding variable interest in revolving consumer credit loans resulting in compensation arrangements by credit providers. The Dutch civil court cases vary on this subject and conclusive case law has yet to be developed and KiFiD has recently ruled consistent. For example, KiFiD issued rulings against other credit providers on contractual terms that give credit providers the unconditional right to change the variable interest rate of loans provided to consumers (including revolving credits). KiFiD ruled that if the contractual terms do not specify the grounds for changing the interest rate, the consumer may expect the only relevant circumstances that can play a role in changing the interest rate to be market developments. KiFiD has also issued a similar ruling with respect to a mortgage loan.

Judgments of civil law courts in relation to variable interest rates on consumer loan agreements vary significantly from the KiFiD rulings in relation to consumer loans and also differ from one another. Civil law court cases on this matter are at the date of this Base Prospectus limited to consumer loans and do not apply to mortgage loans other than with respect to specific claims in relation to a margin increase on EURIBOR based mortgage loans. The focus in the civil law courts is on the question whether the clauses which set out the right of the originator to change the variable interest rates are presumed to be unreasonably onerous and therefore invalid. Whether or not this applies, depends on the actual clause itself and the circumstances at the time of conclusion of the loan agreement. Decisive case law has yet to be developed further both in terms of when a clause is invalid and what the consequences thereof are.

Holders of consumer credit loans with variable interest rates which do not meet the KiFiD requirements described in the KiFiD rulings referred to above may be entitled to be compensated. As a result, the Issuer has investigated the impact on the Issuer and the analysis revealed that although the interest charged generally remained in line with market rates, some of its customers, including customers from SNS Bank and Regiobank, have paid too much interest when applying the concepts underlying the KiFiD rulings. Although at the date of this Base Prospectus, the Issuer is not involved in any civil, KiFiD or arbitration proceedings in this respect.

In line with the KiFiD ruling, the Issuer will compensate consumers for excess interest paid (also see section 0 (*The Issuer*) under '*Revolving customer credit compensation scheme*').

Reimbursement of overpaid interest to or other compensation of consumers as a result of the foregoing and new Dutch civil court rulings may adversely affect the Issuer's return on its consumer loans. Furthermore, there is a risk that KiFiD rulings and Dutch civil court rulings in respect of consumer credit loans and mortgage loans

with variable interest rates could also be applied to other financial products sold to Dutch consumers and as such may have a certain knock-on effect on other products (see the risk factor '*Risk that the Issuer, if it has offered Mortgage Loans with a variable rate of interest of which the Mortgage Receivables are transferred to the CBC, could under certain circumstances become subject to a repayment obligation which may lead to the proceeds resulting from such Mortgage Receivables being lower than expected and Borrowers invoking set-off or other defences*').

## **D. INTERNAL CONTROL RISK**

### **1. The Issuer may be exposed to failures in its risk management systems which could lead to unanticipated losses**

The Issuer also invests substantial time and effort in its strategies and procedures including statistical models, scenario analyses and stress tests for managing risks, not only credit risk, but also other risks, such as strategic risks (business risk, organisational risk, reputation risk, sustainability risk), financial risks (credit risk, market risk, IRRBB (interest rate risk in the banking book), liquidity risk, capital adequacy) and non-financial risks, compliance risk, model risk, legal risk and reporting risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if the Issuer is confronted with risks that it has not fully or adequately identified or anticipated. Some of the methods of the Issuer for managing risk are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to arrive at quantifications of some of the risk exposures of the Issuer. These statistical methods may not accurately quantify the risk exposure of the Issuer if circumstances arise which were not observed in its historical data. For example, as the Issuer offers new products or services, the historical data may be incomplete or not accurate for such new products or services. As the Issuer gains a more complete and accurate set of data over time, it may need to make additional provisions.

If circumstances arise which the Issuer did not identify, anticipate or correctly evaluate in developing its statistical models, scenario analyses and stress tests its losses could be greater than the maximum losses envisaged by it. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risks prove insufficient, the Issuer may experience unanticipated losses.

### **2. The Issuer is exposed to operational risks**

The operational risks that the Issuer faces include the possibility of inadequate or failed internal or external processes or systems, inadequate or failed outsourcing of processes, services or activities, human error, regulatory breaches, employee misconduct. The occurrence of any such event may result in (non-)financial loss and may harm the reputation of the Issuer. Inability to retain and attract well-trained personnel could adversely affect its operations and results. The Issuer attempts to keep operational risks at appropriate levels by developing a well-controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these measures have the purpose for mitigation operational risks they do not eliminate them.

#### *Ineffective systems and processes*

The Issuer relies heavily on its operational processes, and communication and information systems in particular to conduct its business. Although with the back-up recovery systems and contingency plans that are in place, the Issuer cannot ensure that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example (but not limited to):

- interruptions in the business operations including the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion. This includes operations where the Issuer relies in services by third parties;
- interruptions or errors in management information and/or information reported to (supervisory) authorities;
- a violation of applicable regulations;
- physical or mental harm to clients, personnel or other people with whom the Issuer interacts;
- inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by employees of the Issuer or third parties, or telecommunication connection failures or hacking of IT systems of the Issuer or other cybercrime activities against the Issuer or its clients; and
- considerable costs in terms of, for example, information retrieval, verification and improvement plans and (business) recovery.

#### *External operational risks*

The business operations of the Issuer are also vulnerable to interruption from external factors such as fire, flood, pandemics, bomb threats, explosions or other forms of war, terrorist activities and natural and man-made disasters. The Issuer cannot ensure that interruptions, failures or breaches of its communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed. Finally, cybercrime risk (state-act or otherwise) is also a relevant and ongoingly increasing threat that may lead to an interruption of business operations (including to customers), loss of confidential information or erosion of trust and reputation. The above may also apply for third parties on which the Issuer depends.

### **E. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS**

#### **1. The Issuer is exposed to risk related to Environmental, Social and Governance factors**

The Issuer is exposed to risks related to environmental factors, including the risk of (in)direct financial or reputational damage due to acute or chronic physical environmental events or due to the (role of the Issuer itself or the role parties with which the Issuer may interact in the) transition to an environmentally sustainable economy. Clients of the Issuer may be exposed to acute events resulting from environmental factors, such as river and coastal flooding, extreme weather events and forest fires or chronic changes in weather conditions, such as droughts, when resulting in soil setting or pile rot, which can cause damage to the collateral in the residential and commercial real estate lending portfolios of the Issuer. The event itself or the exposure to the risk as such can lead to devaluation of the collateral value. Clients of the Issuer may also be exposed to risks related to changes in market appreciation or legal requirements with regard to the energy efficiency of their houses, thus impacting the value of the (energy inefficient) collateral in the residential and commercial lending portfolios. Clients of the Issuer may further be exposed to substantial increases in energy costs following the transition to an environmentally sustainable economy, impacting payment capacity. The Issuer and/or clients of the Issuer may be exposed to the risk that changes in laws and regulations regarding environmental matters may lead to increased costs of compliance, regulatory sanctions and reputational damage and to potential environmentally related litigation, enforcement proceedings, investigations and conduct risk. Both the environmental events itself as well as the exposure of the Issuer and/or clients of the Issuer to the risk of such events occurring can lead to (in)direct financial or reputational damage.

Furthermore, the Issuer is exposed to risks related to social factors, including the risk of (in)direct financial or reputational damage due to violations in the area of human rights, employee rights, poverty and customer relationships by the Issuer itself or by parties with which the Issuer may interact. The Issuer can be exposed to risk related to inequality, labour relations, workplace health and safety, public sentiment linked to social transformation towards a more and inclusive equitable society. Both the social events itself as well as the exposure of the Issuer and/or clients of the Issuer to the risk of such events occurring can lead to (in)direct financial or reputational damage.

The Issuer is also exposed to risks related to governance factors, including the risk of (in)direct financial or reputational damage due to inadequate corporate governance, ethical management and transparency by the Issuer itself or by parties with which the Issuer may interact. The Issuer can be exposed to governance matters, such as poor codes of conduct, deficient anti-money laundering policies, tax avoidance practices of clients of the Issuer or of parties with which the Issuer may interact. Both the governance events itself as well as the exposure of the Issuer and/or clients of the Issuer to the risk of such events occurring can lead to (in)direct reputational or financial damage.

Risk related to ESG Factors and ESG events may have a negative effect on the Issuer's reputation and could have an adverse effect on the Issuer's business and/or its financial position or results of operations. With regard to reputational damage following from ESG Factors, see also the risk factor '*The Issuer is exposed to risks of damage to its reputation*'.

#### **2. Risks related to the decision of the Minister of Finance regarding the future of the Issuer**

The Issuer is owned indirectly by the Dutch State through NLF1. Until the Minister of Finance has made a decision on the privatisation of the Issuer, the Issuer will examine its future options in consultation with – where and when appropriate – the shareholder, potential investors, regulatory authorities and employees. When the Minister of Finance takes such a decision or if the strategy fails in execution or is ineffective, this could result in a change to the strategy, management, governance and/or risk profile of the Issuer. There can be no

assurance that the decision of the Minister of Finance or a change in strategy would not adversely affect the Issuer's credit rating, the ability of the Issuer to effectively conduct its business or its ability to satisfy its obligations under the Covered Bonds.

In addition, a change of ownership of the Issuer could result in key contracts being terminated by the counterparties to such contracts (including pursuant to termination rights that are exercisable upon such a change in ownership), which could give rise to material disruptions to the Issuer's business, additional costs to renegotiate those contracts, difficulties in managing its operations, and adverse impacts on the Issuer's customers. As a result, an eventual change in ownership could have a material adverse effect on the Issuer's business, revenues, results of operations, financial position and prospects.

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

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

#### **1. The ability of the Issuer to convert interest rate of Fixed/Floating Rate Covered Bonds may result in a lower interest return for Covered Bondholders**

The Final Terms allow the Issuer to issue Covered Bonds with a fixed/floating feature. Fixed/Floating Rate Covered Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of an investment in the relevant Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing which may result in a lower interest return for the Covered Bondholders. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than the then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on its Covered Bonds, therefore such specific feature could affect the market value of an investment in the relevant Covered Bonds from the onset and at the moment it is exercised.

#### **2. Benchmark reforms may cause benchmarks used in respect of the Covered Bonds to be materially amended or discontinued**

The interest payable on the Covered Bonds may be determined by reference to EURIBOR, Compounded Daily €STR, Compounded Daily SOFR, Weighted Average SOFR, Compounded Daily SONIA, by the use of Mid Swap 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(c) (*Replacement Reference Rate*), including the applicable tenor and currency, the "**Reference Rate**"). Various benchmarks (including interest rate benchmarks such as EURIBOR) may from time to time be the subject of ongoing regulatory guidance and proposals for reform (including as a result of the Benchmarks Regulation). Some of these reforms are already effective while others are still to be implemented. Further to these reforms, a transitioning away from the IBORs to 'risk-free rates' is expected and already taking place for certain IBORs. The Issuer is actively monitoring developments in respect of such reforms and implementing them as and when appropriate.

For example, EMMI has implemented a hybrid methodology for EURIBOR, having transitioned away from a quote-based methodology. Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with Compounded Daily €STR or an alternative benchmark.

Following the implementation of any such 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.

The potential elimination of, or the potential changes in the manner of administration of, EURIBOR, Compounded Daily €STR, Compounded Daily SONIA, Compounded Daily SOFR or any other benchmark

could require an adjustment to the terms and conditions to reference an alternative benchmark, or result in other consequences, including those which cannot be predicted, in respect of any Covered Bonds linked to such benchmark and may adversely affect the trading market and the value of and return on any such Covered Bonds. See also the risk factor '*Future discontinuance of the Reference Rate and certain other events relating to the Reference Rate may adversely affect the value of Covered Bonds and/or the amounts payable thereunder*'. In addition, any future changes in the method pursuant to which EURIBOR and/or other relevant benchmarks are determined or the transition to a successor benchmark, may result in, among other things, a sudden or prolonged increase or decrease in the reported benchmark rates, a delay in the publication of any such benchmark rates, changes in the rules or methodologies in certain benchmarks discouraging market participants from continuing to administer or participate in certain benchmarks, and a benchmark rate no longer being determined and published in certain situations. Accordingly, in respect of a Covered Bond referencing EURIBOR or any other relevant benchmark, such proposals for reform and changes in applicable regulation could have a material adverse effect on the value of and return on such a Covered Bond (including potential rates of interest thereon).

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 Covered Bonds and could have a material adverse effect on the value or liquidity of, and amounts payable under, the Covered Bonds based on or linked to a Reference Rate or other benchmark. See also the risk factor '*The performance of the Issuer depends on its ability to accurately price its products and services*'.

**3. Future discontinuance of the Reference Rate and certain other events relating to the Reference Rate may adversely affect the value of Covered Bonds and/or the amounts payable thereunder**

Investors should be aware that if the Reference Rate has been discontinued, or, *inter alia*, another Benchmark Event, an €STR Index Cessation Event or a SOFR 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 applicable fallback provision set out in Condition 5(b)(ii) (*Rate of Interest*) or Condition 5(c) (*Replacement Reference Rate*). The substitute, alternative or successor rate and other matters referred to in accordance with the applicable fallback provision as set out in Condition 5(b)(ii) (*Rate of Interest*) or Condition 5(c) (*Replacement Reference Rate*) will (in the absence of manifest error) be final and binding, and will apply to the relevant Covered Bonds without any requirement that the Issuer obtains consent of any Covered Bondholders. The use of a substitute, alternative or successor rate may result in the 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.

The general fallback provision as set out in Condition 5(c) (*Replacement Reference Rate*) also provides that an Adjustment Spread may be determined by the Issuer 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.

If the Issuer is unable to or otherwise does not determine a substitute, alternative or successor rate pursuant to the applicable fallback provision set out in Condition 5(b)(ii) (*Rate of Interest*) or Condition 5(c) (*Replacement Reference Rate*) or any of the other matters referred to under such Conditions, this could result in the application of the fallback provisions contained in Condition 5(a) (*Interest on Fixed Rate Covered Bonds*) or Condition 5(b) (*Interest on Floating Rate Covered Bonds*), which may result in the Interest Rate being the interest rate applicable as at the last preceding Interest Determination Date before, *inter alia*, the Benchmark Event, the €STR Index Cessation Event or the SOFR Index Cessation Event occurred and which may ultimately result in the effective application of a fixed rate to what was previously a Floating Rate Covered Bonds. Additionally, in the case of Fixed Rate Covered Bond that reference to Mid Swap Rate, the fallback provisions contained in Condition 5(c) (*Replacement Reference Rate*) may be applied.

The appointment of any Independent Adviser by the Issuer may lead to a conflict of interests between the Issuer and the Covered Bondholders and may influence the amount receivable under the Covered Bonds.

Furthermore, it is possible that the Issuer may itself determine a fallback interest rate. In such case, the Issuer will make such determinations and adjustments as it deems appropriate, in accordance with the Terms and Conditions. In making such determinations and adjustments, the Issuer may be entitled to exercise substantial discretion and may be subject to conflict of interest in exercising this discretion.

In addition, due to the uncertainty concerning the availability of a substitute, alternative or successor rate, the relevant fallback provisions may not operate as intended at the relevant time. In addition, the substitute, alternative or successor rate may perform differently from the Reference Rate. For example, several risk free rates, which are overnight rates, are currently being developed, while a substitute, alternative or successor rate may have 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 may form part of the Reference Rate. The differences between the substitute, alternative or successor rate and the Reference Rate could have a material adverse effect on the value of and return on any such 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 Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds based on or linked to a Reference Rate or other benchmark.

**4. There is a risk that the Issuer may be considered an 'administrator' under the Benchmarks Regulation**

The Issuer 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 a substitute, alternative or successor rate determined in accordance with the applicable fallback provision set out in Condition 5(b)(ii) (*Rate of Interest*) or 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 Issuer 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 Issuer 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 will and will be able to timely obtain registration or authorisation to administer a benchmark, in case the Issuer will be considered an administrator under the Benchmarks Regulation. This will also affect the possibility for the Issuer to apply the fallback provisions of Condition 5(b)(ii) (*Rate of Interest*) and Condition 5(c) (*Replacement Reference Rate*), meaning that the Reference Rate will remain unchanged (but subject to the other provisions of Condition 5, but particularly Condition 5(a) (*Interest on Fixed Rate Covered Bonds*) and Condition 5(b) (*Interest on Floating Rate Covered Bonds*)) and which 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.

Potential investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation and benchmark reforms, investigations and licensing issues in making any investment decision with respect to the Covered Bonds.

**5. The market continues to develop in relation to SONIA, SOFR and €STR as reference rates for Floating Rate Covered Bonds which may adversely affect trading prices of the Covered Bonds compared to securities that are linked to other benchmarks or later-issued securities that are based on SONIA, SOFR or €STR**

**SONIA**

Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets. The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions as applicable to Covered Bonds referencing a SONIA rate that are issued under this Base Prospectus. Furthermore, the Issuer may in the future issue



Covered Bonds referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA-referenced Covered Bonds issued by it under the Programme. The development of SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market 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 SONIA-referenced Covered Bonds issued under the Programme from time to time.

## SOFR

The use of SOFR as a reference rate for covered bonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SOFR.

As a result, there can be no assurance that SOFR will perform in the same way as U.S. dollar LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

SOFR is a relatively new rate, and the Federal Reserve (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on the relevant Covered Bonds, which may adversely affect the trading prices of such Covered Bonds. The administrator of SOFR may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SOFR in its sole discretion and without notice and has no obligation to consider the interests of Covered Bondholders in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR. Furthermore, any failure of SOFR to gain market acceptance could adversely affect the return on and value of the relevant Covered Bonds and the price at which investors can sell such Covered Bonds in the secondary market.

Investors should carefully review the specific calculation conventions specified in the applicable Final Terms before making an investment in any series of Floating Rate Covered Bonds that reference SOFR. If the market adopts a different convention than used for any such series of Floating Rate Covered Bonds, this could adversely affect their liquidity and market price.

## €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 €STR, the trading price of such Covered Bonds which reference €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 €STR. If the manner in which €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.

In contrast to EURIBOR-based Covered Bonds, interest on Covered Bonds which make reference to SONIA, SOFR or €STR can only be determined at the end of the relevant observation period, reference period or interest period (as applicable) and immediately prior to the relevant interest payment date, whereas rates with reference to EURIBOR were determined prior to the commencement of the relevant period. It may be difficult

for investors in Covered Bonds which reference SONIA, SOFR or €STR to estimate reliably the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which could adversely impact the liquidity of such Covered Bonds. Further, in contrast to, for example, EURIBOR-based Covered Bonds, if Covered Bonds referencing SONIA, SOFR or €STR become due and payable as a result of an event of default, the rate of interest payable for the final Interest Period in respect of such Covered Bonds shall only be determined on the date on which the Covered Bonds become due and payable and shall not be reset thereafter.

In addition, the manner of adoption or application of SONIA, SOFR or €STR in the Eurobond markets may differ materially compared with the application and adoption of SONIA, SOFR or €STR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA, SOFR or €STR 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 Covered Bonds referencing SONIA, SOFR or €STR.

If SONIA, SOFR or €STR do not prove to be widely used as a benchmark for securities that are similar or comparable to the relevant Covered Bonds, the trading price of such Covered Bonds may be lower than those of securities that are linked to rates that are more widely used. Similarly, market terms for securities that are linked to SONIA, SOFR or €STR, including, but not limited to, the spread over the reference rate reflected in the interest rate provisions, may evolve over time, and as a result, trading prices of the relevant Covered Bonds may be lower than those of later-issued securities that are based on SONIA, SOFR or €STR. 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.

**6. 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 interest of the Issuer and Covered Bondholders including with respect to the appointment and remuneration of the Issuer pursuant to Condition 5 (*Interest*) and the Principal Paying Agent (including where the agent is not the Issuer or an affiliate) and with respect to certain determinations and judgements that the Issuer and the Principal Paying Agent 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 could impact the amount receivable under the Covered Bonds.

**7. 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, such as Zero Coupon Covered Bonds, 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 such interest-bearing Covered Bonds with comparable maturities.

Changes in market interest rates may have a stronger impact on the prices of Zero Coupon Covered Bonds than on the prices of conventional interest-bearing Covered Bonds because the discounted issue prices may be substantially below par. If market interest rates increase, Zero Coupon Covered Bonds can suffer higher price losses than other Covered Bonds having the same maturity and same credit rating.

**8. 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 also may 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 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 relevant optional redemption date as specified in the applicable Final Terms and that the Maturity Date will be such Optional Redemption Date. If the CBC exercises 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 year after such date (or if indicated otherwise in the applicable Final Terms, 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.

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

The payment obligations under the Covered Bonds will be solely the obligations of the Issuer. The Covered Bonds will not be obligations or responsibilities of, or guaranteed by (other than pursuant to the Guarantee, as set out below), any other entity or person, in whatever capacity acting (other than as Issuer), including, without limitation, the Originator, the CBC, any Insurance Savings Participant, any Bank Savings Participant, any Swap Counterparty, the Servicer, the Administrator, the Directors, any Paying Agent, any Calculation Agent, the Arranger, any Dealer, the GIC Provider, the Collection Foundation, the Foundation Administrator, the Foundation Account Providers and the Security Trustee. Furthermore, none of the Insurance Savings Participants, the Bank Savings Participants, any Swap Counterparty, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealer(s), the GIC Provider, the Collection Foundation, the Foundation Administrator, the Foundation Account Providers and the Security Trustee, nor any other person in whatever capacity acting (other than the Issuer), will accept any liability whatsoever to Covered Bondholders in respect of any failure by the Issuer to pay any amounts due under the Covered Bonds. An investment in the Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the payment made under relevant Covered Bonds. This may lead to losses under the Covered Bonds and, to the extent the payments of the Issuer are guaranteed, may lead to an extension of the payment obligations and are subject to the risk relating to the Guarantee, as further described in section '*Risk factors regarding the Guarantor and the Guarantee*'.

**10. Risks in relation to negative interest rates on the GIC Accounts**

Pursuant to the GIC the interest rate accruing on the balances standing to the credit of any of the GIC Accounts could be less than zero. Any negative interest will be payable by the CBC to the GIC Provider. If the CBC has the obligation to pay interest accruing on the balances standing to the credit of any of the GIC Accounts to the GIC Provider 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 GIC Accounts. This risk increases if the amount deposited on the GIC 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 GIC Provider could result in the CBC having insufficient funds to pay any amounts due under the Guarantee to Covered Bondholders. This may therefore result in losses under the Covered Bonds.

**11. Risk regarding cash flows**

For as long as no Assignment Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served on the CBC, the Issuer will be entitled to receive and retain the proceeds from the

Transferred Assets for its own benefit. In addition, the Issuer will, as consideration for the CBC issuing the Guarantee, pay all costs and expenses of the CBC and make and receive all payments to be made or received by the CBC under any swap agreement. Only upon the earlier to occur of an Assignment Notification Event and service of a Notice to Pay or CBC Acceleration Notice on the CBC, these rights of the Issuer will terminate and the amounts received by the CBC will be applied in accordance with the relevant Priority of Payments (except that any collateral to be provided by a Swap Counterparty following its downgrade will be delivered to the CBC irrespective of whether any Assignment Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time) (see further section 17 (*Cash flows*)). Prior to such moment, the CBC will receive only limited funds and any proceeds resulting from the Transferred Assets prior to such date will not be transferred to the CBC. This could result in the CBC having insufficient funds to pay any amounts due under the Guarantee to Covered Bondholders and this may result in losses under the Covered Bonds.

## **B. RISKS RELATED TO COUNTERPARTIES AND THIRD PARTIES**

### **12. Risk of changes without the Covered Bondholders' or other Secured Parties' 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**

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 Parties that are a party to such Relevant Documents (where applicable)), concur with any person in making or sanctioning any modifications to the Covered Bonds of any Series, the related Coupons or any Relevant Documents (including without limitation designating further creditors as Secured Parties) as set out more in detail in Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*).

Changes may therefore be made to the Programme to which one or more, or all Covered Bondholders did not agree or would have disapproved 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 updated Terms and Conditions resulting from any amendments to the Terms and Conditions of the Covered Bonds for example as part of an annual update, will apply to all outstanding Covered Bonds, unless otherwise specifically provided for in the Terms and Conditions. In addition, the fact that changes may be made to the Relevant 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 (the value of) such Covered Bonds that are intended to be sold by a Covered Bondholder.

### **13. Risk that where the Issuer acts as Calculation Agent or the Calculation Agent is an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and holders of Covered Bonds**

Where the Issuer acts as Calculation Agent or the Calculation Agent is an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and holders of Covered Bonds, as the Issuer typically has an interest to limit the amounts payable on the Covered Bonds and the holders of Covered Bonds have an opposite interest. Such potential conflict may for example exist with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Conditions that may influence any interest amount due on, and the amount to be received 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 determines a Replacement Reference Rate pursuant to Condition 5(c) (*Replacement Reference Rate*), see the risk factor '*The application of the fallback provisions contained in Condition 5 (Interest) may lead to a conflict of interest*'.

### **14. Risk of certain decisions of Covered Bondholders taken at Programme level and not at Series level**

Any Programme Resolution to direct the Security Trustee to serve an Issuer Acceleration Notice, a Notice to Pay or a CBC Acceleration Notice, and any direction to the Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding as set out in more detail in Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*) and cannot be

decided upon at a meeting of Covered Bondholders of a single Series. A Programme Resolution will be binding on all Covered Bondholders irrespective of the effect upon them, 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 Programme level which may be against the interest of such Covered Bondholder and this may have an adverse effect on the (conditions and/or value of) the Covered Bonds, also if a Covered Bondholder intends to sell any Covered Bonds.

**15. Risk related to failure of enforcement by the Security Trustee**

Subject to the provisions of the Trust Deed, only the Security Trustee may enforce the provisions of the Covered Bonds and the Relevant 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 Relevant 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 Relevant 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. Consequently, the Secured Parties, including the Covered Bondholders, either have no right or are limited in their rights to proceed directly against the Issuer or the CBC, which ultimately may lead to losses under the Covered Bonds.

**16. 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 year following approval. In the future, the Issuer may issue Covered Bonds under the Programme 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. Covered Bondholders are therefore exposed to the risk that such decision is taken against the interest of such Covered Bondholders and new Covered Bonds are issued that negatively affect the market value and/or risks in relation to its Covered Bonds.

**C. RISKS RELATED TO THE ADMISSION OF THE COVERED BONDS TO TRADING ON A REGULATED MARKET**

**17. Risk that no secondary market may develop and risk of illiquidity**

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 a material adverse effect on the market value of the Covered Bonds.

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

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds as an equivalent investment issued at the current market interest rate may be more attractive to investors. In this event, such Fixed Rate Covered Bonds can suffer higher price losses than other covered bonds having the same maturity and same credit rating but paying a higher fixed rate of interest.

**19. Risk related to exchange rates and exchange controls**

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if the Investor's Currency is different from the Specified Currency.

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Covered Bonds. As a result, investors in the Covered Bonds may receive less interest or principal than expected, or no interest or principal at all.

## **20. Credit ratings may not reflect all risks**

Credit ratings may not reflect all risks associated with an investment in Covered Bonds and the methodologies of determining credit ratings may be changed from time to time leading to potential downgrades.

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. The ratings 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. The credit rating of each Series of the Covered Bonds, as applicable, addresses the assessments made by the Rating Agencies of the likelihood of full and timely payment of interest, to the extent applicable, and ultimate payment of principal on or before the Extended Due for Payment Date, but does not provide any certainty nor guarantee.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn by the relevant Rating Agency if, in its judgement, circumstances in the future so warrant.

Such change may, among other factors, be due to a change in the methodology applied by a Rating Agency to rating securities with similar structures to the Covered Bonds, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally. Covered Bondholders and prospective investors should be aware that such a change in the methodology of a Rating Agency could result in certain series of Covered Bonds being downgraded, potentially to non-investment grade (if the relevant Covered Bonds are issued before the new methodology is applied by a Rating Agency to such Covered Bonds) or receiving a lower rating than that is currently expected from that Rating Agency (if the relevant Covered Bonds are issued after the new methodology is applied by that rating agency to such Covered Bonds).

In the event that a rating assigned to the Covered Bonds or the Issuer is subsequently lowered for any reason, the market value of the Covered Bonds is likely to be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Covered Bonds.

## **21. Risk related to the ECB asset purchase programme**

In September 2014, the ECB initiated an asset purchase programme, which also encompasses the covered bond purchase programme. Between 21 November 2014 and 19 December 2018, the ECB conducted net purchases of covered bonds under a covered bond purchase programme. From January 2019 to October 2019, the ECB only reinvested the principal payments from maturing securities under a covered bond purchase programme. Purchases of securities under the covered bond purchase programmes were restarted on 1 November 2019 and continued until the end of June 2022. From July 2022, the ECB is only reinvesting the principal payments from maturing securities under a covered bond purchase programme. It remains to be seen what the effect of the purchase programmes and the discontinuation of such programmes 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 of the asset purchase programmes and/or a (potential) discontinuation 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.

## **22. Risk of no Eurosystem eligibility**

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 a common safekeeper for one of the international central securities depositories and/or central securities depositories that fulfil the minimum standard established by the ECB. However, it does not necessarily mean that each Covered Bond will be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. 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 not recognised as Eurosystem eligible, this is likely to have a negative impact on the liquidity and/or market value of such Covered Bonds.

## **23. Risk that Covered Bonds issued with integral multiples of less than € 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 € 100,000 (or higher or its equivalent in another currency) plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds will be traded in amounts in excess of € 100,000 (or its equivalent in another currency) that are not integral multiples of € 100,000 (or its equivalent in another currency) (for the purpose of this paragraph, a "Stub Amount"). In such a case a Covered Bondholder who, as a result of trading such amounts, holds a Stub Amount may not receive a Definitive Covered Bond in respect of such holding (should Definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that its holding amounts up to a Specified Denomination. As long as the Stub Amount is held in the relevant clearing system, the Covered Bondholder will be unable to transfer this Stub Amount. 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.

## **D. REGULATORY RISKS REGARDING THE COVERED BONDS**

### **24. Risk that Covered Bonds do not comply with the CB Regulations and/or CRR**

On the Programme Date, DNB admitted the Issuer and the Covered Bonds to the DNB-register in accordance with the then applicable Dutch covered bond laws, which includes compliance with Article 129 of the CRR. The Issuer has amended the Programme to comply with the CB Regulations and as of 12 September 2022, the Issuer has obtained confirmation from DNB that it complies with the CB Regulations. All Covered Bonds issued under the Programme can, subject to satisfaction of the other requirements for such benefits, enjoy the benefits of the CRR and, as a result, obtain the 'European Covered Bond (Premium)' label.

The Covered Bond Directive was adopted on 27 November 2019 and has been implemented in the Netherlands in full on 13 June 2022 pursuant to the CB Regulations. The Covered Bond Directive, the CB Regulations and the interpretation thereof by, inter alia, the competent authorities may change over time and in relation to the interpretation of the CB Regulations the interpretations thereof may vary due to the recent implementation of the CB Regulations. The timing and substance of such changes are unpredictable and beyond the control of the Issuer. Changes in the Covered Bond Directive, the CB Regulations or interpretations thereof, or different interpretations thereof, could affect the Issuer, the CBC, the market for and value of covered bonds in general and/or the Covered Bonds.

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.

If at any time an issuance stop is published or if the registration of the Issuer is revoked, a Covered Bondholder may experience adverse consequences (i.e. an adverse effect on the market value of the Covered Bonds), depending on the reasons for making the investment in such Covered Bonds. An issuance stop or revocation of the registration of the Issuer may for example have negative effect on the regulatory treatment of the Covered Bonds, resulting in the Covered Bonds for example losing the 'European Covered Bond (Premium)'

label, which may affect the value, trading price and/or liquidity of the Covered Bonds and may have consequences for certain Covered Bondholders with portfolio mandates to invest in covered bonds with a 'European Covered Bond (Premium)' label.

## **25. Solvency II/CRR**

Financial institutions to which Solvency II, CRR or other prudential regulations apply and certain other investors should be aware that neither the Issuer, the Dealer(s), the CBC nor the Security Trustee is responsible for informing Covered Bondholders of the effects on the changes to risk-weighting of regulatory capital and other changes which, amongst others, may affect investors as a result of the implementation of Solvency II, CRR or other prudential or other legal requirements in their own jurisdiction (whether or not implemented in its current form or otherwise).

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

### **26. 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 the Covered Bonds are transferred to 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 of such tax consequences may have an impact on the net income received from the Covered Bonds.

### **27. No Gross-up by CBC for Taxes**

As provided in Condition 8 (*Taxation*), should any payments made by the CBC under the Guarantee be made subject to withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction, 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.

## **RISK FACTORS REGARDING THE GUARANTOR AND THE GUARANTEE**

### **1. Risk of losses under the Covered Bonds if, following enforcement of the Security, the Secured Parties have not received the full amount due to them pursuant to the terms of the Relevant Documents due 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 any Swap Agreement and the receipt by it of interest in respect of the balance standing to the credit of the GIC Accounts. 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. Upon the occurrence of an Issuer Event of Default or a CBC Event of Default, the CBC or the Security Trustee, as the case may be, could experience difficulty with any sale of the relevant Transferred Assets, more in particular, the sale proceeds may be lower than expected or the sale proceeds could suffer delays. If, following enforcement of the Security, the Secured Parties have not received the full amount due to them pursuant to the terms of the Relevant Documents, the Secured Parties will no longer have a claim against the CBC after enforcement of the Security. The Secured Parties however may still have an unsecured claim against the Issuer for the shortfall. As a result, Covered Bondholders may not receive payment at all or these payments may not cover all amounts the Covered Bondholders may expect to receive.

Although the Asset Cover Test and, after a Notice to Pay, the Amortisation Test have been structured to reduce the risk of there being a shortfall, 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 Relevant Documents, the Secured Parties will no longer have a claim against the CBC after enforcement of the Security.



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

None of the Issuer, the Originator, the Insurance Savings Participants, the Bank Savings Participants, any Swap Counterparty, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealer(s), the GIC Provider, the Collection Foundation, the Foundation Administrator, the Foundation Account Providers and the Security Trustee will be under any obligation whatsoever to provide additional funds to the CBC (save in the limited circumstances pursuant to the Relevant Documents).

The payment obligations under 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 Originator, any Insurance Savings Participant, any Bank Savings Participant, any Swap Counterparty, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealer(s), the GIC Provider, the Collection Foundation, the Foundation Administrator, the Foundation Account Providers and the Security Trustee. Furthermore, none of the Issuer, the Originator, the Insurance Savings Participants, the Bank Savings Participants, any Swap Counterparty, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealer(s), the GIC Provider, the Collection Foundation, the Foundation Administrator, the Foundation Account Providers 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. The CBC is only obliged to pay Guaranteed Amounts when the same are Due for Payment which means that if payments under the Guarantee are to be made, 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**

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.

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

Following service of a Notice to Pay on the CBC (provided (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served and (b) no CBC Acceleration Notice has been served) under the terms of the Guarantee the CBC will be obliged to pay Guaranteed Amounts as and when the same are Due for Payment. Such payments will be subject to and will be made in accordance with the Post Issuer Acceleration Notice Priority of Payments. In these circumstances, other than in relation to 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, if the Issuer fails to pay amounts due on the Covered Bonds and payments under the Guarantee are to be made, 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.

**4. Risk that counterparties of the CBC will not perform their obligations, including the obligation to appoint a substitute servicer after termination of the Servicing Agreement**

Counterparties to the CBC may not perform their obligations under the Relevant Documents and the Borrowers may not comply with their obligations under the Mortgage Receivables, 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.

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 can be found who would be willing and able to service the Mortgage Receivables on terms similar to 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.

**5. Risk that obligations under the Guarantee are deferred**

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

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

In these circumstances, 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 Extension Date or any subsequent Interest Payment Date falling prior to the Extended Due for Payment Date (or the relevant later date in case of an applicable grace period) shall not constitute a CBC Event of Default. However, failure by the CBC to pay any Guaranteed Final Redemption Amount or the balance thereof, as the case may be, on the relevant Extended Due for Payment Date and/or pay any other amount due under the Guarantee will (subject to any applicable grace period) constitute a CBC Event of Default. 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.

**6. The risk that 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**

On 1 January 2021, the Act on Confirmation of Extrajudicial Restructuring Plans (Wet Homologatie

Onderhands Akkoord, "CERP" or "WHOA") 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 in the risk factor '*Risk that counterparties of the CBC will not perform their obligations, including the obligation to appoint a substitute servicer after termination of the Servicing Agreement*'.

## **RISK FACTORS REGARDING SWAPS**

### **1. Risk related to the mismatches between income and liabilities**

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

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

holders of the Series of Covered Bonds hedged under an Interest Rate Swap or a Structured Swap).

In order to mitigate these mismatches to a certain extent an amount equal to the Interest Cover Required Amount will be deducted from the Asset Cover Test. However, this deduction may not be sufficient and will never be an exact hedge of all the risks. Any risks not hedged or not catered for in respect of any interest of the Covered Bonds will be borne by all the Covered Bondholders, which may result in losses under the Covered Bonds.

## **2. Risk related to Tax Events and termination of a Swap Agreement**

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

A Swap Agreement will be terminable by one party if, *inter alia*, (i) an Event of Default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the relevant Swap Agreement or (iii) a CBC Acceleration Notice is served. Events of default under the Swap Agreements in relation to the CBC will be limited to (i) non-payment under the relevant Swap Agreement and (ii) insolvency events. If the relevant Swap Agreement terminates the CBC will be exposed to changes in the relevant rates of interest and to various other mismatches associated with, for example Covered Bonds issued in a currency other than euro. As a result, unless a replacement swap agreement is entered into, the CBC may have insufficient funds to make payments under the Guarantee, if it is required to pay thereunder. This may lead to losses under the Covered Bonds.

## **3. Risk of termination payments under Swap Agreements**

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

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

## **4. Risk of differences in timing of obligations of the CBC and Swap Counterparties**

With respect to the Interest Rate Swaps and the Structured Swaps, the CBC (or the Issuer on its behalf) may be obliged to make monthly payments to the relevant Swap Counterparty, whereas the relevant Swap Counterparty may not be obliged to make corresponding swap payments for up to twelve (12) months. If the relevant Swap Counterparty does not meet its payment obligations to the CBC, the CBC may have a larger shortfall than it would have had if the relevant Swap Counterparty's payment obligations had coincided with CBC's payment obligations under the relevant Swap. Hence, the difference in timing between the obligations of the CBC and the relevant Swap Counterparty may affect the CBC's ability to make payments under the Guarantee. This may lead to losses under the Covered Bonds.

**5. Risk related to payments with respect to Covered Bonds, Interest Rate Swaps and Structured Swaps during a CBC Payment Period (other than on the CBC Payment Date on which the CBC Payment Period commences)**

Following the service of an Issuer Acceleration Notice and a Notice to Pay (but prior to a CBC Acceleration Notice), pursuant to the Trust Deed, the Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will be applied in accordance with the Post Issuer Acceleration Notice Priority of Payments on each CBC Payment Date, which date will occur monthly. Payments in respect of interest and principal on a Series of Covered Bonds and in respect of Interest Rate Swaps and Structured Swaps 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 an Interest Rate Swap or Structured Swap with respect to such Series of Covered Bonds, from the amounts received under the relevant Swap Agreement connected to such Series after the CBC Payment Date on which the relevant CBC Payment Period commenced;
- (ii) from the amounts reserved in respect of such Series of Covered Bonds or such Swap Agreement pursuant to items (f) and (g), as applicable, of the Post Issuer Acceleration Notice Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced; and
- (iii) in respect of a Series of Covered Bonds, to the extent not so paid in full following application of the funds available in accordance with (i) and (ii) above, from the amounts as were credited to the GIC Accounts in accordance with item (h) of the Post Issuer Acceleration Notice Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced.

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

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

**6. Risks in relation to EMIR**

The CBC has entered into certain Swap Agreements as described above, which are OTC derivative contracts. EMIR establishes certain requirements for OTC derivative contracts, including (i) mandatory clearing obligations, (ii) the mandatory exchange of initial and/or variation margin, (iii) other risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty and (iv) reporting requirements.

The Issuer does not expect the CBC to be or become subject to the margin requirements or the clearing obligation, as these only apply to certain financial counterparties and non-financial counterparties that (are deemed to) exceed the applicable clearing threshold (established on a group basis). Moreover, even if the CBC would at any time exceed the relevant clearing threshold, it may be able to rely on specific statutory exemptions for OTC contracts concluded with covered bond issuers or with cover pools for covered bonds. However, the possibility cannot be excluded that the CBC may in the future, whether as a result of changes to the legislation or group activity, qualify as a counterparty subject to the margin requirements or the clearing obligation and not be able to rely on any such exemption. This would lead to significantly more administrative burdens, higher costs and potential complications, for instance if the CBC will be required to enter into a replacement swap agreement or to amend the Swap Agreement, as the case may be, in order to comply with these requirements. A failure to comply with EMIR may result in fines being imposed on the CBC, which may affect the CBC's ability to make payments under the Guarantee. This may lead to losses under the Covered Bonds.

## **RISK FACTORS REGARDING ASSET MONITORING AND SERVICING**

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

Prior to the service of a Notice to Pay, the Administrator will perform the Asset Cover Test. The Asset Monitor will conduct agreed upon procedures on the arithmetic accuracy of certain calculations performed by the Administrator in respect of the Asset Cover Test once each year on the Calculation Date immediately preceding each anniversary of the Programme Date and more frequently in certain circumstances. Following the service of a Notice to Pay, the Asset Monitor will conduct agreed upon procedures on the arithmetic accuracy of certain 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.

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.

### **2. Risk related to the sale or refinancing of Selected Mortgage Receivables**

If the CBC is required to pay under the Guarantee, the CBC may be obliged 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 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 Originator would give any warranties or representations in respect of the Selected Mortgage Receivables. Any Representations or Warranties previously given by the Originator in respect of the relevant Mortgage Receivables may not have value for a third party purchaser if the Originator is 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. These factors could in turn adversely affect the ability of the CBC to meet its obligations under the Guarantee. This may lead to losses under the Covered Bonds.

### **3. Not all risks are deducted from the Asset Cover Test and/or the Amortisation Test**

Although the Asset Cover Test and the Amortisation Test are composed of multiple tests, not all tests included therein provide for deduction of certain risks in the manner described herein. 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 and/or the Amortisation Test, this means that these will be deducted from the Adjusted Aggregate Asset Amount and/or Amortisation Test Aggregate Asset Amount and does not mean that these are deducted from the First Regulatory Current Balance Amount and the Second Regulatory Current Balance Amount. This could result in the CBC having insufficient funds to pay any amounts due under the Guarantee to Covered Bondholders. This may therefore result in losses under the Covered Bonds.

### **4. Risk that the Interest Cover Required Amount may not be sufficient to cover any shortfall between the amounts of interest received by the CBC and the rate of interest payable on the Covered Bonds**

The CBC is required, among other things, to deduct an amount equal to the Interest Cover Required Amount from the Asset Cover Test to cater for certain interest rate risks. The Interest Cover Required Amount is calculated by reference to the interest received on Transferred Collateral up to the relevant final maturity date taking into account the respective contractual amortisation profile and the interest payable on the Covered

Bonds up to the relevant Maturity Date. In order to calculate such amount, the Issuer will need to make certain assumptions and estimates.

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

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

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

### **A. RISKS REGARDING THE MORTGAGE RECEIVABLES**

#### **1. Risk of defaults by Borrowers adversely affecting the CBC's realisation under affected Transferred Assets and its ability to meet its obligations under the Guarantee**

Payments on the Mortgage Receivables are, *inter alia*, subject to credit, liquidity and interest rate risks. This may in respect of Mortgage Receivables be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. The higher the loan to income ratio, the larger the proportion of the earnings of a borrower that will be needed to pay interest and principal under mortgage loans, especially when confronted with unexpected costs or expenses, or, in respect of an interest-only mortgage loan, the repayment of principal. An additional risk with regard to interest-only mortgage loan is that the borrower may not be able to repay principal at maturity of the loan if it has not build up sufficient savings for such purpose. If this is the case, the borrower might have to sell the mortgaged asset or refinance to be able to repay principal which may not be possible or difficult at such time.

The outbreak of COVID-19 and the measures taken in relation thereto, may affect the ability of Borrowers to make the required payments under the Transferred Assets. Payment holidays have been requested and more are likely to be requested by borrowers in distress due to the COVID-19 outbreak (also see the risk factor 'A significant portion of the results of the Issuer relates to its mortgage loan products which is exposed to the risk of any material change affecting residential mortgage loans generally and/or of the Issuer specifically'). Other factors in Borrowers' individual, personal or financial circumstances may also affect the ability of Borrowers to make the required payments under the Transferred Assets. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcies of Borrowers or the Borrowers becoming subject to debt rescheduling arrangements (*schuldsaneringsregelingen*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Transferred Assets. In addition, the ability of a Borrower to sell a Mortgaged Asset at a price sufficient to repay the amounts outstanding under that Transferred Assets will depend upon a number of factors, including the availability of buyers for that Mortgaged Asset, the value of that Mortgaged Asset and property values in general at the time. As set forth herein, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and the Amortisation Test.

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

#### **2. Risk of losses under the Covered Bonds if the CBC is required to pay under the Guarantee due to a decline in value of the Mortgaged Assets**

No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. Investors should be aware that house prices in the Netherlands have on average declined significantly between 2008 and 2013 and increased substantially in recent years, although there are regional differences (see in this respect section 10 (*Overview of the Dutch Residential Mortgage Market*) and the risk factor 'Risks of weaker economic conditions in certain geographic regions in the Netherlands may ultimately result in losses to the Covered Bondholders'). A decline

in value can be caused by many different circumstances, including but not limited to individual circumstance relating to the Borrower (e.g. neglect of the property) or events that affect all Borrowers, such as catastrophic events, or a general or regional decline in value. In addition, the current increasing interest rate environment, high inflation and rising energy prices may, *inter alia*, reduce the income available for housing costs and may result in a negative effect on house prices and/or demand for mortgage loans.

If the CBC is required to pay under the Guarantee, a decline in value of the Mortgaged Assets may result in losses under the Covered Bonds if the relevant security rights on the Mortgaged Assets are required to be enforced. The Originator will not be liable for any losses incurred by the Covered Bondholders, or for any deficiency incurred by the CBC as a result of such decline in value of the Mortgaged Assets in connection with the relevant Mortgage Loans.

**3. Risk that the valuations may not accurately reflect the up-to-date value of 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 CBC is required to pay under the Guarantee, a decline in value may result in losses to the Covered Bondholders if the relevant security rights on the Mortgaged Assets are required to be enforced.

**4. Risks of weaker economic conditions in certain geographic regions in the Netherlands may ultimately result in losses to the Covered Bondholders**

To the extent that specific geographic regions within the Netherlands have experienced or may in the future experience weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all of the risks relating to the Mortgage Loans. The economy of each geographic region within the Netherlands is dependent on different mixtures of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the borrowers in that region or the region that relies most heavily on that industry. This may result in lower repayment rates of such Mortgage Loans and higher defaults and may adversely affect the Issuer's return on its Mortgage Loans (also see the risk factor '*Risk of defaults by Borrowers adversely affecting the CBC's realisation under affected Transferred Assets and its ability to meet its obligations under the Guarantee*'). Any natural disasters in a particular region may reduce the value of affected mortgaged properties. This may result in a loss being incurred upon the sale of the Mortgaged Assets. All these circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Covered Bonds.

**5. Risks relating to Beneficiary Rights under the Insurance Policies and the assignment, pledge and waiver thereof resulting in amounts paid under the Insurance Policies not being applied in reduction of the relevant Mortgage and such amounts not being available to fulfil the Originator's payment obligations under the Covered Bonds**

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 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 Originator (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 Originator 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. However, in the form of the Borrower Insurance Pledge with respect to Life Insurance Policies



used by former SNS Bank as of 25 September 2000 and in the forms of mortgage deeds with respect to Savings Insurance Policies used by former SNS Bank as of the end of 2005, any successor in title (*rechtsopvolgers onder algemene en bijzondere titel*) is also appointed as beneficiary, which may, subject to the legal requirements for a valid assignment and subject to any requirements stipulated by the Life Insurance Policy, or Savings Insurance Policy, as the case may be, include the CBC upon the assignment. The Beneficiary Rights will be assigned by the Originator to the CBC and will be pledged to the Security Trustee by the CBC (see section 7 (*Asset Backed Guarantee*) under '*Security*'). The assignment and pledge of the beneficiary rights must be notified 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.

The CBC and the Security Trustee will enter into the Beneficiary Waiver Agreement with the Originator and the Insurance Savings Participant under which the Originator, without prejudice to the rights of the CBC as assignee and the rights of the Security Trustee as pledgee and subject to the condition precedent of the occurrence of an Assignment Notification Event, waives its rights as beneficiary under the Savings Insurance Policies and appoints as first beneficiary (i) the CBC subject to the dissolving condition (*ontbindende voorwaarde*) of a Security Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent (*opschortende voorwaarde*) of the occurrence of a Security Trustee Pledge Notification Event. It is, however, uncertain whether such waiver, and unlikely that such appointment, will be effective. In the event that such waiver and appointment are not effective in respect of the Savings Insurance Policies and, furthermore, in respect of the Life Insurance Policies, the Originator and, in respect of the Savings Insurance Policies, the Insurance Savings Participant has undertaken in the Beneficiary Waiver Agreement that they will use their best efforts upon the occurrence of an Assignment Notification Event to terminate the appointment of the Originator 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 Originator and, in respect of the Savings Insurance Policies, the Insurance Savings Participant, will in the Beneficiary Waiver Agreement undertake to use their best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the Originator and to issue such instruction in favour of (i) the CBC subject to the dissolving condition (*ontbindende voorwaarde*) of a Security Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent (*opschortende voorwaarde*) of the occurrence of a Security Trustee Pledge Notification Event. The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If the CBC or the Security Trustee, as the case may be, will not become beneficiary of the Insurance Policies or the assignment, pledge or the waiver of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the 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 Originator, 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 an Assignment Notification Event has occurred in respect of the Originator. If the proceeds are paid to the Originator and the Originator 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 Originator, 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 Originator or another beneficiary, as the case may be. As a result thereof, such amounts are not available to fulfil its payment obligations under the Covered Bonds, which may result in losses under the Covered Bonds.

**6. Risk that the value of investments under Investment-based Mortgage Loans or Life Insurance Policies may not provide the Borrower with sufficient proceeds to fully repay the related Mortgage Loans at its maturity**

The value of investments made under the Investment-based Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies or by the Insurance Savings Participant in connection with the Insurance Savings Mortgage Loans to which a Savings Insurance Policy with the Investment

Alternative is connected, may not provide the Borrower with sufficient proceeds to fully repay the related Mortgage Loans at its maturity, which could lead, depending on the value of the Mortgage 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 result in losses under the Covered Bonds. Further, if the development of the value of these investments is not in line with the expectations of a Borrower, such Borrower may try to invoke set-off or be entitled to other defences against the Originator or the CBC, as the case may be, by arguing that he has not been properly informed of the risks involved in the investments, also see the risk factor *'Risk that Investment-based Mortgage Loans and Life Insurance Policies or Savings Insurance Policies with the Investment Alternative may be dissolved or nullified, possibly affecting the Mortgage Loans connected thereto or resulting in Borrowers or policy invoking set-off or other defences against the CBC'*.

**7. Risk that the Issuer, CBC or Security Trustee may not be able to claim the full loss incurred under a Mortgage Loan that has the benefit of an NHG Guarantee**

Mortgage Loans may have the benefit of an NHG Guarantee issued by 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.

The Originator will in the Guarantee Support Agreement represent and warrant that (i) each NHG Mortgage Receivable constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with its terms, (ii) all terms and conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with and (iii) the Originator is not aware of any reason why any claim under any NHG Guarantee should not be met in full and in a timely manner.

The terms and conditions of the NHG Guarantees stipulate that the NHG Guarantee will terminate upon expiry of a period of thirty (30) years after the issue of the NHG Guarantee. Mortgage Loans may have a maturity date which falls after the expiry date of the relevant NHG Guarantee. This will result in the Issuer, CBC or Security Trustee, as the case may be, not being able to claim for payment with Stichting WEW of a loss incurred after the term of the NHG Guarantee has expired. In respect of NHG mortgage loans provided after 1 January 2014, the amount the offeror of mortgage loans can recover from Stichting WEW in case of losses under a NHG mortgage loan will be 90% (instead of 100%) of the total loss under the relevant NHG mortgage loan. Therefore, the Issuer, CBC or Security Trustee, as the case may be, may not be able to claim for payment with Stichting WEW the full loss incurred under such NHG mortgage loan. This could lead to less income available to the CBC or the Security Trustee, as the case may be, and ultimately to losses under the Covered Bonds.

Finally, 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 Mortgage Loan can be different. 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. This could lead to less income available to the CBC or the Security Trustee, as the case may be, and ultimately to losses under the Covered Bonds.

For a description of the NHG Guarantees, see section 0 (*NHG Guarantee Programme*).

**8. Risk that, in respect of payments received by the Originator prior to notification to the Borrowers of the assignment to the CBC, the CBC will not receive the proceeds under the Mortgage Receivables on time and in full or not at all**

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

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the Originator in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. The Originator has undertaken upon the earlier to occur of an Assignment Notification Event, the service of a Notice to Pay or a CBC Acceleration Notice to pay to the CBC any amounts received in respect of the Mortgage Receivables. However, receipt of such amounts by the CBC is subject to the Originator actually making such payments. If the Originator is declared bankrupt prior to making such payments, the CBC has no right of any preference in respect of such amounts.

Payments made by Borrowers to the Originator prior to notification of the assignment to the CBC but after bankruptcy or suspension of payments in respect of the Originator having been declared will be part of the Originator'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. There is therefore a risk that in respect of such payments the CBC will not receive the proceeds under the Mortgage Receivables on time and in full or it will not receive the proceeds at all. 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.

**9. Risk that payments received by the Collection Foundation may not be distributed to the Issuer or the CBC**

The risks set out in the risk factor '*Risk that, in respect of payments received by the Originator prior to notification to the Borrowers of the assignment to the CBC, the CBC will not receive the proceeds under the Mortgage Receivables on time and in full or not at all*' above are reduced by the following structural features, which also include certain risks. The CBC has been informed by the Originator that each Borrower has given a power of attorney to the Originator or any sub-agent of the Originator respectively to collect amounts from its account due under the Mortgage Loan by direct debit. Under the Receivables Proceeds Distribution Agreement, the Originator has requested the Collection Foundation to collect by direct debit all amounts of principal and interest to the Collection Foundation Accounts held and maintained by the Collection Foundation. Upon receipt thereof and after the Originator being obliged to pay the proceeds of the Mortgage Receivables to the CBC, the Collection Foundation will distribute 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 Agreement.

As a consequence, the Collection Foundation has a claim against the relevant Foundation Account Provider, in respect of the balances standing to the credit of the Collection Foundation Accounts. The Collection Foundation Accounts are currently held with de Volksbank and Rabobank. If and for so long as the Originator is a Foundation Account Provider of the accounts to which payments by the Borrowers are made, in the event of a bankruptcy of the Originator, any amounts standing to the credit of the Collection Foundation Accounts relating to the relevant Mortgage Receivables will form part of the bankruptcy estate of the Originator. In view of such risk of bankruptcy, an additional deduction in the Asset Cover Test has been implemented as item Y2 to constitute a Collection Foundation Trigger Commingling Remedial Action. The risk is that the amount so deducted is insufficient to cater for the risk of the CBC and therefore have a negative effect on the ability of the CBC to meet its payment obligations. This may lead to losses under the Covered Bonds.

There is a risk that the Originator (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*). This risk is, however, reduced by the following. Firstly, the Originator has under the Receivables Proceeds Distribution Agreement undertaken to the CBC and the Security Trustee not to instruct the Borrowers to pay any amounts under Mortgage Receivables into an account other than the Collection Foundation Accounts without (i) the prior written approval of each of the Collection Foundation, the CBC and the Security Trustee, and (ii) notification to the Rating Agencies and, if required, confirmation from the Rating Agencies that the then current ratings of the Covered Bonds would not be adversely affected upon such instructions. In addition, de Volksbank in its capacity as administrator for the Collection Foundation has undertaken in the Receivables Proceeds Distribution Agreement to disregard any instructions or orders from the Originator to cause the transfer of amounts received in respect of the Mortgage Receivables to be made to another account than the relevant Collection Foundation Accounts without prior written approval of the CBC and the Security Trustee. Regardless

of the above, the Originator is obliged to pay to the CBC any amounts received in respect of the Mortgage Receivables which were not paid to the Collection Foundation Accounts but to the Originator directly upon receipt thereof and after the Originator being obliged to pay the proceeds of the Mortgage Receivables to the CBC. If the Originator or the Foundation Administrator do not comply with the relevant provisions of the Receivables Proceeds Distribution Agreement, this may lead to the Issuer or the CBC having insufficient funds available to meet its obligations under the Covered Bonds and this may result in losses under the Covered Bonds.

**10. Risk of losses under the Covered Bonds if the CBC has insufficient funds available to meet its obligations under the Guarantee due to limited recourse to the Originator**

The CBC will not, and the Security Trustee will not, undertake any investigations, searches or other actions on any Mortgage Receivable and will rely instead on the Mortgage Receivables Warranties given in the Guarantee Support Agreement by the Originator 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 calculation of the Asset Cover Test and the Amortisation Test. However, if the Originator 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 result in the CBC having insufficient funds available to meet its obligations under the Guarantee and this may result in losses under the Covered Bonds.

There is no further recourse to the Originator in respect of a breach of a Mortgage Receivables Warranty. There is no other recourse to the assets of the Originator 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).

**11. 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 (*Originator and Residential Mortgage Business*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two (2) consecutive years or seriously breaches (*in ernstige mate tekortschiet*) other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the Mortgage will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease. In addition, after the expiration of the long lease term, the remuneration (*canon*) due may be increased unless the remuneration due has been fixed. Such increase may be material and could increase the risk of non-payment by the Borrower.

When underwriting a Mortgage Loan to be secured by a Mortgage on a long lease, the Originator will take into consideration certain conditions, in particular the term of the long lease. Therefore, the mortgage conditions used by the Originator provide that the principal sum of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates or if the leaseholder materially breaches the conditions of the long lease. If the long lease terminates, there is a risk that the Borrower does not repay the Mortgage Loan. In such case, the Mortgage may be enforced and there is a risk that the foreclosure value of a property after termination of the long lease or with a higher remuneration (*canon*), may be less than the market value prior to such termination or increase and may affect the realisable value of the Mortgage Receivables, which could subsequently affect the ability of the CBC to make payments under the Guarantee and in turn could lead to losses under the Covered Bonds.

**12. Risk that interest rate reset rights will not follow the Mortgage Receivables**

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 interest rate on the Mortgage Loans should be considered as an ancillary right and follows the Mortgage Receivables upon their assignment to the CBC and the pledge to the Security Trustee. The view that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right, is also supported by a judgement of the Dutch Supreme Court (HR

10 July 2020, ECLI:NL:HR:2020:1276 (*Van Lanschot/Promontoria*)). To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the CBC or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates and any applicable law (including, without limitation, applicable principles of reasonableness and fairness), special duty of care and regulations. If the interest reset right remains with the Originator, the co-operation of the trustee (in bankruptcy) or administrator (in suspension of payments) would be required to reset the interest rates who will 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), special duty of care and regulations.

Accordingly, the ability of the CBC to reset the interest on Mortgage Loans (or relevant loan part thereof) may be limited, which might adversely affect the CBC's ability to influence the interest rates applicable to the Mortgage Loans. If the interest rates are set lower than anticipated or the CBC or the Security Trustee does not reset the interest accordingly, this could limit the CBC's ability to meet fully and/or timely its obligations under the Guarantee, which in turn could lead to losses under the Covered Bonds.

**13. Risk that amounts collected pursuant to the pledge on the Collection Foundation Accounts are not distributed as agreed**

The Collection Foundation will grant first ranking rights of pledge on the balances standing to the credit of the Collection Foundation Accounts in favour of the Security Trustee and the Previous Transaction Security Trustees and second ranking rights of pledge to the CBC and the Previous Transactions SPV's jointly as security for (*inter alia*) any and all liabilities of the Collection Foundation to, respectively, the Previous Transaction SPVs, the CBC, the Previous Transaction Security Trustees and the Security Trustee in view of the (remote) bankruptcy risk of the Collection Foundation. The pledge is shared between the CBC, the Previous Transaction Security Trustees, the Security Trustee and the Previous Transaction SPVs, which are set up as bankruptcy remote securitisation special purpose vehicles. Each Previous Transaction Security Trustee and the Security Trustee will have a certain *pari passu* ranking undivided interest, or "share" (*aandeel*) in the co-owned pledge, entitling it to part of the foreclosure proceeds of the pledge over the Collection Foundation Accounts. Consequently, the rules applicable to co-ownership (*gemeenschap*) apply to the joint right of pledge. The share of the Security Trustee will be determined based on the amounts in the Collection Foundation Accounts relating to the Mortgage Receivables owned by the CBC. Article 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 Article 3:166 of the Dutch Civil Code (*aandeel*) in respect of the balances of the Collection Foundation Accounts from time to time is equal to their entitlement in respect of the amounts standing to the credit of the Collection Foundation Accounts 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 the Collection Foundation Accounts (i.e. if the Collection Foundation defaults in forwarding or transferring the amounts received by it, as agreed), the proceeds will be divided according to each Previous Transaction Security Trustee's and the Security Trustee's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of Article 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 (which also may include future issuers and security trustees). The same applies to the pledge for the CBC and the Previous Transaction SPVs. If the amounts collected pursuant to the pledge on the Collection Foundation Accounts are not distributed as agreed, the Security Trustee and the CBC may have less amounts available for distribution to the Secured Parties (including the Covered Bondholders), which may result in losses under the Covered Bonds.

**14. Risks that changes to Dutch tax treatment of interest on Mortgage Loans and tax deductibility may have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans**

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The deduction period allowed is restricted to a term of thirty (30) years. As of 1 January 2013 the maximum tax rate against which mortgage interest may be deducted for Dutch income tax purposes has been reduced gradually.

For the year 2022 the maximum deductibility rate is set at 40 per cent. For the year 2023 the maximum deductibility rate is set at 36.93 per cent.

This reduction of the maximum deductibility rate could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans and may lead to an increase of defaults, or different prepayment and repayment behaviour of the Borrowers of such Mortgage Loans. This may result in defaults on Mortgage Loans in relation to the Transferred Assets and thus may decrease the CBC's proceeds from such Transferred Assets thereby adversely affecting the CBC's ability to meet fully and/or timely its obligations under the Guarantee. This may ultimately lead to losses under the Covered Bonds.

**15. Changes to the acceptance conditions of the Originator may lead to increased defaults by Borrowers**

Each of the Mortgage Loans originated by the Originator will have been originated in accordance with its acceptance conditions at the time of origination. It is expected that the Originator's acceptance conditions will generally consider type of Mortgaged Asset, term of loan, age of applicant, the loan-to-value ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants and credit history. In the event of a transfer of relevant Mortgage Receivables by the Originator to the CBC, the Originator will warrant only that such relevant Mortgage Receivables were originated in accordance with such Originator's acceptance conditions applicable at the time of origination. Some of the Mortgage Receivables may have been acquired by the Originator in the course of its business. Such Mortgage Receivables may not have been originated in accordance with the existing acceptance conditions of the Originator, but will as at the relevant Transfer Date qualify as an Eligible Receivable as long as such Mortgage Receivable meets the Eligibility Criteria. The Originator 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 Mortgage Receivables, this may lead to increased defaults by Borrowers 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.

**16. Risk that the Issuer, if it has offered Mortgage Loans with a variable rate of interest of which the Mortgage Receivables are transferred to the CBC, could under certain circumstances become subject to a repayment obligation which may lead to the proceeds resulting from such Mortgage Receivables being lower than expected and Borrowers invoking set-off or other defences**

Mortgage Receivables transferred to the CBC may carry a variable rate of interest. Although there are no precise rules which require a variable rate of interest on the Mortgage Loans to be set at a specific level, in a recent case KiFiD ruled, with regard to a mortgage loan (i.e. a loan with a variable rate of interest which is secured by a mortgage right) that on the basis of the information provided and the terms and conditions applicable to the mortgage loan (or consumer loan), the variable 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 consumer paid more than the relevant offeror was allowed to charge, then the relevant offeror must repay the overpaid interest according to KiFiD. See in relation to KiFiD rulings in more detail in respect of consumer loans the risk factor '*Risk related to complaints and compensation arrangements for consumer loans with variable interest rate*'. Judgments of civil law courts in relation to variable interest rates on consumer loan agreements vary significantly from the KiFiD judgments in relation to consumer loans and also differ from one another. Civil law court cases on this matter are at the date of this Base Prospectus limited to consumer loans and do not apply to mortgage loans. The focus in the civil law courts is on the question whether the clauses which set out the right of the originator to change the variable interest rates are presumed to be unreasonably onerous and therefore invalid. Whether or not this applies, depends on the actual clause itself and the circumstances at the time of conclusion of the loan agreement. Decisive case law has yet to be developed further both in terms of when a clause is invalid and what the consequences thereof are. If the Issuer has offered Mortgage Loans with a variable rate of interest of which the Mortgage Receivables are transferred to the CBC, and has not complied with the terms and conditions applicable to the Mortgage Loans and has not followed the relevant market interest rate, or if the relevant clause relating to interest is invalid, this could result in a repayment obligation for the Issuer and therefore the proceeds resulting from such Mortgage Receivables may be lower than expected and could lead to set-off, which may result in losses under the Covered Bonds.

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

**17. 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 is due and payable which 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

Originator to it (if any) with amounts it owes in respect of the relevant Mortgage Receivable prior to notification of the assignment of the relevant Mortgage Receivable to the CBC having been made. Such amounts due and payable by the Originator to a Borrower could, *inter alia*, result from current account balances or deposits made with the Originator and, in respect of the Bank Savings Mortgage Loans, the aggregate Bank Savings Deposits (see '*Risk of set-off or defences in case of Mortgage Receivables resulting from Bank Savings Mortgage Loans*' below). Also, such claims of a Borrower could, *inter alia*, result from services rendered by the Originator to the Borrower, if rendered at all, such as investment advice rendered by de Volksbank in connection with Investment-based Mortgage Loans or services for which the Originator is responsible or held liable. As a result of the set-off of amounts due and payable by the Originator 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 and as a result lead to losses under the Covered Bonds.

Some of the conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although such clause is intended as a waiver by the Borrowers of their set-off rights under Dutch law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the CBC and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the CBC, provided that the legal requirements for set-off are met (see above) and further provided that (i) the counterclaim of the Borrower against the Originator results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated (*opgekomen*) and has become 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 Originator result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated and became due and payable prior to notification of the assignment, provided that all other requirements for set-off have been met (see above). A balance on a current account is due and payable at any time and, therefore, this requirement will be met. In the case of 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. The CBC has been informed by de Volksbank that in most cases a balance on a deposit account can be withdrawn at any time and, consequently, such balance is due and payable at any time. 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 has been 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. 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 suspension of payments of the Originator 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 Bankruptcy Code a person who was, prior to notification of the assignment, both debtor and creditor of the bankrupt entity can set off its debt with its claims, if each claim (i) came into existence prior to the moment at which the bankruptcy become effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments. As a result of the set-off of amounts due and payable by the Originator 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 and as a result 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-based Mortgage Loans, reference is made to the risk factors '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*' and '*Risk that Investment-based Mortgage Loans and Life Insurance Policies or Savings Insurance Policies with the*

*Investment Alternative may be dissolved or nullified possibly affecting the Mortgage Loans connected thereto or resulting in Borrowers or policy invoking set-off or other defences against the CBC below.*

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

Under certain types of Mortgage Loans the Originator has the benefit of rights under the Insurance Policies with the Insurance Companies. Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. 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.

As set out in the risk factor '*Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*' above, some Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. With a view to further reducing the risk of set-off by Borrowers, the general conditions applicable to Mortgage Loans originated by former SNS Bank after the end of 2005 have been changed to provide that the Borrower will not have the right to set off claims under insurance policies with obligations under mortgage loans and confirm that (i) the bank and the relevant insurance company are different legal entities and (ii) the rights and obligations under the insurance policies are independent from the rights and obligations under the mortgage loans. This provision provides arguments for a defence against Borrowers invoking set-off rights or other defences (see below), but it is uncertain whether this provision in the general conditions will be effective.

If the provisions described above are not effective and in respect of other Mortgage Loans 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 Originator 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 Originator 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, subject, however, to what is stated below under '*Risk that Borrower Insurance Pledges will not be effective*'. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Set-off vis-à-vis the CBC after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see the risk factor '*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 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 Originator, 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. A specific defence one could think of would be based upon interpretation of the Mortgage Conditions and the promotional material relating to the Mortgage Loans. Borrower 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 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" (*dwalen*), 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 and the CBC having insufficient funds to pay any amounts due under the Guarantee, which in turn could lead to losses under the Covered Bonds.

*Risk of set-off or defences in relation to Mortgage Loans to which a Life Insurance Policy is connected*

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy of any of the Life Insurance Companies, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer and the CBC have been advised that, in view of the preceding paragraphs and the representation of the Originator that with respect to Mortgage Loans whereby it is a condition for the granting of the relevant 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 Originator (see Mortgage Loan Criteria sub (ix)), (ii) the Mortgage Loan and the Life Insurance Policy are not offered as one product or under one name, and (iii) the Borrowers are free to choose the relevant Life Insurance Company, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, if the Life Insurance Company is and at the time of origination was not a group company of the Originator within the meaning of Article 2:24b of the Dutch Civil Code. However, if the Life Insurance Company is (and on the date of origination was) a group company of the Originator, the Issuer and the CBC have been advised that the possibility cannot be disregarded (*kan niet worden uitgesloten*) that the courts will honour set-off or defences by the Borrowers. This could lead to the CBC having insufficient funds to pay any amounts due under the Guarantee, which in turn could lead to losses under the Covered Bonds.

*Risk of set-off or defences in relation to Insurance Savings Mortgage Loans*

In respect of Insurance Savings Mortgage Loans 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 Savings Insurance Policy and the wording of the mortgage deeds relating to the Insurance Savings Mortgage Loans.

In respect of Insurance Savings Mortgage Loans which are subject to an Insurance Savings Participation, the Insurance Savings Participation Agreement will provide that should a Borrower invoke a defence in respect of such Insurance Savings Mortgage Loan if, for whatever reason, the Insurance Savings Participant does not pay the insurance proceeds when due and payable under the relevant Savings 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 Insurance Savings Mortgage Receivable, the relevant Insurance Savings Participation of the Insurance Savings Participant will be reduced by an amount equal to the amount which the CBC has failed to receive. The amount of the Insurance Savings Participation is equal to the amounts of Savings Premium received by the CBC plus the accrued yield on such amount (see section 13 (*Participation Agreements*)), provided that the Insurance Savings Participant will have paid all amounts equal to the amounts due under the Insurance 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 Insurance Savings Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Insurance Savings 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 Insurance Savings 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 Insurance Savings Participation Agreement does not apply to Savings Plus Mortgage Loans to which a

Savings Insurance Policy with the Investment Alternative is connected and the obligations under the Insurance Savings Participation Agreement are contingent upon the occurrence of an Assignment Notification Event.

#### **19. Risk of set-off or defences in case of Bank Savings Mortgage Loans**

Each Bank Savings Mortgage Loan has the benefit of the balances standing to the credit of the relevant Bank Savings Account, which is held with the relevant Bank Savings Participant. If any of the Bank Savings Participants is no longer able to meet its obligations in respect of the relevant Bank Savings Account, for example as a result of bankruptcy, this could result in the balance standing to the credit of the relevant Bank Savings Account either not, or only partly, being available for application in reduction of the Mortgage Receivable. This may lead to the Borrower trying to invoke set-off rights and defences against the Originator, the Issuer or the Security Trustee, as the case may be, which may have the result that the relevant Mortgage Receivables will be, fully or partially, extinguished (*tenietgaan*) or cannot be recovered for other reasons which could lead to losses under the Covered Bonds.

As of 1 January 2014 the Bank Savings Deposit will be set-off with the relevant Bank Savings Mortgage Receivable by operation of law, if and when in respect of the relevant Bank Savings Participant (i) the DGS has been instituted by DNB or (ii) bankruptcy (*faillissement*) has been declared, irrespective of any rights of third parties, such as the Issuer, with respect to the Bank Savings Mortgage Receivable. In addition, in circumstances where the set-off by operation of law does not apply, since the Bank Savings Mortgage Loans have been originated by the relevant Bank Savings Participant as Originator, if the conditions for set-off by Borrowers have been met (see the risk factor '*Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*') each Borrower under such relevant Bank Savings Mortgage Loan will be entitled to set off amounts due by the Originator under the Bank Savings Deposit, with the relevant Bank Savings Mortgage Receivable.

With a view to these risks the CBC, the Security Trustee and each Bank Savings Participant have entered into Bank Savings Participation Agreements. The obligations under the Bank Savings Participation Agreement are contingent upon the occurrence of an Assignment Notification Event. The Bank Savings Participation Agreement provides that should a Borrower invoke a defence in respect of such Bank Savings Mortgage Loan if, for whatever reason, the relevant Bank Savings Participant does not pay the amount when due and payable under the relevant Bank Savings Deposit and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of the relevant Bank Savings Mortgage Receivable, the relevant Bank Savings Participation of the relevant Bank Savings Participant will be reduced by an amount equal to the amount which the CBC has failed to receive. The amount of the Bank Savings Participation is equal to the amounts of Bank Savings Deposit received by the CBC plus the accrued yield on such amount (see section 13 (*Participation Agreements*)), provided that the Bank Savings Participant will have paid all amounts equal to the amounts due under the Bank Savings Participation Agreement to the CBC. Therefore, normally the CBC would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the amount of the relevant Bank Savings Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the relevant Bank Savings 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 Bank Savings Participation, such set-off or defences could lead to losses under the Covered Bonds.

#### **20. Risk of set-off or defences in respect of investments under Investment-based Mortgage Loans**

The Originator has represented that with respect to Investment-based Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the Originator 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 the CBC having insufficient funds to pay any amounts due under

the Guarantee, which in turn could lead to losses under the Covered Bonds.

**21. Risk that Investment-based Mortgage Loans and Life Insurance Policies or Savings Insurance Policies with the Investment Alternative may be dissolved or nullified possibly affecting the Mortgage Loans connected thereto or resulting in Borrowers or policy holder invoking set-off or other defences against the CBC**

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-based 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 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. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified or a Borrower may claim set-off or defences against the Originator or the CBC (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Investment-based Mortgage Loans or Life Insurance Policies or Savings Insurance Policies with the Investment Alternative is not sufficient to redeem the relevant Mortgage Loans.

In the case of Investment-based Mortgage Loans originated by former BLG Hypotheekbank, Investment Firms provide for certain services, for example for investment advice or investment management services to the Borrowers. The Borrower may hold an Investment Firm liable if it does not meet its obligations towards the Borrower as investment adviser or investment manager, for example with respect to any investment advice or investment management services provided by such Investment Firm. In particular, liability could arise if the sum of the investments is not sufficient to repay the Investment-based Mortgage Loan at maturity. Although de Volksbank has no contractual obligation to provide investment advice or investment management services to the Borrower, it cannot be excluded that the Borrower may hold de Volksbank liable for the non-fulfilment of the obligations of the Investment Firm and invoke set-off or defences similar to those described under '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*'.

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies (*beleggingsverzekeringen*), such as the Life Insurance Policies or Savings Insurance Policies with the Investment Alternative, 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 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 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 Originator 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 Originator 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 Originator will not indemnify the Borrower. Any such set-off or defences could thus affect the proceeds under the Mortgage Receivables and may lead to losses under the Covered Bonds.

## C. RISK FACTORS REGARDING SECURITY RIGHTS

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

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

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

The mortgage conditions applicable to part of the Mortgage Loans stipulate that in case of assignment of the Mortgage Receivable, the Bank Security Right 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 the Mortgage Loans makes clear that the Bank Security Right (partially) follows the relevant Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice.

The mortgage conditions applicable to the other part of the Mortgage Loans do not contain any explicit provision on the issue whether the Bank Security Rights follow the Mortgage Receivable upon its assignment or pledge thereof. Consequently, there is no clear indication of the intention of the parties. The Issuer and the CBC have been advised that also in such case the Bank Security 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.

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. Furthermore, 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 the related NHG Guarantee. The above factors could lead to lower proceeds received by the CBC under the Mortgage Receivables and ultimately to losses under the Covered Bonds.

### 23. Risk related to limited information received in relation to the Transferred Assets and changes in the composition of the Transferred Assets over time

The composition of the Transferred Assets may constantly change. Therefore, the information received by Covered Bondholders may not reflect all and/or the most recent statistics or information in relation to the Transferred Assets. However, each Eligible Receivable and Substitution Asset will be required to meet the applicable Eligibility Criteria and the Representations and Warranties set out in the Guarantee Support Agreement (although such Eligibility Criteria and Representations and Warranties may change in certain circumstances). A change in the composition of the Transferred Assets may lower the quality and may result in a lower income received by the CBC than originally envisaged and this could ultimately lead to losses under the Covered Bonds.

### 24. 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 be proclaimed by the judge-commissioner (*rechter-commissaris*) in case of bankruptcy and in case of suspension of payments involving the CBC, which, if applicable, would delay the exercise of the 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 as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the CBC (also see the risk factor '*The risk that 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*'). 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 Guarantee. 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 probably be regarded as future receivables and therefore would not be secured. This would for example apply to amounts paid to the GIC Accounts following the CBC's bankruptcy or suspension of payments. Such amounts will not be available for distribution by the Security Trustee to the Secured Parties (including the Covered Bondholders), which may result in losses under the Covered Bonds. With respect to Beneficiary Rights, reference is made to the risk factor '*Risks relating to Beneficiary Rights under the Insurance Policies and the assignment, pledge and waiver thereof resulting in amounts paid under the Insurance Policies not being applied in reduction of the relevant Mortgage and such amounts not being available to fulfil the Originator's payment obligations under the Covered Bonds*'.

**25. Risk that the Parallel Debt does not constitute a valid basis for the creation of pledges and that payments under the Parallel Debt form part of the Security Trustee's estate in the case of its insolvency**

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 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. Should the Parallel Debt 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 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 bankruptcy 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.

**26. Risk related to jointly-held Bank Security Rights by the Originator, 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 Originator and will secure both the relevant Mortgage Receivables held by the CBC (or the Security Trustee, as pledgee) and any Other Claims. This will not apply to the Mortgages securing the Mortgage Loans originated by the former SNS Bank before the end of 2005 and the Mortgage Loans originated by former BLG Hypotheekbank, since the relevant mortgage deeds relating to those Mortgage Loans provide that following assignment or pledge of the Mortgage Receivable the Mortgage no longer secures such Other Claims.

Where Bank Security Rights are jointly-held by both the CBC or the Security Trustee and the Originator, the rules applicable to a joint estate (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Guarantee Support Agreement the Originator, 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 Originator, the Originator's bankruptcy trustee (*curator*) (in case of bankruptcy) or administrator (*bewindvoerder*) (in case of suspension of payments), as the case may be, may be required for such foreclosure. The Originator, 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 Originator 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 Originator 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.

If (a bankruptcy trustee or administrator of) the Originator 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 Originator (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 and may not be fully recovered, this could lead to the CBC having insufficient funds to pay any amounts due under the Guarantee, which in turn could lead to losses under the Covered Bonds.

## **27. Risk that partial termination of the Bank Security Rights is not effective**

The Guarantee Support Agreement provides, in order to limit the risk described in the previous risk factor, that upon the occurrence of an Assignment Notification Event the Originator is required to give notice to the Borrowers of partial termination of (i) in respect of de Volksbank (excluding in respect of Mortgage Loans originated by the former Regiobank and the former BLG Hypotheekbank), the Mortgages and Borrower Pledges securing the relevant Mortgage Receivables originated after the end of 2005 (other than the Borrower Securities Pledges) and the Borrower Pledges securing the relevant Mortgage Receivables originated before the end of 2005 (other than Borrower Insurance Pledges and the Borrower Securities Pledges) and (ii) in respect of Mortgage Loans originated by former BLG Hypotheekbank, the Borrower Pledges securing the relevant Mortgage Receivables and (iii) in respect of Mortgage Loans originated by the former RegioBank, the Mortgages and Borrower Pledges securing the relevant Mortgage Receivables, in as far as these Mortgages and Borrower Pledges secure other debts than the relevant Mortgage Receivables. As a consequence of such partial termination, the relevant Bank Security Rights will only secure the relevant Mortgage Receivables and the joint estate will be terminated (see '*Risk related to jointly-held Bank Security Rights by the Originator, the CBC and the Security Trustee*'). The Issuer and the CBC have been advised that the Originator can effectively partially terminate the Bank Security Rights in this manner, but that there is no case law supporting this opinion.

The Originator's undertaking to partially terminate the Bank Security Rights is no longer enforceable if such Originator would be declared bankrupt. The co-operation of the Originator's administrator (in case of suspension of payments) or bankruptcy trustee (in case of bankruptcy) would be required for such act and it is not certain whether such co-operation will be forthcoming. Also, the power of attorney given to the CBC and the Security Trustee, respectively, to effectuate such partial termination on behalf of the Originator would terminate or become ineffective in such event. Also, a notice of partial termination received by the Borrower

after the Originator has been declared bankrupt, will not be effective. If partial termination is not effective, the risk set out in the risk factor '*Risk related to jointly-held Bank Security Rights by the Originator, the CBC and the Security Trustee*' above, is fully applicable.

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

All rights of a Borrower under the Insurance Policies have been pledged to the Originator. The Issuer and the CBC have been advised that it is probable that the right to receive payment, including 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 pledgor is declared bankrupt, granted a suspension of payments or is granted a statutory debt adjustment (*schuldsanering*), prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. If such right of pledge will be ineffective in relation to a payment under an Insurance Policy, the CBC will not be entitled to receive such payments. As a result thereof, the CBC may not be able to meet its obligations under the Guarantee. This may lead to losses under the Covered Bonds.

In addition, the Borrower Insurance Pledge secures the same liabilities as the Bank Security Rights (and should therefore be regarded as Bank Pledges). The conditions applicable to the Borrower Insurance Pledges do not provide that in case of assignment or pledge of the receivable, the pledge will (partially) follow such receivable. Consequently, there is no clear indication of the intention of the parties. However, the CBC has been advised that, based upon recent legal literature the Borrower Insurance Pledges should partially follow the Mortgage Receivables upon their assignment and pledge (see '*Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the CBC*').

### **3. IMPORTANT INFORMATION**

#### **Responsibility statement**

The Issuer accepts responsibility for the information contained in this Base Prospectus and the CBC accepts responsibility for the information relating to the CBC contained in this Base Prospectus. To the best of their knowledge the information (in the case of the CBC, in respect of the information that relates to it) 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 that as far as the Issuer and the CBC are aware and are able to ascertain from the information published by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer and the CBC accept responsibility accordingly.

Neither the Arranger, nor any Dealer(s) nor the Security Trustee, nor any of their respective affiliates has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealer(s) 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 by the Issuer and the CBC in connection with the Programme. Neither the Arranger, the Dealer(s) nor the Security Trustee accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer and the CBC in connection with the Programme.

#### **Notice**

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 and/or 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.

The Issuer has requested the AFM to provide the competent authority in Luxembourg, the Commission de Surveillance du Secteur Financier, with a Notification. The Issuer may request the AFM to provide competent authorities in additional Member States within the EEA with a Notification.

This Base Prospectus shall be valid for use only by the Issuer or others who have obtained the Issuer consent for a period of up to 12 months after its approval by the AFM and shall expire on 15 December 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.

This Base Prospectus should be read and understood in accordance with any supplement hereto and with any other documents incorporated herein by reference. Full information on the Issuer and any Series or Tranche of Covered Bonds is only available on the basis of the combination of this Base Prospectus and the applicable Final Terms.

The Issuer has undertaken to the Dealers to 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 is capable of affecting the assessment of the Covered Bonds and which arises or is noticed between the time when this Base Prospectus has been approved and the final closing of any Series or Tranche of Covered Bonds offered to the public or, as the case may be, when trading of any Series or Tranche of Covered Bonds on a regulated market begins, in respect of Covered Bonds issued on the basis of this Base Prospectus.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus, any amendment or supplement thereto, any document incorporated by reference herein, or the applicable Final Terms, or any other information supplied in connection with the Programme or the offering of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CBC, the Arranger or any of the Dealer(s).

This Base Prospectus and any supplement hereto as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of this Base Prospectus or any Final Terms and the offering, sale or delivery of any



Covered Bonds shall not in any circumstances imply that the information contained in such documents is correct at any time subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuer since such date or that any other information supplied in connection with the Programme or the Covered Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the time indicated in the document containing the same. The Arranger and any Dealer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Covered Bonds.

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

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 nor the CBC, the Originators, the Arranger, any Dealer(s) or the Security Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer and the CBC. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds and the merits and risks of investing in the Covered Bonds (including an evaluation of the financial condition, creditworthiness and affairs of the Issuer) and the information contained or incorporated by reference in this Base Prospectus, the applicable Final Terms and any supplements;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks (including, without limitation, those described in 'Risk Factors' in this Base Prospectus).

Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer, the CBC, the Originators, the Arranger, any Dealer or the Security Trustee to any person to subscribe for or to purchase any Covered Bonds.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented

or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the CBC since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. The Arranger, each Dealer and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the CBC or the Originators during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Neither the Issuer nor the CBC has any obligation to update this Base Prospectus, except when required by and in accordance with the Prospectus Regulation. 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, any Final Terms 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, any Final Terms or any Covered Bonds come 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 0 (*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 Securities Act and include Covered Bonds in bearer form that are subject to United States tax law requirements. The Covered Bonds may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S under the Securities Act, except in certain transactions permitted by US tax regulations and the Securities Act. See *Subscription and Sale* below. The Covered Bonds and the Guarantee have not been and will not be registered under the Securities Act, or the securities laws of any state of the U.S. or other jurisdiction. The securities may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), 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 credit ratings included or referred to in this Base Prospectus will be treated for the purposes of the CRA Regulation as having been issued by Fitch and Moody's upon registration pursuant to the CRA Regulation. The entities of each of Fitch and Moody's are registered under the CRA Regulation, are included in the list of registered rating agencies published on the website of ESMA and are established in the European Union.

Whether or not a credit rating in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency which is registered under CRA Regulation and which is included in the list of registered rating agencies published on the website of ESMA and is established in the European Union or which is established outside the European Union and 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 applicable Final Terms.

In connection with each issue of Covered Bonds a Stabilising Manager may be appointed. If a Stabilising Manager is appointed for a Series or 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, stabilisation may not necessarily occur. 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) days after the issue date and sixty (60) days after the date of the allotment of the relevant Series or Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) in accordance with all

applicable laws and rules as amended from time to time.

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

Certain of the Dealer(s) 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 Dealer(s) 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 Dealer(s) 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 Dealer(s) 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 Dealer(s) 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.

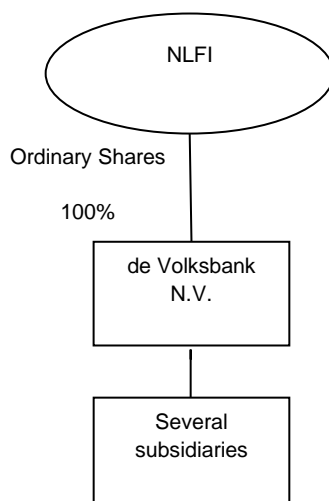
#### 4. THE ISSUER

##### **Incorporation and ownership**

de Volksbank N.V. was incorporated on 18 December 1990 as a '*naamloze vennootschap*', a public limited liability company under Dutch law, as a result of the merger of several regional savings banks. Its legal name is de Volksbank N.V. and its corporate seat is in Utrecht, the Netherlands. The registered office of the Issuer is Croeselaan 1, 3521 BJ, Utrecht, the Netherlands and the Issuer is registered in the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*), under number 16062338. The Legal Entity Identifier (LEI) of the Issuer is 724500A1FNICHSDF2I11. The telephone number of the Issuer is +31(0)30 291 5200. The website of the Issuer is <https://www.devолksbank.nl>. Any information contained in or accessible through any website, including [www.devолksbank.nl](https://www.devолksbank.nl), does not form a part of the Base Prospectus, 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.

The articles of association of the Issuer were most recently amended by notarial deed on 30 March 2019 before Mr. W.H. Bossenbroek, civil law notary practising in Amsterdam, the Netherlands.

As per the date of this Base Prospectus, NLFI is, on behalf of the Dutch State, the sole shareholder of the Issuer (see chart below). NLFI as the sole shareholder may exercise control over the Issuer. With a view of the objectives and governance of the NLFI, such control will likely be exercised in a prudent manner. NLFI has expressed, amongst other things, that in exercising the rights attached to the shares it will be guided primarily by the financial and economic interests of the holder of the depositary receipts for shares issued by NLFI (i.e. the Dutch State), taking into account the interests of the Issuer and all the employees concerned. This entails, *inter alia*, that NLFI will monitor that the Issuer pursues a responsible corporate strategy that is in line with sound commercial business operations and the applicable rules of good corporate governance. NLFI has expressed that it will exercise the rights attached to the shares in such a way that the Issuer decides its own commercial strategy independently and exercises the day-to-day running of its company so that there is no question of coordinating the commercial policy of the Issuer.



## Governance of the Issuer

The Executive Board, the Executive Committee and the Supervisory Board consist of the members set out below.

### Executive Board

The Executive Board is composed of statutory members. Principal activities performed by its members outside the Issuer, which are significant with respect to the Issuer, are as follows:

- *Mr. M.H.J. Gribnau, Chief Executive Officer (CEO)*  
Member Board of the Dutch Banking Association
- *Mr. A.H. Haag, Chief Financial Officer (CFO)*  
None
- *Mr. J.R. Dijst, Chief Risk Officer (CRO)*  
None
- *Mrs. M.L. van der Meer, Chief Customer Officer (CCO)*  
Member Committee on Consumer Affairs of the Dutch Banking Association

All members of the Executive Board have full time positions and have elected domicile at the registered office of the Issuer.

### Executive Committee

The Executive Committee consists of statutory and non-statutory members. Principal activities performed by the members of the Executive Committee outside the Issuer, which are significant with respect to the Issuer, are as follows:

- *Mr. M.H.J. Gribnau, Chief Executive Officer (CEO), statutory member*  
Member Board of the Dutch Banking Association
- *Mr. A.H. Haag, Chief Financial Officer (CFO), statutory member*  
None
- *Mr. J.R. Dijst, Chief Risk Officer (CRO), statutory member*  
None
- *Mrs. M.L. van der Meer, Chief Customer Officer (CCO), statutory member*  
Member Committee on Consumer Affairs of the Dutch Banking Association
- *Mrs. M.S. de Jongh, Chief Transformation Officer (CTO), non-statutory member*  
None
- *Mr. C.L.M. Ruijterman, Chief Information Officer (CIO), non-statutory member*  
None
- *Mrs. J. Touw, Chief People & Organisation Officer (CPOO), non-statutory member*  
None

All members of the Executive Committee have full time positions and have elected domicile at the registered office of the Issuer.

### Supervisory Board

The Supervisory Board consists of and the principal activities outside the Issuer of the members of the Supervisory Board are as follows:

- *Mr. G. Van Olphen, Chairman*  
Member supervisory board of a.s.r. / Member audit & risk committee / Member nomination & ESG committee

Member supervisory board of Nederlandse Hartstichting  
 Member identification board (*signaleringsraad*) of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*)  
 Independent member of the Board of GP House B.V.

- *Mrs. J.G.H. Helthuis*  
 Managing director of Van Doorne N.V.  
 Vice-Chair of the supervisory board of ProRail B.V. / Member of the Audit Committee, Selection & Appointment Committee and Remuneration Committee
  
- *Mrs. P.C. van Hoeken*  
 Member supervisory board of Nordea Bank / Member risk & compliance committee and audit committee  
 Member supervisory board of Nederlandse Waterschapsbank N.V. / Chairman risk & compliance committee / Member of the audit committee  
 Member of the supervisory board of the Oranje Fonds / Member of the Audit Committee and member of the Investment Committee  
 Advisor of the Ministry of Economic Affairs and Climate / Chair of the Credit Committee of the Corporate Finance Guarantee Scheme (GO Scheme) / Chair of the Risk & Compliance Committee and member of the Audit Committee  
 Member of the Review Committee Donations of the University of Leiden  
 Member of the board of the foundation for the holding and administration of shares under the RDS (Royal Dutch Shell) employee share plans
  
- *Mr. A.H.P. Kregting*  
 Head of Global Enabling Services ASML  
 Member supervisory board of UMC Utrecht
  
- *Mr. J.H.P.M. van Lange*  
 Chairman of the Supervisory Board and Chairman of the People & Organisation Committee of Zuyderland Medisch Centrum  
 Vice-Chairman of the supervisory board and Chairman of the Audit, Risk & Compliance Committee of Bouwinvest N.V.  
 Member of the Board of Governors and Chairman of the Audit Committee of Tilburg University  
 Member of the Investment Advisory Committee of Dela Coöperatie U.A

### **Audit Committee**

The Audit Committee currently consists of three members (each members of the Supervisory Board):

- Mr. J.H.P.M. van Lange, Chairman
- Mrs. P.C. van Hoeken
- Mr. A.H.P. Kregting

The Audit Committee supports the Supervisory Board in its decision making. The Audit Committee provides advice to the Supervisory Board in, *inter alia*, the following areas:

- (i) the set up and operation of the framework of the internal risk management and control systems of the Issuer set up and maintained by the Executive Board, the Executive Committee and senior management of the Issuer, including the compliance with relevant laws and regulations and supervision on the functioning of internal and external codes of conduct;
- (ii) the quality, completeness, accuracy and timeliness of the provision of financial information by the Issuer on the basis of which the achievement of the objectives of the Issuer and its business units shall be assessed;
- (iii) compliance with recommendations and follow-up of observations of internal auditors, external auditors, tax advisors, actuaries and regulatory authorities;
- (iv) discussions on the checks and audits performed by the Audit department in respect of the internal risk management and control systems of the Issuer;
- (v) the role and the functioning (scope, effectiveness and quality) of the Audit function of the Issuer, including the assessment of risk analyses, annual plans, quarterly reports and performance reports prepared by the

- Audit function;
- (vi) the policy of the Issuer in respect of tax planning;
  - (vii) the effectiveness, scope, independence, quality and involvement of the external auditor, including the financial reporting process;
  - (viii) adoption of the annual accounts, approval of the annual budget and major capital investments as well as funding of the Issuer; and
  - (ix) the applications of information and communication technology.

The Audit Committee shall ensure a robust process and shall provide the Supervisory Board with advice regarding the (re)appointment, remuneration and the cancellation of the assignment of the external auditor. The chairman of the Audit Committee shall be actively involved in the appointment, assessment/remuneration, suspension and dismissal of the Audit Director.

The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Audit Director and external auditor have standing invitations to attend the meetings of the Audit Committee. The chairman of the Audit Committee, the Audit Director and the external auditor hold a preliminary consultation prior to each meeting, unless the persons involved consider this to be unnecessary. Once a year, a meeting of the Audit Committee takes place where only the Audit Director and the external auditor are present.

### **The Issuer and the Banking Code**

The revised Banking Code as published by the Dutch Banking Association (*Nederlandse Vereniging van Banken*) in October 2014 and effective as of 1 January 2015 consists of a package for sound governance. It is a product of self-regulation of Dutch banks. It consists of a Social Charter, the Banking Code and the rules of conduct associated with the bankers' oath, which must all be seen in conjunction with one another. All three elements of this package are clearly reflected within the internal manifesto of the Issuer.

The Banking Code is applicable on a licensing level. It is therefore applicable to the Issuer and to all of the Issuer's banking activities. All the principles of the Banking Code have been embedded in the Issuer's business processes.

The website of the Issuer provides an overview of the application of the Banking Code (<https://www.devolksbank.nl/assets/files/Naleving-Code-Banken-20220531.pdf>). Compliance with the Banking Code is constantly monitored and is due to its nature a dynamic process.

### **The Issuer and the Dutch Corporate Governance Code**

The Code is a code of conduct applicable to listed companies. The Code contains principles and best practice provisions for sound governance, that regulate relations between the board of directors, the supervisory board and shareholders (including the general meeting of shareholders) and stakeholders. The Code is not applicable to the Issuer, as the Code applies to listed companies only and the Issuer's shares are not listed on any stock exchange. Despite the fact that all shares in the Issuer are held by NLF1, the Issuer voluntarily applies the Code since 30 September 2015. In that respect, the Issuer focuses mainly on compliance with the Code's principles and best practice provisions pertaining to its Executive Board, Executive Committee, Supervisory Board and internal and external audits. The Code is based on the principle of 'comply or explain', see <https://www.devolksbank.nl/assets/files/Naleving-Herziene-Nederlandse-Corporate-Governance-Code.pdf> for an overview of how the Issuer implements the provisions from the Code in its governance structure. Certain provisions of the Code are not applicable to the Issuer as they relate to the listing of shares on a stock exchange. Otherwise the Issuer complies with the Code, with the following exception. The terms of appointment of the members of the Supervisory Board, as laid down in the regulations for the Supervisory Board, are linked to the general meeting of shareholders by reference to the articles of association of the Issuer. This means that these terms of office may in theory be longer than specified in the Code.

### **Potential conflicts of interest of the Executive Board, Executive Committee and Supervisory Board**

There are no potential conflicts between any duties of the Issuer and the private interests and/or other duties of the Executive Board members, Executive Committee members and/or the Supervisory Board members of the Issuer. These members may obtain financial services of the Issuer. Internal rules are in place for the situation in which a conflict of interest should arise.

### **Independent Auditor**

Ernst & Young Accountants LLP has been appointed as independent auditor to the Issuer as of 1 January 2016.

All audit partners of Ernst & Young Accountants LLP involved in the audit of the financial statements of the Issuer are a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*, NBA). The address of Ernst & Young Accountants LLP is Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands.

### Rating Agencies

The Issuer has been rated by independent rating agencies Moody's, S&P and Fitch. The most recently published reports by these rating agencies, expressing opinions on any of the ratings assigned to the Issuer, are made available on <https://www.devолksbank.nl/investor-relations/credit-ratings>. Please see below an overview of the ratings assigned to the Issuer.

### Ratings of the Issuer per date of this Base Prospectus

Long-term credit ratings	S&P	Moody's	Fitch
The Issuer	A (stable)	A2 (stable)	A- (stable)

Short-term credit ratings	S&P	Moody's	Fitch
The Issuer	A-1	P-1	F1

Covered Bonds issued under the Programme may be rated or unrated. Where a Covered Bond is rated, its rating will be specified in the applicable Final Terms.

### Company profile

The Issuer has a focus on the Dutch market, offering understandable and transparent mortgage, savings and payment products to private individuals and smaller companies. The Issuer also offers insurance and investment services and aims to maintain its strong liquidity profile and capital structure.

The Issuer is pursuing a multi-brand strategy with ASN Bank, BLG Wonen, RegioBank and SNS. Each of these brands has its own distinctive profile that meets the needs of its customer group. A single back office, a powerful IT organisation and a central staff organisation allow the Issuer to operate effectively and efficiently.

The mission of the Issuer – *banking with a human touch* – is described in its manifesto. To live up to this mission, the Issuer has the ambition to optimise shared value. This means that the Issuer serves the joint interests of customers, society, employees and shareholder(s).

The Issuer has the following four bank brands each displaying its own identity and image. ASN Bank, BLG Wonen, RegioBank and SNS.

#### Four Bank brands:

- ASN Bank's mission is to contribute to a more sustainable society, based on its pillars of climate change, human rights and biodiversity. ASN Bank is working towards a more sustainable society in two ways. Firstly, in its banking activities, through (project) loans and the investments made by the bank and its investment funds. Secondly, in its non-banking activities, such as collaboration with other organisations and knowledge sharing;
- BLG Wonen is the brand for the independent adviser who gives broad house and home-related financial advice to clients. BLG Wonen seeks to create a society in which every person has a house where he feels at home. BLG Wonen is known for being a personal services provider and is firmly committed to retaining this personal touch by, for example, developing campaigns geared to specific target groups and their housing needs. In addition to serving new customers, BLG Wonen also seeks to strengthen the ties with its existing customers and advisers;
- RegioBank works with independent advisers having a franchise relationship with this brand. RegioBank offers a range of products, serving retail customers and SME customers in the areas of payments, savings and mortgages. RegioBank aims for local savings to be invested locally in the form of mortgages while also focusing on the retention of mortgage customers. RegioBank promotes initiatives that stimulate vitality and liveability; and



- SNS is a brand for ordinary Dutch consumers and has a course that fits in well with SNS's roots as a social bank. SNS positions itself as a no-nonsense brand for ordinary Dutch consumers and as a clear alternative to the major banks. SNS shows (prospective) customers that they really have a choice and proves this by offering unique products and services. It is the brand's ambition to be a larger, visible player, including in the mortgage and payments markets. Presenting a clear and simple product range, SNS offers its customers comprehensive solutions for payments, (bank) savings, mortgages, insurance, borrowing and profile investment. The objective is to intensify the relationship with the customer by proactively giving advice, listening carefully and discovering any additional wishes.

## **Supervision**

The regulatory framework is under constant scrutiny, at a national, supranational and international level. Many new rules and regulations have entered into force in recent years and will enter into force the following years. Important changes with respect to the supervision on the Issuer have been and will be introduced by CRD, the implementation of the BRRD, the SRM Regulation, the EU Banking Reforms and the Basel III Reforms (see section 2 (*Risk Factors*) the risk factors '*Major changes in laws and regulations as well as enforcement action could have a negative impact on the Issuer*' and '*Resolution regimes may, inter alia, lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*').

Within the group consisting of the Issuer and its subsidiaries, the following entities hold licences under the Wft (excluding finance service providers licences):

### Bank:

de Volksbank N.V.

### Alternative Investment Fund Manager:

ASN Beleggingsinstellingen Beheer B.V.

### *Single Supervisory Mechanism*

The SSM is one of the elements of the Banking Union. The SSM has created a new system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. The Issuer is considered a 'significant credit institution' under the SSM and is therefore since 4 November 2014 subject to direct supervision by the ECB. Specific tasks relating to the prudential supervision of credit institutions have been conferred to the ECB.

### *Additional capital buffer requirement*

The Issuer has been designated as an 'other systemically important bank'. In connection therewith, an additional capital buffer requirement under CRD of 1% of its RWA has been imposed on the Issuer since 2019.

## **Recent developments**

### *Future options of the Issuer*

On 7 July 2022, the Dutch Minister of Finance informed the Dutch House of Representatives about NLFI's most recent progress report on de Volksbank. In this report, dated 30 June 2022, NLFI stated that de Volksbank made a good start in creating a more robust organisation and strengthening its social identity since the introduction of the strategy for 2021-2025, which it had introduced in February 2021. NLFI remarked that further measures will be necessary to achieve a structural improvement of financial results and that market dynamics, i.e. higher inflation, higher interest rates, geo-political developments, may have an impact and may require further adjustments. The implementation of the strategy and the subsequent improvement of financial results will require several years and the Minister of Finance noted that de Volksbank should be given time to bring this about. Therefore, the Minister of Finance agreed with NLFI that it is too early for a decision on the privatisation of the bank. On an earlier occasion, on 26 January 2022, during a general consultation on State participations, the Minister of Finance had mentioned that NLFI had indicated a period of approximately three years before a decision could be taken on the future options for de Volksbank.

### *Redundancy plan*

As part of its strategic plan 2021-2025, the Issuer has introduced a single, uniform agile organisational structure and way of working in which independent, fully responsible (customer) teams make up the heart of the organisation.

This is expected to lead to products and services becoming available to customers at an earlier point in time and to a stronger customer relationship with both retail customers and SME customers.

This agile organisational structure and way of working should lead to a more customer-oriented and more efficient way of working, which is expected to result in a reduction of 400-500 FTE jobs in the period by 2022-2025. The Issuer will assist the employees involved with due care by means of retraining programmes and by helping them move from one job to another as much as possible. In 2020, a restructuring provision of € 45 million has been made for this purpose. The restructuring provision was reassessed in 2021. An amount of € 6 million was added to the restructuring provision, and withdrawals amounted to € 4 million. In parallel with this process, new employees having the knowledge and skills needed to implement the strategy have been and will be hired. Exactly how many jobs are involved over the next few years partly depends on the growth rate of the Issuer's business.

#### *The Issuer participated in the SSM stress test*

In 2021, the Issuer participated in the SSM stress test exercise conducted by the ECB. This stress test was conducted in parallel with the EBA stress test and addressed 51 banking groups under the ECB's direct supervision that are not part of the EU-wide EBA stress test. The SSM stress test was performed at the highest level of consolidation and was based on the same methodology as that of the EBA stress test. It did not contain a pass/fail threshold. The stress test assesses the resilience of European banks to extreme but plausible adverse market developments over a period of three years.

Contrary to the EBA stress test results which are published in detail, the results of the SSM stress test are published only high-level. Based on the assumptions and methodological restrictions of the stress test's adverse scenario, the Common Equity Tier 1 (CET1) ratio of the Issuer at year-end 2023 would end up in the highest range of  $\geq 14\%$ , as used by the ECB, and would remain amply above the SREP CET1 capital ratio requirement of 11.00%. At 31 December 2021, the CET1 capital ratio of the Issuer stood at 22.7%.

Stress test results for all significant institutions are used to assess the pillar 2 capital needs of individual banks in the context of the SSM SREP. As of 1 March 2022, based on the SSM SREP decision of 2021, the Issuer is required to maintain a minimum CET1 ratio of 11.00% (transitional, including the pillar 2 requirement). This CET1 capital requirement also includes the capital conservation buffer of (currently) 2.5%, the buffer for other systemically important institutions of (currently) 1% and a countercyclical capital buffer of 0.01%.

The Issuer's CET1 capital ratio decreased from 31.2% at year-end 2020 to 22.7% at year-end 2021, still well above its current internal objective of 19.0% and the 9.69% CET1 overall capital requirement following from the SSM SREP as of 1 March 2022, including applicable buffers.

#### *2021 Annual Results of the Issuer*

On 11 February 2022, the Issuer published a press release and financial report regarding its 2021 results on a consolidated basis. The 2021 results included the following highlights.

In 2021, ASN Bank, BLG Wonen, RegioBank and SNS combined welcomed 268,000 new customers. Setting this off against customers who left the bank, the total number of customers rose by 125,000. This was largely attributable to the growth in customers with current accounts and savings deposits.

The Issuer's new residential mortgage production increased to €8.1 billion, from €6.1 billion in 2020 (+33%). The market share of new mortgages increased to 5.8% (2020: 5.0%), reflecting actions to improve the Issuer's mortgage production. On a total residential mortgage portfolio basis, the market share was lower at 6.1% (2020: 6.2%).

Mortgage repayments amounted to €7.0 billion, up compared with 2020 (€6.5 billion), mainly due to the rising mortgage refinancing volumes. Contractual repayments also gradually increased in line with the changing composition of the mortgage portfolio, reflected in an increase in annuity mortgages. As mortgage production was higher than repayments, the Issuer's mortgage portfolio showed an increase to €48.2 billion compared with €47.8 billion at the end of 2020.

As a result of the high demand for mortgages with a fixed-rate term of 15 years or more, the share of these mortgages in the total portfolio grew to 33% (€15.7 billion), compared with 25% at year-end 2020 (€11.4 billion).

Retail savings at the Issuer rose to €45.6 billion, compared with €42.1 billion at year-end 2020. The Issuer's market

share showed an increase to 11.3% (2020: 10.8%).

Compared with 2020, net profit dropped to €162 million (2020: €174 million). Net profit included positive incidental items of €17 million, consisting entirely of a positive revaluation of €22 million before tax of a previous contribution made under the Deposit Guarantee Scheme in relation to the insolvency of DSB Bank N.V. In 2020, net profit contained €34 million of negative incidental items, consisting entirely of a restructuring provision of €45 million before tax in connection with the transformation to a new organisational structure and agile way of working.

Net profit, adjusted for incidental items, decreased by €63 million to €145 million (-30%). This drop was mainly attributable to €96 million lower total income. Furthermore, total operating expenses increased by €82 million. This was partly compensated by a €96 million swing in impairment charges of financial assets.

The Return on Equity amounted to 4.7%. Excluding incidental items, the adjusted Return on equity stood at 4.2%, down compared to 2020 (6.1%), as a result of a lower net profit. The cost/income ratio (total operating expenses divided by total income) was 80.7%. Adjusted for incidental items, the cost/income ratio was 83.3%, an increase compared with 2020 (65.8%) due to both lower total income and higher operating expenses.

The Issuer's CET1 capital ratio decreased to 22.7%, from 31.2% at year-end 2020, primarily due to an increase in RWA. CET1 capital decreased by €41 million, as net profit retention (adjusted for 60% regular dividend pay-out ratio) was more than offset by a €62 million deduction due to a temporary and voluntary Article 3 CRR add-on, awaiting formal approval from the supervisor on the implementation of a new data warehouse, and by a €23 million decrease of the revaluation reserve.

RWA increased by €3.7 billion, mainly due to the inclusion of a €3 billion temporary and voluntary Article 3 CRR add-on per year-end 2021, related to the pending approval for the use of a new data warehouse. In addition, RWA for exposures to financial institutions and corporates increased by €0.8 billion and RWA for residential mortgages increased by €0.3 billion due to portfolio growth and the update of the Issuer's Advanced Internal Ratings Based model.

The pro forma Basel IV fully loaded CET1 capital ratio declined from 24.2% at year-end 2020, to 22.5%, mainly driven by an increase in 2021 in RWA for exposures to financial institutions and corporates.

The CET1 capital ratio remained above the Issuer's target of at least 19%. The total capital ratio was down from 36.1% (at year-end 2020) to 26.3%.

The leverage ratio decreased from 5.2% at year-end 2020 to 5.1%, mainly driven by a decrease in the leverage ratio numerator (i.e. Tier 1 capital) by €41 million. The 5.1% leverage ratio is well above the regulatory requirement of 3.0% and the Issuer's target of at least 4.5%. Based on the Issuer's capital targets, the amount of capital required to meet the leverage ratio requirement is higher than the amount required to meet risk-weighted capital requirements. This is the consequence of the Issuer's focus on residential mortgages, an activity with a low-risk weighting.

The Issuer has set a dividend pay-out target range of 40% - 60% of net adjusted result. In line with this policy, the Issuer proposes to pay out a dividend of €97 million on the 2021 profit. This corresponds to a pay-out ratio of 60% of net profit.

#### *Strategic Plan 2021-2025*

On 12 February 2021, the Issuer published a press release on its new strategic plan for the period 2021-2025. The strategy is intended as a response to developments such as the increasing demand for digitisation in the Issuer's services, intensification of the customer relationship, and the need for cost control and diversification of income in order to alleviate the pressure that the sustained low interest rate environment exerts on the Issuer's returns.

The strategy builds on two pillars of growth: customer relationship and social impact:

- the strategy aims for growth by strengthening the customer relationship and further increasing the social impact;
- in the new strategy, the Issuer assigns growth priority to the four strong, distinctive bank brands SNS, ASN Bank, RegioBank and BLG Wonen;

- the Issuer will expand its services to SME business owners;
- the Issuer will broaden its range of products and services to become more relevant to customers; and
- the services the Issuer provides through the four bank brands are always personal and nearby with digital services and shops.

Part of the strategy is an organisational change: through the implementation of five transformations, the Issuer should become faster, more digital and more agile:

- the fine-tuned strategy is intended to make the Issuer faster, more digital and more agile;
- the Issuer is introducing a single, uniform agile organisational structure and working method with independent, fully responsible (customer) teams;
- this agile organisational structure and working method, will result in a more customer-oriented, and more efficient operation, which is expected to reduce the number of jobs within the Issuer by 400-450 in the next three years;
- new jobs will be created in parallel with this and depending on the growth rate, which means that new employees will join the Issuer in the next few years. To this end new employees will be recruited with the knowledge and skills required for the new strategy. The Issuer's current employees are given the opportunity to develop in this; and
- an executive committee has been formed for a successful implementation of the strategy.

Finally, the Issuer has defined quantitative objectives for 2025 for each of its four stakeholders, customers, society, employees and shareholder, as well as minimum capitalisation objectives.

#### *Green Additional Tier 1 Notes issue*

On 8 June 2022, the Issuer issued its first Additional Tier 1 (AT1) Notes. The Perpetual Callable AT1 Notes amount to € 300 million and have a coupon rate of 7.00% up to the first reset date on 15 December 2027. The Additional Tier 1 Notes have been issued under the de Volksbank's Green Bond Framework.

#### *Green Senior-Non Preferred Notes issue*

On 26 April 2022, the Issuer successfully issued € 500 million of Senior Non-Preferred Notes. The Senior Non-Preferred Notes have a term of five years (non-call four years) and a coupon of 2.375%. It is the Issuer's third issuance of Senior Non-Preferred Notes, following two issuances of € 500 million in 2021.

#### *Changes to the Executive Board and Executive Committee*

On 1 April 2022, the Issuer published a press release stating that the Executive Board has appointed Marjolein de Jongh and Michel Ruijterman as non-statutory members of the Executive Committee. Following approval from the Supervisory Board, they have been appointed as Chief Transformation Officer (CTO) and Chief Information Officer (CIO), respectively. On 16 May 2022, the Executive Committee took office.

On 23 June 2022, the Issuer announced that, upon nomination of the Supervisory Board, shareholder NLF I has appointed André Haag as Chief Financial Officer (CFO) of the Issuer as from 1 August 2022. The works council has rendered advice on - and supports - the appointment.

On 13 July 2022, the Issuer announced the appointment of Jacqueline Touw as non-statutory member of the Executive Committee. Duly approved by the Supervisory Board, she has been appointed Chief People & Organisation Officer (CPOO) with effect from 1 October 2022. The works council has rendered advice on, and supports, the appointment. With this last appointment all vacancies in the Executive Committee have been filled.

#### *Minimum requirement for own funds and eligible liabilities (MREL)*

The BRRD and the SRM Regulation resulted in the introduction of MREL as a buffer to absorb losses. This buffer applies in addition to the capital ratios under the CRD that the Issuer has to adhere to. The MREL is institution-specific and set in respect of the Issuer by the SRB. On 10 May 2021, the Issuer received the MREL requirements to be met as from 1 January 2022 and as from 1 January 2024. The Issuer has to meet an MREL of 7.87% of the leverage ratio exposure as from 1 January 2022. As a binding intermediate MREL target, the Issuer has to meet an MREL of 6.55% of the LRE with subordinated instruments (Tier 1 capital, Tier 2 capital and Senior Non-Preferred Notes) as from 1 January 2022. On 24 March 2022, the Issuer received updated risk-weighted MREL requirements to be met as from 1 January 2022 and as from 1 January 2024. The updated calibration of the MREL requirement based on the LRE as from 2024 was inflated due to the temporary ECB relief measure to exclude certain central

bank reserves from the LRE. Given the expiration of this temporary measure on 1 April 2022, the final MREL requirement on the basis of the LRE has been recalibrated including central bank reserves in 2022 to ensure adjustment of the final MREL requirements before 1 January 2024. The resulting decision on the final MREL requirements has not yet been received. Based on the situation per 31 December 2020, the SRB has provided a pro forma minimum final MREL requirement amounting to 7.82% based on the calibration that would have applied in the absence of the temporary ECB relief measure. As from 1 January 2024, the final MREL requirement based on LRE has to be fully met with subordinated instruments. The Issuer has to meet a risk-weighted MREL of 20.41% excluding the additional combined buffer requirement as from 1 January 2022. As from 1 January 2022, the Issuer has to meet an MREL of 13.5% of RWA with subordinated instruments. The risk-weighted MREL of 20.41% excluding the additional combined buffer requirement has to be fully met with subordinated instruments as from 1 January 2024. For the Issuer, the non-risk-weighted MREL requirements are more restrictive than the risk-weighted MREL requirements.

#### *Semi-annual results 2022 of the Issuer*

On 12 August 2022, the Issuer published its financial report regarding the 2022 half year ending on 30 June 2022. In this interim financial report 2022 the following highlights were included.

In the first half of 2022, ASN Bank, BLG Wonen, RegioBank and SNS combined welcomed 111,000 new customers. Setting this off against customers who left the bank, the total number of customers declined by 40,000. This was due to the outflow of mono-savings customers following the announcement of a 'Basic Banking' package. This package, introduced as of 1 July 2022 for SNS and RegioBank customers and as of 1 October 2022 for ASN Bank customers, combines several day-to-day banking activities such as payments, savings and our personal services. Customers pay a fixed monthly rate for this package.

The Issuer's new mortgage production showed an increase to € 4.3 billion, from € 3.3 billion in the first half of 2021. As mortgage rates began to rise in the first half of 2022, homeowners were eager to lock in rates for a longer period of time, thus increasing their financial security. The Issuer's market share of new residential mortgage production increased slightly to 5.6% (1H21: 4.9%). On a total residential mortgage portfolio basis, the market share remained stable at 6.0%.

Mortgage repayments rose to € 3.5 billion (1H21: € 3.3 billion), mainly due to the rising mortgage refinancing volumes. The Issuer managed to grow its mortgage portfolio, excluding IFRS value adjustments, as new mortgage production outpaced redemptions. Including IFRS value adjustments, the residential mortgage portfolio decreased to € 46.6 billion (year-end 2021: € 48.0 billion), as a result of a € 2.2 billion decrease in IFRS value adjustments, due to the increase in interest rates.

As a result of the high demand for mortgages with a fixed-rate term of 15 years or more, the share of these mortgages in the total portfolio grew to 38%, compared with 33% at year-end 2021.

Retail savings at the Issuer increased marginally to € 45.7 billion, compared with € 45.6 billion at year-end 2021. Market share in retail savings was lower at 10.9% (year-end 2021: 11.3%).

Compared with the first half of 2021, net profit increased by € 1 million to € 95 million (+1%). In the first half of 2021 net profit included incidental items of € 6 million, consisting entirely of a positive revaluation of € 8 million before tax of a previous contribution made under the Deposit Guarantee Scheme in relation to the insolvency of DSB Bank N.V. Adjusted for incidental items, net profit rose by € 7 million (+8%). Total income was € 46 million higher, driven by an exceptionally high level of results on financial instruments. In addition, total adjusted operating expenses decreased by € 7 million. This compensated for a € 42 million swing in impairment charges of financial assets.

The return on equity remained stable at 5.5%.

The cost / income ratio stood at 69.8%, a decrease compared to the first half of 2021 (77.2%), as a result of higher total income. Operating expenses including regulatory levies remained virtually stable.

In the first half of 2022, the Issuer's CET1 capital ratio went down to 20.8%, from 22.7% at year-end 2021, primarily due to an increase in RWA. CET1 capital decreased by € 80 million as net profit retention (adjusted for a 60% regular dividend pay-out ratio) was more than offset by a € 105 million decrease in the fair value reserve. RWA increased by € 931 million, largely related to the increased risk-weighted short-term exposures to other financial

institutions. The CET1 capital ratio remained well above the Issuer's target of at least 19.0%. The total capital ratio was slightly down to 26.1% (year-end 2021: 26.3%).

As at the end of June 2022, the Issuer estimates that its RWA according to fully phased-in Basel IV standards would be similar to its total RWA under current regulations. The pro-forma Basel IV CET1 ratio stood at 20.8% (year-end 2021: 22.7%).

The leverage ratio went down to 4.6%, from 5.1% at year-end 2021, as the € 11.2 billion increase of the leverage ratio denominator had a larger effect than the € 218 million increase in Tier 1 capital. The denominator is the risk exposure amount as defined by the CRR. From September 2020 until 1 April 2022, the ECB allowed banks to exclude certain central bank exposures from the denominators of their leverage ratios as a temporary relief measure. The expiration of this measure explains the strong increase in the leverage ratio denominator in the first half of 2022. The increase in Tier 1 capital was mainly the result of the issuance of € 0.3 billion Additional Tier 1 capital.

#### *Revolving customer credit compensation scheme*

On 22 December 2021, the Issuer published a press release regarding a compensation scheme for customers with a revolving consumer credit. The Issuer will compensate retail customers of SNS Bank and Regiobank who paid too much interest on their revolving consumer credit during the life of this facility. An investigation by the Issuer revealed that although the interest charged generally remained in line with market rates, some of its customers paid too much interest. The Issuer has worked out the compensation scheme in consultation with the Dutch Consumers' Association (*Consumentenbond*). The Issuer has made a provision for the compensation scheme and costs of executing the scheme in the amount of € 15 million.

On 14 September 2022, the Issuer has published a press release regarding the compound interest (*rente-op-rente*). Under the compensation scheme for customers and former customers with a revolving consumer credit, the Issuer will also pay compound interest, thus following the recent ruling by the Appeals Board of KiFiD in a case against another credit provider. The first group of customers of SNS Bank and RegioBank who may be eligible for compensation will be informed as of 15 September 2022. For the expansion of the compensation scheme, The Issuer will make an additional provision of € 4 million charged to the result for the second half of 2022, on top of the provision of € 15 million made in 2021.

#### *Impact geopolitical situation Ukraine*

In February 2022, in response of the breach of the Ukrainian sovereignty, various sanctions are issued against Russia and Belarus. The Issuer does not have direct exposure in Ukraine, Russia or Belarus nor does the Issuer have a material indirect exposure to these countries. The economic consequences of the situation in the Ukraine on the Issuer are difficult to estimate.

#### *Profit Forecast*

On 12 August 2022, the Issuer published a press release regarding the Issuer's results for the first half of 2022, which includes the following profit forecast:

"All things considered, we expect the net profit for 2022 to hold up compared with the 2021 level."

The Issuer expects its net profit for the full year 2022 to hold up with 2021, mainly due to:

1. Net interest income expected to rebound in the course of 2022, as a result of higher interest income from mortgages and other assets and lower hedging costs in the rising interest rate environment and net fee and commission income in the second half of 2022 is expected to be higher compared with the first half of 2022;
2. Operating expenses in 2022 are projected to be higher compared with 2021, due to the absence of the incidental gain of 2021, and
3. The level of impairment charges on loans and advances is expected to be low in the second half of 2022.

This forecast is comparable with the Issuer's historical financial information and consistent with its current accounting policies. The profit forecast has been prepared on the basis of certain (internal and external) assumptions, including the principal assumptions as set out below.

The principal assumptions upon which the Issuer bases its forecast and that the Issuer can influence are as follows:

- (a) factors that influence net interest income are: continuous competitive pricing of mortgages, the interest rate policy for savings rates in 2022 and lower interest margin on existing product portfolios. Fee income and expenses forecasts are based on existing products (pricing) and market expectations;
- (b) no significant interruption in operational performance and programme execution;
- (c) our operating expenses will be higher than in 2021; and
- (d) no disruption in or change to the development of products.

The principal assumptions upon which the Issuer bases its forecast and that are exclusively outside the influence of the Issuer are as follows:

- (a) a significant deterioration of the macro-economic outlook for the Dutch market that influences the provisioning models and the level of loan impairments of the Issuer, the assumptions include parameters like GDP growth, unemployment, interest rates, housing transactions and number of bankruptcies;
- (b) worsened general trading conditions, economic conditions or competitive environment which would materially affect the Issuer's business;
- (c) a material change in the ability or willingness of the Issuer's customers to meet their contractual obligations, including payment obligations to the Issuer;
- (d) changes in the legislative or regulatory environment which could have a material effect on the Issuer; and
- (e) an adverse outcome to any material litigation or investigation.

Notwithstanding the above mentioned press release and the assumptions above, the actual net profit for the full year 2022 may deviate from expectations stipulated therein.

### Legal proceedings

The Issuer and its subsidiaries are and may become from time-to-time involved in governmental, legal and arbitration proceedings that relate to claims by and against it which ensue from its normal business operations. The overview below concerns the legal proceedings that may have or have had a significant effect on the Issuer and/or its group's financial position or profitability.

#### *Madoff*

In 2010, liquidators of three Madoff-feeder funds (the "**Feeder Funds**") initiated legal proceedings in New York against, amongst others, the custody entity of the Issuer, SNS Global Custody, and its clients as former beneficial owners of investments in these funds. They claim repayment of payments made by the Feeder Funds for redemptions of investments by these beneficial owners. A similar proceeding was initiated by one of these funds against SNS Global Custody and other defendants in the British Virgin Islands (the "**BVI**"), which proceedings have ended in favour of SNS Global Custody. In line with these lawsuits, Bernard Madoff's trustee has also initiated proceedings in New York against, amongst others, the Issuer and SNS Global Custody.

The status of the aforementioned proceedings in New York (in which many financial institutions worldwide are sued in similar proceedings) is as follows:

- **Fairfield Funds:** in April 2019, the New York bankruptcy court dismissed all claims brought by the Fairfield Funds liquidators against SNS Global Custody except for claims under the BVI Insolvency Act. The Fairfield Funds liquidators have appealed that ruling to the New York district court. A decision is expected in the coming months. In the meantime, the Fairfield Funds liquidators have filed an amended complaint against SNS Global Custody in the New York bankruptcy court with respect to their BVI Insolvency Act claims. On 14 December 2020 the bankruptcy court issued a decision, in favour of SNS Global Custody. Fairfield Funds liquidators have appealed to the district court against the bankruptcy court's decision. The district court affirmed on 24 August 2022 the bankruptcy court's dismissal of the liquidators' claims. The liquidators may appeal this decision to the United States Court of Appeals for the Second Circuit.
- **Madoff Trustee:** in November 2016, the New York bankruptcy court issued a decision on a preliminary issue that resulted in the dismissal of all claims asserted by the Madoff trustee against the Issuer and SNS Global Custody. The Madoff trustee appealed this decision to the Second Circuit Court of Appeals, which overturned the bankruptcy court's decision in February 2019. A request by a group of defendants, including the Issuer and SNS Global Custody, to the U.S. Supreme Court to hear an appeal of the Second Circuit's

decision has been declined. The case has been referred back to the bankruptcy court for further proceedings. Briefing on the complaint before the bankruptcy court will start in October 2022.

As the outcomes of these legal proceedings cannot be predicted with certainty, it cannot be ruled out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of the Issuer.

#### *Harbi Vastgoed B.V.*

The Issuer (as legal successor of RegioBank) is involved in proceedings against non-professional investors who have invested in Harbi Vastgoed B.V. (bankrupt in March 2014). A number of investors were also clients of the Issuer (RegioBank) who in some cases made their investment by transferring funds from their accounts at the Issuer (RegioBank). The Issuer has been held liable by various investors.

A group of investors (family members) has held the Issuer liable for a total amount of approximately € 6.6 million. A class action was started by Stichting Van Birgelen Leed, together with two other individual investors, against the Issuer. In the proceedings, which are pending before the District Court of Midden-Nederland, a declaration is sought to the effect that the Issuer violated its duty of care towards the investors (i.e. no damages are claimed at the moment). In one previous individual case, it was ruled that the Issuer acted negligently by transferring funds without consent of the investor, based on the specific facts of that case. In another individual case (in which the judgment has not yet been published by the Court), the claims of the investor were rejected in full. The investor lodged an appeal against the Court's judgment and the case is now pending before the Arnhem-Leeuwarden Court of Appeal.

### ***Proceedings following the nationalisation***

#### *General*

Various former holders of the in 2013 expropriated securities and capital components have initiated legal proceedings to seek compensation for damages. At the time that the 2022 interim financial statements were drawn up and at the date hereof, no court proceedings had (yet) been initiated against the Issuer other than those stated below. Currently, it is not possible to make an estimate of the probability that possible legal proceedings of former holders or other parties affected by the nationalisation may result in a liability of the Issuer, or the level of the financial impact on the Issuer. As the outcomes of possible legal proceedings cannot be predicted with certainty, it cannot be ruled out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of the Issuer.

#### *Inquiry proceedings by Dutch Investors' Association*

In November 2014, the Dutch Investors' Association (*Vereniging van Effectenbezitters*) filed a petition with the Enterprise Chamber for an inquiry into the management of SRH (formerly SNS REAAL), the Issuer and Propertize (formerly SNS Property Finance) for the period 2006 – present. SRH, the Issuer and Propertize disputed the authority to file a petition for an inquiry. The Enterprise Chamber granted (after remission by the Supreme Court) the request related to SRH and the Issuer and rejected the request related to Propertize. On 26 July 2018 the Enterprise Chamber granted an inquiry on eight topics into the management and course of events at SRH (formerly SNS REAAL) and the Issuer in the period of 1 July 2006 until 1 February 2013. The Enterprise Chamber appointed three investigators. Their final report was published on 27 July 2021. On 27 September 2021, the Dutch Investors' Association thereupon requested the Enterprise Chamber in a subsequent procedure to establish mismanagement (*wanbeleid*) of SRH and the Issuer in the period of 1 July 2006 until 1 February 2013. The judgment of the Enterprise Chamber was delivered on 30 November 2022. The Enterprise Chamber ruled that there was no mismanagement (*wanbeleid*) with regard to SRH and the Issuer. The claims of the Dutch Investors' Association have all been rejected. The Enterprise Chamber has ruled that errors were made in some areas, which is not surprising given the length of the investigation period and the extremely turbulent times. The parties can lodge an appeal in cassation within three months. In the past, the Dutch Investors' Association also announced that it would start liability proceedings. SRH and the Issuer await developments.

#### *Guarantees pursuant to Article 2:403 of the Dutch Civil Code for Propertize*

In the context of the transfer of the shares of SNS Property Finance B.V. (currently Propertize) to NLF in 2013, the Issuer has withdrawn the 403-guarantee for Propertize. This withdrawal has become irrevocable for all creditors, with the exception of Commerzbank.

### ***Other proceedings relevant to the Issuer***



In addition, there are proceedings to which the Issuer is not a party or in which it is not the direct subject of investigation, but the course and results of which may have a material impact on the Issuer's position.

This applies to the compensation proceedings before the Enterprise Chamber initiated by former holders of expropriated securities and capital components of SRH and the Issuer. Following initial proceedings leading to a Supreme Court ruling on the basic principles for the assessment of the value of the expropriated securities and capital components, the Enterprise Chamber has appointed three experts. The experts presented their first report on 27 April 2018. Following comments from the parties to the proceedings and a new ruling by the Enterprise Chamber, the experts produced an additional report in September 2019 to which parties to the proceedings were entitled to respond until the beginning of November 2019 at the latest, after which the experts filed their final report on 21 November 2019 with the Enterprise Chamber. The Enterprise Chamber delivered its judgment on 11 February 2021 and ruled that the securities and other assets of the Issuer and SRH expropriated on 1 February 2013 (nationalisation date) had a total value of €804,810,000 excluding interest. The Dutch State lodged an appeal in cassation at the Supreme Court against this verdict. The Advocate General gave advice to the Supreme Court on 8 July 2022 in which the Advocate General advised to maintain the judgment of the Enterprise Chamber of 11 February 2021. The Supreme Court judgment is expected on 27 January 2023. If the Supreme Court will rule that a compensation has to be paid, the Dutch State will have to pay it.

## 5. SELECTED FINANCIAL INFORMATION

The Issuer's publicly available financial statements for the year ended 31 December 2020 and the independent auditor's report thereon and the financial statements for the year ended 31 December 2021 and the independent auditor's report thereon, together with the Issuer's unaudited condensed consolidated interim financial statements for the period ended 30 June 2022 and the independent auditor's review report thereon are incorporated by reference into this Base Prospectus. The information as at and for the years ended 31 December 2021 and 31 December 2020 contained in this section of the Base Prospectus is derived from the publicly available audited consolidated financial statements for the years ended 31 December 2021 and 31 December 2020, except for the information marked with an asterisk (\*) which has not been directly extracted from the audited consolidated financial statements but instead is derived from other parts of the 2021 and/or 2020 annual reports. The information as at and for the six months period ended 30 June 2022 in this section of the Base Prospectus is derived from the Issuer's unaudited condensed consolidated interim financial statements for the period ended 30 June 2022, except for the information marked with an asterisk (\*) which has not been directly extracted from the unaudited condensed consolidated interim financial statements but instead is derived from other parts of the 2022 interim financial report.

### Key Figures of the Issuer (on a consolidated basis)

(amounts in millions of EUR)

	30-06-2022 (Unaudited)	31-12-2021 (Audited)	31-12-2020 (Audited)
<b>Balance Sheet</b>			
Total assets	74,858	72,081	67,484
Loans and advances to customers	49,363	50,727 <sup>1</sup>	50,542
of which residential mortgages	46,565*	48,091	47,697
Amounts due to customers	58,722	58,128	53,652
of which savings	45,744	45,646	42,111
Shareholders' equity	3,675	3,486	3,450
Total capital*	3,900	3,682	3,734
<b>Capital and Funding</b>			
Common Equity Tier 1 ratio*	20.8%	22.7%	31.2%
Tier 1 ratio*	22.8%	22.7%	31.2%
Total capital ratio*	26.1%	26.3%	36.1%
<b>Profit and loss account</b>			
Net interest income	372	775	850
Net fee and commission income	24	39	46
Other income	67	13	27
Net result for the period	95	162	174
(-) Incidental items*	0	17	(34)
Adjusted net result for the period*	95	145	208
<b>Other key Figures</b>			
Employees in numbers (fte's, ultimo)*	3,162	3,178	3,171
<b>Capitalisation of the Issuer</b>			

<sup>1</sup> 50,727 is the audited number included in de Volksbank's 2021 annual report. However the number in de Volksbank's 2022 interim report for this balance at 31 December 2021 is 50,570. This discrepancy exists because, as from 2022, funds for new mortgage loans that have been deposited by de Volksbank at a notary public's third-party account, but of which the deed of transfer of title has not yet been signed at said notary public's office, are presented in line item "Other Assets" in de Volksbank's 2022 interim report. Comparative figures for 2021 have been adjusted accordingly in de Volksbank's 2022 interim report.

The following table sets forth the remaining contractual maturity and liabilities and sets forth shareholders' equity of the Issuer on a consolidated basis:

<i>(amounts in millions of EUR)</i>			
		<b>31-12-2021</b>	<b>31-12-2020</b>
		<i>(Audited)</i>	<i>(Audited)</i>
Short-term debt (remaining terms to maturity up to and including five years)			
- Derivatives		531	764
- Amounts due to banks		1,004	882
- Savings		44,339	40,787
- Other amounts due to customers		10,502	9,418
- Debt certificates		3,091	1,986
- Subordinated debts		500	500
- Other liabilities, tax liabilities and provisions		424	596
Total short-term debt		<b>60,391</b>	<b>54,933</b>
Long-term debt (remaining terms to maturity over five years)			
- Derivatives		482	1,399
- Amounts due to banks		55	63
- Savings		1,305	1,324
- Other amounts due to customers		1,981	2,123
- Debt certificates		4,311	4,133
- Other liabilities, tax liabilities and provisions <sup>2</sup>		70	58
Total long-term debt		<b>8,204</b>	<b>9,100</b>
Total of short-term and long-term debt			
	<b>30-06-2022</b>	<b>31-12-2021</b>	<b>31-12-2020</b>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
- Derivatives	1,037	1,013	2,163
- Amounts due to banks	2,711	1,059	945
- Savings	45,744	45,646	42,111
- Other amounts due to customers	12,978	12,482	11,541
- Debt certificates	7,588	7,402	6,119
- Subordinated debts	504	500	500
- Other liabilities, tax liabilities and provisions	621	493	655
Total liabilities	<b>71,183</b>	<b>68,595</b>	<b>64,034</b>
Share Capital <sup>3</sup>	381	381	381
Share premium reserve	3,537	3,537	3,537
Cash Flow Hedge Reserve	17	19	22
Fair Value reserve	(94)	11	29
Other Reserves	(559)	(624)	(693)
Net result for the period	95	162	174
AT1 capital securities	298	--	--
Shareholders' equity	<b>3,675</b>	<b>3,486</b>	<b>3,450</b>
<b>Total equity and liabilities</b>	<b><u>74,858</u></b>	<b><u>72,081</u></b>	<b><u>67,484</u></b>

#### Financial Year

The financial year of the Issuer is the calendar year.

<sup>2</sup> Long-term debt Other liabilities includes liabilities for which the contractual maturity was not determined of €70 million (2020 €52 million).

<sup>3</sup> The issued and paid-up share capital consists of 840,008 shares with a nominal value of € 453.79 each.

*Independent Auditor*

The financial statements of the Issuer for 2020 and 2021 have been audited by Ernst & Young Accountants LLP. The independent auditor has provided an unqualified independent auditor's report on the financial statements for each of these years.

*Financial statements*

The 2020 and 2021 consolidated financial statements of the Issuer have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code and the 2021 and 2020 company financial statements of the Issuer have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The 2022 condensed consolidated interim financial statements of the Issuer have been prepared in accordance with IAS 34 Interim Financial Reporting.

## Consolidated statement of financial position

<i>(amounts in millions of EUR)</i>	<b>30-06-2022</b> <i>(Unaudited)</i>	<b>31-12-2021</b> <i>(Audited)</i>	<b>31-12-2020</b> <i>(Audited)</i>
<b>Assets</b>			
Cash and cash equivalents	9,111	10,296	4,672
Derivatives	2,839	591	864
Investments	5,427	5,638	5,113
Loans and advances to banks	7,444	4,527	5,990
Loans and advances to customers	49,363	50,727	50,542
Tangible and Intangible assets	87	93	110
Tax assets	82	39	42
Other assets	505	170	151
<b>Total assets</b>	<b>74,858</b>	<b>72,081</b>	<b>67,484</b>
<b>Liabilities</b>			
Derivatives	1,037	1,013	2,163
Amounts due to banks	2,711	1,059	945
Savings	45,744	45,646	42,111
Other amounts due to customers	12,987	12,482	11,541
Debt certificates	7,588	7,402	6,119
Subordinated debts	504	500	500
Provisions	85	102	80
Tax liabilities	7	9	17
Other liabilities	529	382	558
<b>Total Liabilities</b>	<b>71,183</b>	<b>68,595</b>	<b>64,034</b>
<b>Equity</b>			
Share capital	381	381	381
Other reserves	2,901	2,943	2,895
Net Result for the period	95	162	174
AT1 capital securities	298	--	--
<b>Shareholders' equity</b>	<b>3,675</b>	<b>3,486</b>	<b>3,450</b>
<b>Total equity and liabilities</b>	<b>74,858</b>	<b>72,081</b>	<b>67,484</b>

## Consolidated income statement

<i>(amounts in millions of EUR)</i>	<b>1<sup>st</sup> half 2022</b> <i>(Unaudited)</i>	<b>1<sup>st</sup> half 2021</b> <i>(Unaudited)</i>	<b>31-12-2021</b> <i>(Audited)</i>	<b>31-12-2020</b> <i>(Audited)</i>
<b>Income</b>				
Interest income	509	525	1,043	1,148
Interest expense	137	133	268	298
<b>Net interest income</b>	<b>372</b>	<b>392</b>	<b>775</b>	<b>850</b>
Fee and commission income	75	66	137	121
Fee and commission expense	51	46	98	75
<b>Net fee and commission income</b>	<b>24</b>	<b>20</b>	<b>39</b>	<b>46</b>
Investment income	(2)	(2)	3	17
Other result on financial instruments	69	7	10	9
Other operating income	--	--	--	1

<b>Total income</b>	<b>463</b>	<b>417</b>	<b>827</b>	<b>923</b>
<b>Expenses</b>				
Staff costs	195	198	414	427
Depreciation and amortisation of tangible and intangible assets	10	11	20	29
Other operating expenses	118	113	233	196
Impairment charges of financial assets	11	(31)	(58)	38
<b>Total expenses</b>	<b>334</b>	<b>291</b>	<b>609</b>	<b>690</b>
<b>Result before taxation</b>	<b>129</b>	<b>126</b>	<b>218</b>	<b>233</b>
Taxation	34	32	56	59
<b>Net result for the period</b>	<b>95</b>	<b>94</b>	<b>162</b>	<b>174</b>
Attributable to: the shareholder of the parent company			162	174

#### Condensed consolidated cash-flow statement

(amounts in millions of EUR)

	<b>1<sup>st</sup> half 2022</b>	<b>1<sup>st</sup> half 2021</b>	<b>31-12-2021</b>	<b>31-12-2020</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
<b>Cashflow from operating activities</b>				
Result before taxation	129	126	218	233
<b>Adjustments for:</b>				
Depreciation and amortisation of tangible and intangible assets and right-of-use assets	10	12	23	28
Impairment charges and reversals	11	(31)	(58)	38
<b>Changes in operating assets and liabilities</b>				
Change in advances to customers	1,207	413	(185)	(81)
Change in liabilities to customers	496	216	941	900
Change in derivatives assets	(2,248)	276	273	(146)
Change in derivatives liabilities	24	(907)	(1,150)	322
Change in advances to banks	(2,917)	231	1,463	(2,199)
Change in liabilities to banks	1,652	230	114	404
Change in savings	98	2,578	3,535	3,707
Change in trading portfolio	--	--	--	10
Change in other operating activities	144	(38)	(50)	3
<b>Net cashflow from operating activities</b>	<b>(1,394)</b>	<b>3,106</b>	<b>5,299</b>	<b>3,171</b>
<b>Net cashflow from investment activities</b>	<b>(208)</b>	<b>(460)</b>	<b>(680)</b>	<b>252</b>
<b>Net cashflow from financing activities</b>	<b>408</b>	<b>718</b>	<b>1,005</b>	<b>(777)</b>
Of which issue of AT1 capital securities	298	--	--	--
<b>Net changes of cash and cash equivalents</b>	<b>(1,194)</b>	<b>3,364</b>	<b>5,624</b>	<b>2,646</b>
Cash and cash equivalents as at 1 January	10,305	4,672	4,672	2,026
Change in cash and cash equivalents	(1,194)	3,364	5,624	2,646
<b>Cash and cash equivalents as at 30 June / 31 December</b>	<b>9,111</b>	<b>8,036</b>	<b>10,296</b>	<b>4,672</b>

## Capitalisation

(amounts in millions of EUR)

	30-06-2022 (Unaudited)	31-12-2021 (Audited)	31-12-2020 (Audited)
Capital instruments	381	381	381
Share premium	3,537	3,537	3,537
Retained earnings	95	162	174
Accumulated other comprehensive income (OCI)	(77)	30	51
Other reserves	(559)	(624)	(693)
AT1 capital securities	298	--	--
<b>Shareholders' equity</b>	<b>3,675</b>	<b>3,486</b>	<b>3,450</b>
Non-eligible interim profits*	(95)	(124)	(131)
Non-eligible previous years' retained earnings*	--	--	--
<b>Shareholders' equity for CRD IV purposes*</b>	<b>3,580</b>	<b>3,362</b>	<b>3,319</b>
Cashflow hedge reserve*	(18)	(19)	(22)
Other prudential adjustments*	(4)	(3)	(4)
<b>Total prudential filters*</b>	<b>(22)</b>	<b>(22)</b>	<b>(26)</b>
Intangible assets*	(6)	(6)	--
IRB shortfall <sup>1</sup> *	(52)	(74)	--
Additional deductions of CET1 Capital due to Article 3 CRR*	(100)	(78)	(70)
<b>Total capital deductions*</b>	<b>(158)</b>	<b>(158)</b>	<b>(70)</b>
<b>Total regulatory adjustments to shareholders' equity*</b>	<b>(180)</b>	<b>(180)</b>	<b>(96)</b>
Additional Tier 1 capital*	(298)	--	--
<b>CRD IV CET 1 capital*</b>	<b>3,102</b>	<b>3,182</b>	<b>3,223</b>
Additional Tier 1 capital*	298	--	--
<b>Tier 1 capital*</b>	<b>3,400</b>	<b>3,182</b>	<b>3,223</b>
Eligible Tier 2*	500	500	500
IRB Excess <sup>1</sup> *	--	--	11
<b>Tier 2 capital*</b>	<b>500</b>	<b>500</b>	<b>511</b>
<b>Total capital*</b>	<b>3,900</b>	<b>3,682</b>	<b>3,734</b>

<sup>1</sup> The IRB shortfall/excess is the difference between the expected loss under the CRR/CRD IV directives and IFRS retail mortgage provision.

## 6. COVERED BONDS

### FORM OF COVERED BONDS

Each Tranche of Covered Bonds will (as specified in the applicable Final Terms) be in bearer or in registered form. Bearer Covered Bonds will initially be issued in the form of a Temporary Global Covered Bond (unless otherwise indicated in the Final Terms). Each Temporary Global Covered Bond which is intended to be issued in 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) Euroclear Nederland, (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg or (iii) (a depositary for) any other agreed clearing system. Registered Covered Bonds will be issued to each holder by a Registered Covered Bonds Deed. Registered Covered Bonds will either be issued by means of a Registered Covered Bonds Deed for all Covered Bonds issued (global) or for one or more Covered Bonds (individual). Registered Covered Bonds in global form may also be held with a common safekeeper for Euroclear and/or Clearstream, Luxembourg (and registered in the name of a nominee of the common safekeeper) and may also be registered in the name of (i) Euroclear Nederland or of (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg or of (iii) (a depositary for) any other agreed clearing system. Registered Covered Bonds will be issued to each holder by a Registered Covered Bonds Deed.

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

Whilst any Covered Bond is represented by a Temporary Global Covered Bond payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date 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 Exchange Date which is not less than forty (40) days (nor (if the Temporary Global Covered Bond has been deposited with Euroclear Nederland) more than ninety (90) days) after the date on which the Temporary Global Covered Bond is issued (or the "restricted period" within the meaning of U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D)(7)) or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Global Covered Bond 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 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 and in a form then to be determined, subject to mandatory provisions of applicable laws and regulations. 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 forty-five (45) days after the date of receipt of the first relevant notice by the Principal Paying Agent. Definitive Covered Bonds will be in the standard euromarket form (unless otherwise indicated in the applicable Final Terms). Definitive Covered Bonds and Global Covered Bonds will be in bearer form. The Global Covered Bonds are held in book-entry form.

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

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

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."

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 (and form part thereof) or have different terms to an existing Series (in which case they will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share equally in the Guarantee granted by the CBC. The obligations of the CBC under the Guarantee are unsubordinated and unguaranteed obligations of the CBC, which are secured (indirectly, through a parallel debt) as provided in the Pledge Agreements. If an Issuer Event of Default or a CBC Event of Default occurs and results in acceleration (in respect of the CBC only in case of a CBC Event of Default), all Covered Bonds of all Series will accelerate at the same time.

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.

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

## FORM OF FINAL TERMS

Copies of the Final Terms will be provided by the Issuer upon request. In addition, in case of Covered Bonds listed on the Luxembourg Stock Exchange, the Final Terms will be displayed on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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 the Prospectus Regulation).

### Final Terms

Dated [•]

#### de Volksbank N.V.

*(incorporated under Dutch law with limited liability under Dutch law  
and having its corporate seat in Utrecht, the Netherlands)*

Legal Entity Identifier (LEI): 724500A1FNICHSD2111

(the "**Issuer**")

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

#### Volks Covered Bond Company B.V.

*(incorporated as a private limited liability company under Dutch law  
and having its statutory seat in Amsterdam, the Netherlands)*

Legal Entity Identifier (LEI): 724500VGEL1U5Z14P225

under de Volksbank N.V.'s € 15,000,000,000 Covered Bond Programme

This document constitutes the Final Terms of the issue of Covered Bonds under the Covered Bond Programme (the "**Programme**") of the Issuer guaranteed by Volks Covered Bond Company B.V. (the "**CBC**"), described herein for the purposes of article 8 of Regulation (EU) 2017/1129, including any commission delegated regulation thereunder (the "**Prospectus Regulation**"). This document must be read in conjunction with the base prospectus pertaining to the Programme, dated [...] 2022 [and as supplemented on [•] and [•]], which together constitute a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus, including any supplements thereto and the Final Terms are available for viewing at <https://www.devolsbank.nl/en/investor-relations/debt-information/covered-bond-programme> and during normal business hours at the office of the Issuer at Croeselaan 1, 3521 BJ, Utrecht the Netherlands, where copies may also be obtained (free of charge). Any information contained in or accessible through any website, including [www.devolsbank.nl](http://www.devolsbank.nl), 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, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.

**Prohibition of sales to EEA retail investors:** The Covered Bonds shall not 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 (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 2016/97/EU (as amended, 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 (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 / 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 Financial Services and Markets Act 2000 (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.]"

These Final Terms are to be read in conjunction with the terms and conditions (as amended, supplemented and/or restated from time to time) (the "**Terms and Conditions**") set forth in section 7 (*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 13 December 2007, as lastly amended and restated on [...] 2022 as may be further amended, supplemented, restated or otherwise modified from time to time, and signed by the Issuer, the CBC, the Security Trustee, the Originator 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 7 (*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: de Volksbank N.V.
- (ii) CBC: Volks Covered Bond Company B.V.
2. [(i)] Series Number: [...]
- [(ii)] Tranche Number: [...]
- [(iii)] Date on which the Covered Bonds become fungible: [Not Applicable/The Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[insert date/the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph 23 below [which is expected to occur on or about [insert date]]]*.]
3. Specified Currency or Currencies: [...] *(Euro or any other currency)*
4. Aggregate Nominal Amount:
  - (i) Series: [...]
  - [(ii)] Tranche: [...]
5. Issue Price: [...] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date and details (if any)]* *(in the case of fungible issues only, if applicable)*]
6. (i) Specified Denomination(s): [...] *(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 and integral multiples of a certain smaller amount than EUR*

100,000 (or its equivalent in another currency))

- (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 applies (the period from [...] until [...]): [...]]
- [For the period where a 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] after 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]
- [In respect of the period from and including [...] / [Maturity Date] to (but excluding) [...] / [EURIBOR/Compounded Daily €STR/Compounded Daily SOFR/Weighted Average SOFR/Compounded Daily SONIA/other benchmark] +/- [...] per cent. Floating Rate]
- [Zero Coupon]
10. Redemption/Payment Basis: [Redemption at par / specify other amount or percentage]  
*(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: [Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis included in these final terms] [NB: no Derivatives within the meaning of the Commission Regulation (EC) 809/2004 will be issued] [Not Applicable]

12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]  
[(further particulars specified below)]
13. Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
14. Status of the Guarantee Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed

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

15. **Fixed Rate Covered Bond Provisions** [Applicable/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]/[and] [after the Maturity Date [...]]

[From (and including) [ ] up to (but excluding) [ ]] [[ ] per cent. per annum] [the aggregate of [spread of issuance of [ ]] per cent. and the Mid Swap Rate [per annum] [determined by the Agent]] [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear on each Interest Payment Date [from (and including) [ ] up to (but excluding) [ ]].]

["Mid Swap Rate" means the annual mid swap rate for [Euro] [US dollar] swap transactions with a maturity of [ ] years, expressed as a percentage, displayed on Reuters screen page as [ICESWAP2]/[...] (or such other page as may replace that page on Reuters, or such other service as may be designated by the [Manager(s)/Dealer(s)] in consultation with the Issuer)] at [ ] [a.m./p.m.] ([ ] time) on the [second] Business Day prior to [ ].]

- (ii) Interest Payment Date(s): [...] in each year up to and including the Maturity Date]/[Extended Due for Payment Date/[...]], if applicable [other, give details]] [and] [after the Maturity Date [...]]  
*(This will need to be amended in the case of long or short coupons)*

- (iii) Interest Period: Please specify [Not Applicable]

- (iv) Fixed Coupon Amount(s): [...] per Calculation Amount

- (v) Broken Amount(s): [...] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [...]]  
[Not Applicable]

(vi) Business Day Convention	[Following Business Day Convention/
- Business Day Convention	Modified Following Business Day Convention/Unadjusted/Preceding Business Day Convention]
- Adjustment or Unadjustment for Interest Period	[Adjusted/Unadjusted]
(vii) Fixed Day Count Fraction:	[Actual/Actual (ICMA)]
<b>16. 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):	[...] <i>(Only applicable if no Specified Interest Payment Dates are set out)</i>
(ii) Specified Interest Payment Dates:	[...] <i>(Specified Interest Payment Dates and Specified Period are alternatives)</i>
(iii) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/
- Business Day Convention	Modified Following Business Day Convention/ Unadjusted/ Preceding Business Day Convention]
- Adjustment or Unadjustment for Interest Period	[Adjusted/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:	[Applicable/Not Applicable] <i>(If "Not Applicable", delete the remaining sub-paragraphs of this paragraph)</i>
- Reference Rate:	[...] <i>(For example, EURIBOR, Compounded Daily €STR, Compounded Daily SOFR, Weighted Average SOFR, Compounded Daily SONIA or other benchmark)</i>
- Interest Determination	[...]



- Date(s): *(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)*  
*(specify up to and including Extended Due for Payment Date)*
- Observation Method: [Not Applicable/Lag/Lock-out/Shift][, where Lock-out date means the date 5 [London Banking Days][U.S. Government Securities Business Days][TARGET Settlement Days] prior to the applicable Interest Payment Date]  
*(Insert only if Reference Rate is Compounded Daily €STR, Compounded Daily SOFR or Weighted Average SOFR)*
- Observation Look-back Period: [specify number] [London Banking Days][TARGET Settlement Days][U.S. Government Securities Business Days]  
*(being no less than 5 TARGET Settlement Days or 5 U.S. Government Securities Business Days)*  
*(Insert only if Reference Rate is Compounded Daily €STR, Compounded Daily SOFR or Weighted Average SOFR)*
- 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/Amsterdam 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: [Applicable/Not Applicable]  
*(If "Not Applicable", delete the remaining sub-paragraphs of this paragraph)*
- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
- Floating Rate Option: [...] *(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))*
- Designated Maturity: [...] *(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk free rate)*
- Reset Date: [...] *(In the case of a EURIBOR based option, the first day of the interest period)*
- (ix) Margin(s): [+/-] [...] per cent. per annum
- (x) Minimum Rate of Interest: [...] per cent. per annum / Not Applicable]
- (xi) Maximum Rate of Interest: [...] per cent. per annum / Not Applicable]

(xii) Floating Day Count Fraction:	[Actual/365 Actual/365 (Fixed) Actual/360] [(See Condition [5] for alternatives)]
(xiii) Compounding	[Applicable/Not Applicable] (If "Not Applicable", delete the sub-paragraph 'Compounding Method' 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]]
<b>17. Zero Coupon Covered Bond Provisions</b>	[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

<b>18. Issuer Call:</b>	[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:	[...] per Calculation Amount
(a) Minimum Redemption Amount:	
(b) Higher Redemption Amount:	[...] per Calculation Amount

- (iv) Notice period (if other than as set out in the Terms and Conditions): [...] *(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer will consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- (v) Extended Due for Payment Date in case of exercise of the Issuer Call: [Not Applicable / one year after the Optional Redemption Date]
19. **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
- (iii) Notice period (if other than as set out in the Terms and Conditions): [...] *(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
20. **Final Redemption Amount** [...] [per Calculation Amount]
21. **Early Redemption Amount**
- 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:

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. Form of Covered Bonds: [Bearer form/Registered form]
- [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.]
- [Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date.]
- [Permanent Global Covered Bond exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event/a Delivery Event.]

[Permanent Global Covered Bond not exchangeable for Definitive Covered Bonds]

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

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

23. New Global Note form: [Applicable/Not Applicable] (see also item 41(vii), if applicable)

*(If "Not Applicable" is specified here and the Covered Bonds are held through Euroclear and/or Clearstream, Luxembourg ensure that "Not Applicable" is specified for Eurosystem eligibility in item 41(vii) of the Final Terms and if "Applicable" is specified here ensure that the appropriate specification is made in respect of Eurosystem eligibility in that same sub-paragraph)*

24. (a) Exclusion of set-off: [Applicable/Not Applicable]

See Condition 6(g) (*Set-off*)

(b) German Insurers: [Applicable/Not Applicable]

25. Additional Financial Centre(s) or other special provisions relating to payment Dates: [Not Applicable/*give details*]  
Note that this item relates to the date and place of payment and not Interest Period end dates to which item 16 (iv) relates

26. Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No] (*If yes, give details*)  
*(If the Covered Bonds have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made)*

27. Details relating to Instalment Covered Bonds; amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]

28. Redenomination: [Redenomination [not] applicable]  
*(If Redenomination is applicable, include(i) either the applicable Fixed Day Count Fraction or any provisions necessary to deal with floating rate interest (including alternative reference rates) and (ii) the New Currency)*

## DISTRIBUTION

29. Method of distribution: [Syndicated/Non-syndicated/Not Applicable]

30. (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*]

31. 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).]
32. [Total commission and concession [...] per cent. of the Aggregate Nominal Amount[...]/Not Applicable]]

## OTHER PROVISIONS

33. (i) U.S. Selling Restrictions [Reg. S Compliance Category [2] [...], TEFRA C/TEFRA D/TEFRA 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)]
34. Listing
- (i) Listing [Luxembourg Stock Exchange/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 [the Luxembourg Stock Exchange] /[specify other regulated market] with effect from [...] [Not Applicable]  
(Where documenting a fungible issue, indicate that original covered bonds are already admitted to trading)
- (iii) Estimate of total expenses related to admission to trading [...]
35. Ratings: The Covered Bonds to be issued [have been/are expected to be] rated [at the request of the Issuer / with the cooperation of the Issuer]:
- [Moody's France SAS:] [Aaa]
- [Fitch Ratings Ireland Ltd:] [AAA]
- [Other\*]: [...]  
(\*The exact legal name of the rating agency entity providing the rating should be specified-for example "Fitch Ratings Ireland Ltd.", rather than just Fitch.)
- [...] (Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider or reference to the relevant section in the Base Prospectus)
- [Registration of Rating Agency:] [...]  
(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 but the rating it has given to the Covered Bonds is endorsed by *[insert legal name of credit rating agency]*, which is established in the 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 not established in the EU but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

*[[Insert legal name of particular credit rating agency entity providing rating]]* is not established in the 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 full legal name of credit rating agency/ies]]* *[is]/[are]* not established in the EU or in the UK and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") or Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK 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 nor by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

*[[Insert full legal name of credit rating agency/ies]]* *[is]/[are]* established in the UK and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]

*[[Insert full legal name of credit rating agency/ies]]* *[is]/[are]* endorsed by *[Insert full legal name of credit rating agency/ies]* which is established in the UK and registered under 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

(the "UK CRA Regulation").]

36. [Notification / Not applicable] The Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) ("**AFM**") [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the 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.
37. **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"] [and] ["Risk Factors" 'Risk regarding the Covered Bonds' generally, subparagraph 'Conflicts of Interest'], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer." (Amend as appropriate if there are other interests)]
- [(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]
38. [Reasons for the Offer (if different from making a profit and/or hedging certain risks)] (Also see "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding).
39. [Estimated net proceeds and total expenses]
- (i) Estimated net proceeds [...]
- (ii) Estimated total expenses: [...] / [Include breakdown of expenses]]
40. 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.
41. Operational Information
- (i) ISIN Code: [...]
- (ii) Common Code [...]
- (iii) WKN Code: [...] [Not Applicable]
- (iv) CFI: [...] [Not Applicable]

(v) FISN:	[...] [Not Applicable]
(vi) [Other relevant code:]	[...] [Not Applicable/give name(s) and numbers(s)]
(vii) New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes/No/Not Applicable]</p> <p>[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 intraday 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]</p> <p><i>(Include this text if "Yes" selected in which case the Covered Bonds must be issued in NGN-form)</i></p> <p>[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] <i>[include this text for registered Covered Bonds]</i>. 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]]</p> <p><i>(Include this text only if held through or on behalf of Euroclear or Clearstream, Luxembourg)</i></p> <p>[Not Applicable, means that the Covered Bond will not be held through the system of Euroclear or Clearstream, Luxembourg]</p>
(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 – <i>(to be included if any agreement in this respect is entered into between Issuer and Manager(s))</i> / Not Applicable]
(xi) Settlement Procedure:	[Method of settlement procedure to be included / Not Applicable]
(xii) Clearing System:	[Euroclear/Clearstream, Luxembourg/Euroclear Nederland/ <i>other agreed clearing system</i> ]
42. Additional paying agent (if any)	[Name: [...]][Address: [...]] / Not Applicable]



43. 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 de Volksbank N.V./ Not Applicable]
44. 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]
45. European Covered Bond (Premium) label: Yes

### Responsibility

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

Signed on behalf of the Issuer:

Signed on behalf of the CBC:

By:  
Duly authorised

By:  
Duly authorised

By:  
Duly authorised

By:  
Duly authorised

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the terms and conditions of the Covered Bonds (as amended, supplemented and/or 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. Any amendment to the Terms and Conditions of the Covered Bonds will apply to all new and outstanding Covered Bonds equally, unless otherwise specifically provided for in the Terms and Conditions.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by de Volksbank N.V. (the "**Issuer**" which expression shall include any Substituted Debtor pursuant to Condition 17 (*Substitution of the Issuer*)) pursuant to a trust deed originally dated 13 December 2007 (such date the "**Programme Date**") as lastly amended and restated on 23 December 2021 as the same may be further amended and/or supplemented and/or restated from time to time (the "**Trust Deed**"), made between the Issuer, Volks Covered Bond Company B.V. (the "**CBC**") and Stichting Security Trustee Volks Covered Bond Company (the "**Security Trustee**") and Stichting Holding Volks 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 the Specified Currency;
- (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 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, Banque Internationale à Luxembourg as issuing and principal paying agent (the "**Principal Paying Agent**") and de Volksbank 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. Definitive Covered Bonds in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Final Terms for this Covered Bond (or the relevant provisions thereof) 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 the holders of the Receipt (the "**Receiptholders**"), and for holders of each other Series in accordance with the provisions of the Trust Deed. Any holders mentioned above include those having a credit balance in the collective depots held by Euroclear 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 Parallel Debt Agreement, the Pledge Agreements, the Master Definitions 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 Relevant 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 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 the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

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 Dutch Securities Giro Transfer Act (as amended) (*Wet giraal effectenverkeer*, "**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.

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

- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 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 holder of Covered Bonds only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The obligations of the CBC under the Guarantee are unsubordinated and unguaranteed obligations of the CBC, which are secured (indirectly, through a parallel debt) as set out below.

As security for a parallel debt corresponding to the CBC's obligations under the Guarantee and the other Relevant 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 Relevant Documents.

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

For the purposes of these Terms and 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.

#### **4. REDENOMINATION**

##### **(a) Redenomination**

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders, the Receiptholders 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, the Receipts and the Coupons denominated in the Specified Currency (the "**Old Currency**") shall be redenominated in another currency (the "**New Currency**") being either euro, or, in the event of redenomination upon the occurrence of a Convertibility Event, a currency other than euro, as the case may be.

The election will have effect as follows:

- (i) the Covered Bonds, the Receipts 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 and Receipt equal to the principal amount of that Covered Bond or Receipt in the Specified Currency, converted into the New Currency at the Established Rate (as defined below) 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 equivalent thereto as may be allowed pursuant to the relevant laws which are applicable 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 the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") to the Covered Bondholders in accordance with Condition 14 (*Notices*) that replacement of Old Currency denominated Covered Bonds, Receipts 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, Coupons and Receipts so issued will also become void on that date although those Covered Bonds, Coupons and Receipts will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Covered Bonds, Receipts and Coupons will be issued in exchange for Covered Bonds, Receipts and Coupons denominated in the Specified Currency 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, the Receipts and the Coupons, other than 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 the Specified Currency 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))

(*Interest on Fixed Rate Covered Bonds*)), 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;

- (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; and
- (viii) the applicable Final Terms will specify the exact date on which the redenomination will occur in case the Covered Bonds were issued in a currency other than euro and in a country in which TARGET2 does not apply.

(b) *Definitions*

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

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

**"Convertibility Event"** means the (indirect or direct) determination by the national government of the country in the currency of which the Covered Bonds were issued, that such currency is substituted by another currency;

**"Established Rate"** means the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Union regulations), shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty;

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

**"Redenomination Date"** means (in the case of interest bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case specified by the Issuer in the notice given to the Covered Bondholders pursuant to paragraph (a) above and which in case of (i) 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 (ii) 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; and

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

## 5. INTEREST

For Covered Bonds issued prior to 1 January 2017, each Covered Bond that has not been repaid on the Maturity Date will, if it is not a Floating Rate Covered Bond switch to a floating rate of interest as of such Maturity Date. As of 1 January 2017, each Covered Bond will bear the interest after the Maturity Date as set out in the applicable Final Terms. If after the Maturity Date the interest on a Series 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 (**"Interest Commencement Date"**) (or, if not specified in the applicable Final Terms, the Issue Date) at the rate(s) per annum equal to the Fixed Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) 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, provided that in case the Fixed Rate Interest Periods switch to monthly periods instead of annual periods after the Maturity Date, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will be calculated according to the Fixed Day Count Fraction. 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 relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount.

For the purposes of these Terms and Conditions, "**Fixed Day Count Fraction**" means:

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms, 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;

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, 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)*), in respect of a Series of Covered Bonds, the relevant Interest Payment Date which falls no more than forty (40) 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 payable in arrear, with a floor of 0%, on either:

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

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

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any

Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention is specified is:

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

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

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

In this Condition, "**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) either (1) in relation to any sum payable in a Specified Currency, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET2 is open. In these Terms and Conditions, "**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof.

(ii) *Rate of Interest*

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

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

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will be the relevant ISDA Rate plus or minus (as specified in the applicable Final Terms) the Margin (if any).

For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Accrual 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 amended and updated as at the Issue Date of the first Tranche of the Covered Bonds, published by ISDA, 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 Accrual 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; or
  - (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 "**OIS Compounding**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words "are open for" in the second line before the word "general" and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

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

*(b) Screen Rate Determination for Floating Rate Covered Bonds other than €STR, SOFR or SONIA*

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 is specified in the applicable Final Terms as being a Reference Rate other than €STR, SOFR or SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be either:

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

(expressed as a percentage rate per annum) for the Reference 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, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if

there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest 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 on the relevant Screen Page 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 provisions of this Condition 5(b)(ii)(b) fail to provide a means of determining the Rate of Interest, Condition 5(c) (*Replacement Reference Rate*) shall apply.

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

- (1) 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 is specified in the applicable Final Terms as being Compounded Daily €STR, the Rate of Interest for an Interest Accrual Period will, subject to Condition 5(c) (*Replacement Reference Rate*), be Compounded Daily €STR with respect to such Interest Accrual Period plus or minus (as specified 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:

€STR Observation Method, as follows, with 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 (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the €STR Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the €STR Observation Method) the relevant Observation Period;

"**d<sub>o</sub>**" is (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the €STR Observation Method) for any Interest Accrual Period, the number of TARGET Settlement Days in the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) for any Observation Period, the number of TARGET Settlement Days in the relevant Observation Period;

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

"**i**" is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant TARGET Settlement Days in chronological order from, and including, the first TARGET Settlement Day (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the €STR Observation Method) in the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) in the relevant Observation Period;

is specified as the €STR Observation Method) the relevant Observation Period;

"**n<sub>i</sub>**", 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:

- a. for any Interest Accrual Period, the whole number of TARGET Settlement Days included in the Observation Look-back Period, as specified in the applicable Final Terms, being no less than five TARGET Settlement Days;
- b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method, zero;

"**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 €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

where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method, "**€STR<sub>i-pTBD</sub>**" means:

- a. where in the applicable Final Terms "Lag" is specified as the Observation Method, in respect any TARGET Settlement Day "**i**" 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**";
- b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method, the €STR Reference Rate determined in accordance with paragraph (a) above, except that in respect of each TARGET Settlement Day "**i**" falling on or after the "Lock-out date" specified in the applicable Final Terms (or, where no "Lock-out date" is specified, five TARGET Settlement Days prior to each relevant Interest Payment Date) until the end of each relevant Interest Accrual Period, the €STR Reference Rate determined in accordance with paragraph (a) above in respect of such "Lock-out date";

where in the applicable Final Terms "Shift" is specified as the Observation Method, "**€STR<sub>i</sub>**" means in respect any TARGET Settlement Day "**i**" in the relevant Observation Period, the €STR Reference Rate for that TARGET Settlement Day "**i**".

- (2) 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.
- (3) 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 Eurosystem Deposit Facility Rate, 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 "**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 both an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date subsequently 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.

- (4) 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 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).
- (5) If the provisions of this Condition 5(b)(ii)(c) fail to provide a means of determining the Rate of Interest, Condition 5(c) (*Replacement Reference Rate*) shall apply.
- (6) 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 Covered Bonds become 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 Covered Bonds become 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 Condition 5(c) (*Replacement*

*Reference Rate*).

- (7) As used in these Conditions: **"€STR Index Cessation Event"** means the occurrence of one or more of the following events:

- a. 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
- b. 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:

- a. 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;
- b. 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) *Screen Rate Determination For Floating Rate Covered Bonds referencing Compounded Daily SOFR*

- (1) 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 Floating Rate Covered Bonds is specified in the applicable Final Terms as being "Compounded Daily SOFR", the Rate of Interest for an Interest Accrual Period will, subject to Condition 5(c), be Compounded Daily SOFR plus or minus (as specified in the applicable Final Terms) the applicable Margin.

**"Compounded Daily SOFR"** means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the Secured Overnight Financing Rate as the reference rate for the calculation of interest) and will be calculated by the 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:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_{i-pUSBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"**d**" is the number of calendar days in (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant Observation Period;

"**d<sub>o</sub>**" is (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) for any Interest Accrual Period, the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) for any Observation Period, the number of U.S. Government Securities Business Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to "**d<sub>o</sub>**", each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) in the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) in relevant the Observation Period;

"**Observation Period**" means, in respect of each Interest Accrual Period, the period from and including the date falling "p" U.S. Government Securities Business Days preceding the first date in such Interest Accrual Period to but excluding the date "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Accrual Period;

"**p**" means:

- a. where in the applicable Final Terms "Lag" is specified as the Observation Method, the number of U.S. Government Securities Business Days included in the Observation Look-back Period specified in the applicable Final Terms (or, if no such number is specified, five U.S. Government Securities Business Days); and
- b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method, zero;

"**USBD**" means U.S. Government Securities Business Day;

"**n<sub>i</sub>**" means, for any U.S. Government Securities Business Day "**i**", the number of calendar days from and including such U.S. Government Securities Business Day "**i**" up to but excluding the following U.S. Government Securities Business Day;

"**SOFR<sub>i-pUSBD</sub>**" means:

- a. where in the applicable Final Terms "Lag" is specified as the Observation Method, in respect of any U.S. Government Securities Business Day falling in the relevant Interest Period, the SOFR for the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "**i**"; or
- b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method, during each relevant Interest Accrual Period, the SOFR determined in accordance with paragraph (a) above, except that in respect of each U.S. Government Securities Business Day **i** falling on or after the "Lock-out date" specified in the applicable Final Terms (or, where no "Lock-out date" is specified, five U.S. Government Securities Business Days prior to each relevant Interest Payment Date) until the end of each



- relevant Interest Accrual Period, the SOFR determined in accordance with paragraph (a) above in respect of such "Lock-out date"; or
- c. where in the applicable Final Terms "Shift" is specified as the Observation Method, SOFR<sub>i</sub>, where SOFR<sub>i</sub> is, in respect of any U.S. Government Securities Business Day *i* falling in the relevant SOFR Observation Period, the SOFR for such day.
- (2) Unless otherwise defined in these Terms and Conditions or unless the context otherwise requires, in these Terms and Conditions the following words shall have the following meanings:

**"New York City Banking Day"** means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

**"OBFR Index Cessation Date"** means, following the occurrence of an OBFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the Overnight Bank Funding Rate), ceases to publish the Overnight Bank Funding Rate, or the date as of which the Overnight Bank Funding Rate may no longer be used, in each case as certified in writing by the Issuer to the Agent;

**"OBFR Index Cessation Event"** means the occurrence of one or more of the following events:

- a. public statement by the FRBNY (or a successor administrator of the Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate;
- b. the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the Overnight Bank Funding Rate) has ceased or will cease to provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate; or
- c. a public statement by a regulator or other official sector entity prohibiting the use of the Overnight Bank Funding Rate that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as an "OBFR Index Cessation Event" under the ISDA Definitions as published by ISDA;

**"SOFR"** means the rate determined in accordance with the following provisions:

- a. the Secured Overnight Financing Rate that appears on the FRBNY's website at 5:00 p.m. (New York time) on a U.S. Government Securities Business Day;
- b. if the rate specified in (a) above does not so appear, and a SOFR Index Cessation Date has not occurred, then the Agent shall use the Secured Overnight Financing Rate published on the FRBNY's website for the first preceding U.S. Government Securities Business Day on which the Secured Overnight Financing Rate was published on the FRBNY's website;
- c. if a SOFR Index Cessation Date has occurred, the Agent shall calculate SOFR as if references to SOFR were references to the rate that was recommended as (and notified by the Issuer to the Agent) as being the replacement for the Secured Overnight Financing Rate by the Federal Reserve and/or the FRBNY or a committee officially endorsed or convened by the Federal Reserve and/or the FRBNY for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank or other designated administrator, and which rate may include any adjustments or spreads). If no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Date, then the rate for any such U.S. Government Securities Business Day falling on or after the SOFR Index Cessation Date will be determined as if (i) references to the Secured

Overnight Financing Rate were references to the Overnight Bank Funding Rate (published on the FRBNY's website at or around 5:00 p.m. (New York time) on the relevant New York City Banking Day); (ii) references to U.S. Government Securities Business Day were references to New York City Banking Day, (iii) references to SOFR Index Cessation Event were references to the OBFR Index Cessation Event and (iv) references to SOFR Index Cessation Date were references to OBFR Index Cessation Date; and

- d. if the Agent is required to use the Overnight Bank Funding Rate in paragraph (a) above and an OBFR Index Cessation Date has occurred, then for any Interest Payment Date after such OBFR Index Cessation Date, the Agent shall use the short-term interest rate target set by the Federal Open Market Committee and published on the Federal Reserve's website, or if the Federal Open Market Committee does not target a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve's website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range);

**"SOFR Index Cessation Date"** means following the occurrence of a SOFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used, in each case as certified in writing by the Issuer to the Agent;

**"SOFR Index Cessation Event"** means the occurrence of one or more of the following events:

- a. a public statement by the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate;
- b. the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or
- c. a public statement by a regulator or other official sector entity prohibiting the use of the Secured Overnight Financing Rate that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as an "SOFR Index Cessation Event" under the ISDA Definitions as published by ISDA; and

**"U.S. Government Securities Business Day"** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

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 Covered Bonds become due and payable in accordance with Condition 10, shall be the date on which such Covered Bonds become due and payable).

If the relevant Covered Bonds become due and payable in accordance with Condition 10, 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 Condition 6(d).

(e) *Screen Rate Determination for Floating Rate Covered Bonds referencing Weighted Average SOFR*

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 Floating Rate Covered Bonds is specified in the applicable Final Terms as being "Weighted Average SOFR", the Rate of Interest for an Interest Accrual Period will, subject as provided in Condition 6(c), be Weighted Average SOFR with respect to such Interest Accrual Period plus or minus (as specified in the applicable Final Terms) the applicable Margin.

**"Weighted Average SOFR"** means, in relation to any Interest Accrual Period, the arithmetic mean of "SOFR<sub>i</sub>" in effect during such Interest Accrual Period and will be calculated by the Agent on each 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:

$$\left[ \frac{\sum_{i=1}^{d_o} \text{SOFR}_i \times n}{d} \right] \times \frac{360}{d}$$

where: "**d**", "**d<sub>o</sub>**", "**i**" and "**p**" have the meanings set out under Condition 6.(b)(ii)(c);

**"n<sub>i</sub>"** means, for any U.S. Government Securities Business Day the number of calendar days from and including such U.S. Government Securities Business Day up to but excluding the following U.S. Government Securities Business Day; and

**"SOFR<sub>i</sub>"** means, for any U.S. Government Securities Business Day i:

- a. where in the applicable Final Terms "Lag" is specified as the Observation Method, the SOFR in respect of the U.S. Government Securities Business Day i falling p U.S. Government Securities Business Days prior to such day;
- b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method, during each relevant Interest Period, the SOFR determined in accordance with paragraph (a) above, except that in respect of each U.S. Government Securities Business Day i falling on or after the "Lock-out date" specified in the applicable Final Terms (or, where no "Lock-out date" is specified, five U.S. Government Securities Business Days prior to each relevant Interest Payment Date) until the end of each relevant Interest Period, the SOFR determined in accordance with paragraph (a) above in respect of such "Lock-out date"; or
- c. where in the applicable Final Terms "Shift" is specified as the Observation Method, the SOFR on the U.S. Government Securities Business Day i.

(f) *Screen Rate Determination for Floating Rate Covered Bonds referencing SONIA*

- (1) 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 SONIA", the Rate of Interest for an Interest Accrual Period will, subject as provided in Condition 6(c), be Compounded Daily SONIA with respect to such Interest Accrual Period plus or minus (as specified in the applicable Final Terms) the applicable Margin.

**"Compounded Daily SONIA"** 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 Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the 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:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant Observation Period;

"**d<sub>o</sub>**" is (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) for any Interest Accrual Period, the number of London Banking Days in the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) for any Observation Period, the number of London Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to "**d<sub>o</sub>**", each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day (where in the applicable Final Terms "Lag" or "Lock-out" is specified as the Observation Method) in the relevant Interest Accrual Period to, and including, the last London Banking Day in the relevant Interest Accrual Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) in relevant the Observation Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**", for any London Banking Day "**i**", means the number of calendar days from and including such London Banking Day "**i**" up to but excluding the following London Banking Day;

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

"**p**" means:

- a. the whole number of London Banking Days included in the Observation Look-back Period, as specified in the applicable Final Terms, being no less than five London Banking Days;
- b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method, zero;

"**SONIA<sub>i-pLBD</sub>**" means:

- a. where in the applicable Final Terms "Lag" is specified as the Observation Method, in respect of any London Banking Day "**i**" falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling "**p**" London Banking Days prior to the relevant London Banking Day "**i**"; or
- b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method, during each relevant Interest Accrual Period, the SONIA reference rate determined in accordance with paragraph (1) above, except that in respect of each London Banking Day **i** falling on or after the "Lock-out date" specified in the applicable Final Terms (or, where no "Lock-out date" is specified, five London Banking Days prior to each relevant Interest Payment Date) until the end of each relevant Interest Accrual Period, the SONIA reference rate determined in accordance with paragraph (1) above in respect of such "Lock-out date"; or

- c. where in the applicable Final Terms "Shift" is specified as the Observation Method, SONIA<sub>i</sub>, where SONIA<sub>i</sub> is, in respect of any London Banking Day "i" falling in the relevant Observation Period, the SONIA reference rate for such day; and

the "**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day).

- (2) If, subject to Condition 6(c), in respect of any London Banking Day in the relevant Observation Period, the Agent determines that the applicable SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, the SONIA reference rate in respect of such London Banking Day shall be: (i) the BoE's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) or (iii) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).
- (3) Where the SONIA reference rate is being determined in accordance with Condition 5(b)(f)(2), if the BoE publishes guidance as to (i) how the SONIA reference rate is to be determined; or (ii) any rate that is to replace the SONIA reference rate, the Agent shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA reference rate for any London Banking Day "i" for the purpose of the relevant Series of Covered Bonds for so long as the SONIA reference rate is not available or has not been published by the authorised distributors.

To the extent that any amendments or modifications to the Conditions or the Agency Agreement are required in order for the Agent to follow such guidance in order to determine SONIA, the Agent shall have no obligation to act until such amendments or modifications have been made in accordance with the Conditions and the Agency Agreement.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent, subject to Condition 6(c), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though 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 or Minimum Rate of Interest relating to the relevant Interest Accrual Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that 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).

- (4) If the provisions of this Condition 5(b)(ii)(f) fail to provide a means of determining the Rate of Interest, Condition 5(c) (*Replacement Reference Rate*) shall apply.

- (5) 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 18, 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 18, 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 Condition 6(d).

(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, which may not be less than zero.

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 relevant Specified Currency, 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.

"**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; and
- (iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360. 
$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

360

(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), 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, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Replacement Reference Rate*

Notwithstanding the provisions above in this Condition 5, if the Principal Paying Agent or the Issuer determines at any time prior to, on or following any Interest Determination Date, that a Benchmark Event has occurred, the Issuer may (after using reasonable endeavours to appoint and consult with an Independent Adviser) determine in its sole discretion, acting in good faith and in a commercially reasonable manner, 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 or that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency.

Without prejudice to the foregoing, if the Reference Rate is EURIBOR, the Issuer is expected to first explore the option of selecting €STR or a term rate based on €STR as the Replacement Reference Rate (as defined below).

If the Issuer 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 Issuer will, following consultation with the Independent Adviser (if appointed), also determine changes (if any) to the Business Day Convention, the definition of Business Day, the Interest Determination Date, the Day Count Fraction, any method for calculating the Replacement Reference Rate, including any Adjustment Spread, in each case in a manner that is consistent with any industry-accepted practices for such Replacement Reference Rate, and any (further) amendments to the Terms and Conditions of the Covered Bonds and/or the Agency Agreement that are necessary to ensure the proper operation of the foregoing; (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); and (C) the Issuer will give notice of the foregoing as soon as reasonably practicable to the Covered Bondholders (in accordance

with Condition 14 (*Notices*)), the Principal Paying Agent, the CBC and the Security Trustee specifying the Replacement Reference Rate, as well as the details described in (A) above.

The Principal Paying Agent will remain the party responsible for calculating the Rate of Interest and the Interest Amount by making use of the Replacement Reference Rate and the other matters referred to above.

The determination of the Replacement Reference Rate and the other matters referred to above by the Issuer will be final and binding on the Principal Paying Agent, the CBC, the Security Trustee and the Covered Bondholders. If the Issuer is unable to or otherwise does not determine a Replacement Reference Rate or any of the other matters referred to above, then the Reference Rate will remain unchanged (but subject to the other provisions of Condition 5(b)(ii)).

As used in this Condition 5(c) (*Replacement Reference Rate*):

**"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 (following consultation with the Independent Adviser (if appointed)) 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 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, following consultation with the Independent Adviser (if appointed) and 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, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines to be appropriate.

**"Benchmark Event"** means:

- (a) the Reference Rate ceases to be an industry accepted rate for debt market instruments (as determined by the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith) such as, or comparable to, the Covered Bonds; or
- (b) it has become unlawful or otherwise prohibited (including, without limitation for the Principal Paying Agent) 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 or otherwise make use of the Reference Rate with respect to the Covered Bonds; or
- (c) the Reference Rate ceasing to be published for a period of at least five (5) Business Days or ceasing to exist; or
- (d) a public statement by the administrator of the Reference Rate that it will, by a specified date within the following six (6) months, cease to publish the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Reference Rate); or
- (e) a public statement by the administrator of the Reference Rate that the Reference Rate has been or will, by a specified date within the following six (6) months, be permanently or indefinitely discontinued; or
- (f) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six (6) months.



**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise as reasonably determined by the Issuer in its sole discretion.

(d) *Accrual of interest*

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

## 6. PAYMENTS

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro and U.S. Dollars will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6, means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or the Paying Agent are subject and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Revenue Code or otherwise imposed pursuant to sections 1471 through 1474 of the Revenue Code, any regulations thereunder, any official interpretations thereof, any intergovernmental agreement with respect thereto or any law implementing, or relating to, an intergovernmental agreement and, in each case, no additional amounts will be paid with respect to any Taxes except as specifically provided under the provisions of Condition 8 (*Taxation*) and (ii) any FATCA Withholding.

References to Specified Currency will include any successor currency under applicable law.

(b) *Presentation of Definitive Covered Bonds and Coupons*

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

Payments of instalments of principal (if any) on the Covered Bonds, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Covered Bonds. Each Receipt must be presented for payment of the relevant instalment together with the definitive Covered Bond to which it appertains. Receipts presented without the definitive Covered Bonds to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Covered Bond becomes due and repayable,

unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Covered Bonds in definitive form (other than Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmaturing 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 unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing 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 (5) 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 unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive form becomes due and repayable in whole, unmaturing 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 unmaturing Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A "**Long Maturity Covered Bond**" is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond.

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

(c) *Payments in respect of Global Covered Bonds*

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the CBC, adverse tax consequences to the Issuer or the CBC.

(e) *Payment Day*

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 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, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the 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 of this Series; 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(d) (*Redemption at the option of the Covered*

*Bondholders (Investor Put)*) 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) days' notice, or such other period of notice as specified in the applicable Final Terms, 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, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, provided that no Issuer Event of Default has occurred and is continuing.

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, or such other period of notice as specified in the applicable Final Terms, 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, or determined in the manner 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 ("**Minimum Redemption Amount**") and not more than the maximum redemption amount ("**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 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 Relevant 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. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Relevant Documents be deemed to be one 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.

(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 (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows (each, the relevant "**Early Redemption Amount**"):

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") 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) [*Intentionally left blank*]

(g) *Purchases*

The Issuer, the CBC and/or any member of the group formed by de Volksbank N.V. and its subsidiaries (*dochtermaatschappijen*) (the "**de Volksbank Group**") may at any time purchase Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Covered Bondholders alike. Covered Bonds purchased in accordance with this Condition 7(g) (*Purchases*) may be held, reissued, resold or, at the option of the Issuer or the CBC and/or such member of the de Volksbank Group, surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

All Bearer Covered Bonds which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Bearer Covered Bonds so cancelled and any Bearer Covered Bonds purchased and cancelled pursuant to paragraph (g) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(i) *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:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) 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*).

(j) *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(j) (*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.

(k) *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 or on behalf of the Issuer will be made without withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable by the Issuer with respect to any Covered Bond or Coupon presented for payment:

- (i) outside the Netherlands; or
- (ii) by, or by a third party on behalf of, a holder of a Bearer Covered Bond who is liable to such taxes or duties in respect of such Covered Bond or Coupon by reason of having some connection with the Netherlands other than the mere holding of such Bearer Covered Bond or Coupon; or
- (iii) more than thirty (30) days after the Relevant Date, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty (30) days; or
- (iv) in respect of any Series of Covered Bonds of which agreement is reached to issue the first Tranche of such Series on or after 1 January 2021, in respect of any withholding or deduction required 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 present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the CBC shall make the required withholding or deduction of such taxes or duties for the account of the holder of Covered Bonds, as the case may be. Any amounts withheld or deducted 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 in respect of any amounts so withheld or deducted.

As used herein:

**"Relevant Date"** in relation to a payment means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Security Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 14 (*Notices*); and

**"Tax Jurisdiction"** means the 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 may be subject to any FATCA Withholding. Any FATCA Withholding will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid by the Issuer or the CBC on the Covered Bonds with respect to any FATCA Withholding.

## 9. PRESCRIPTION

The Covered Bonds and Coupons will become void unless presented for payment within a period of five (5) 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).

## 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 Relevant 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 holders of the Covered Bonds or which has been effected in compliance with the terms of Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*)); or
- (iv) a liquidator, receiver or other similar officer is appointed in relation to the Issuer or in relation to the whole of its assets; or the Issuer initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or equivalent or analogous proceedings under any applicable law, or shall make a conveyance, assignment or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (v) the Issuer is adjudged or found bankrupt (*failliet*) or 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 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 GIC Accounts 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 GIC Accounts. Any Excess Proceeds received by the Security Trustee shall discharge the obligations of the Issuer in respect of the Covered Bonds, Receipts 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 Relevant 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 on the CBC,

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.

In these Terms and 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 December 2007 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 28<sup>th</sup> calendar day of each month or, if such day is not a business day, the next following business day unless it would thereby fall into the next calendar month, in which event such CBC Payment Date shall be brought forward to the immediately preceding business day.

**"Distribution Compliance Period"** has the meaning given to that term in Regulation S under the Securities Act.

(c) *Enforcement*

The Security Trustee may at any time after service of an Issuer Acceleration Notice (in the case of the Issuer) or a CBC Acceleration Notice (in the case of both the Issuer and the CBC), at its discretion and without further notice, take such proceedings in accordance with the relevant provisions under Dutch law against the Issuer and/or the CBC, as the case may be, to enforce the provisions of the Trust Deed, the Covered Bonds, Receipts and the Coupons, the Pledge Agreements and any other security rights of the Security Trustee on the Transferred Assets (if any) (the **"Security"**) and the other Relevant Documents, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds, Receipts or the Coupons, the Security or any other Relevant 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 Relevant 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 Relevant 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 Relevant 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 Relevant 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, Receipts 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, Receipts or Coupons, then the Covered Bondholders, Receiptholders 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, Receipt, 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:

- (i) there will at all times be a Principal Paying Agent;
- (ii) as long as any Registered Covered Bonds are outstanding, there will at all times be a Registrar; and
- (iii) 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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(d) (*General provisions applicable to payments*). 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 (i) if and for so long as the Covered Bonds are listed on the Luxembourg Stock Exchange in a leading daily newspaper having general circulation in Luxembourg, or the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (ii) 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 other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system. It is expected that such publication in a daily newspaper will be made in the *Luxemburger Wort* (in the case of (ii) above). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made or on the date of publication on the website of the Luxembourg Stock Exchange.

Until such time as any definitive Covered Bonds are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the global Covered Bond(s) is or are held in its or their entirety with a depository or a common depository or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or with Euroclear Nederland, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or Euroclear Nederland and/or any other relevant clearing system for communication by them to the holders of the Covered Bonds. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the seventh 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, except that, for so long as such Covered Bonds are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent through Euroclear, Clearstream, Luxembourg and/or Euroclear Nederland, as the case may be, in such manner as the Principal Paying Agent and Euroclear, Clearstream, Luxembourg and/or Euroclear Nederland, as the case may be, may approve for this purpose.

#### **15. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION AND WAIVER**

The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds of such Series or the related Coupons or of any of the Relevant 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 is: (i) one or more persons holding or representing not less than fifty (50) 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; (ii) at any meeting the business of which includes the modification of certain provisions of the Covered Bonds of a

Series, the related Coupons or the Trust Deed (including a reduction or cancellation of the amount payable in respect of such Covered Bonds, the alteration of the currency in which payments under such Covered Bonds are to be made, the alteration of the majority required to pass an Extraordinary Resolution, any amendment to the Guarantee or the Security (except in a manner determined by the Security Trustee not to be materially prejudicial to the interests of the Covered Bondholders of any Series) or the sanction of any scheme or proposal for the exchange of such Covered Bonds in respect of such Series (each, a "**Series Reserved Matter**" all as more particularly set out in the Trust Deed)): one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series. Pursuant to the Trust Deed, the Security Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Security Trustee there is no conflict between the holders of such Covered Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

Notwithstanding the preceding paragraphs of this Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*), any resolution to direct the Security Trustee (i) to accelerate the Covered Bonds pursuant to Condition 10 (*Events of Default and Enforcement*); (ii) to take any enforcement action, or (iii) to remove or replace the Security Trustee's Director shall only be capable of being passed by a Programme Resolution. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the CBC or the Security Trustee or by Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the 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.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in euro, the aggregate Principal Amount Outstanding of the Covered Bonds of any Series not denominated in euro shall be converted into euro at the relevant Structured Swap Rate.

The Security Trustee, the Issuer and the CBC may also agree, without the consent of the Covered Bondholders or Couponholders of any Series (and for this purpose the Security Trustee may disregard whether any such modification relates to a Series Reserved Matter), to:

- (a) any modification of the Covered Bonds of one or more Series, the related Coupons or any Relevant 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) and (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid); or
- (b) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Relevant 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 obligations under EMIR or to comply with mandatory provisions of law;
- (c) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Relevant Document which is required under the Benchmarks Regulation or which is a result of the determination of the Replacement Reference Rate or which is necessary pursuant to the occurrence of an €STR Index Cessation Effective Date or a SOFR Index Cessation Date;
- (d) a replacement of a relevant counterparty provided that it has the minimum credit rating required for

- such role (if any); and
- (e) any modification to the Covered Bonds of one or more Series, the related Coupons, and/or any Relevant Documents, required or necessary in connection with any change, after the relevant Issue Date, to any laws or regulation (including but not limited to the laws and regulations of the Netherlands and the European Union) applicable or relevant with respect to covered bonds (*gedekte obligaties*) to ensure that the Issuer, the CBC and/or Covered Bondholders enjoy the full benefits of such legislation, provided that in the sole opinion of the Security Trustee such modification is not materially prejudicial to interest of any of the Covered Bondholders or any of the other Secured Parties,

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

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 Relevant 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 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).

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 will be notified by the Issuer to the Covered Bondholders of all Series for the time being outstanding, the other Secured Parties and the Rating Agencies in accordance with the relevant terms and conditions as soon as practicable thereafter.

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Security Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Security Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the CBC, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 8 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Security Trustee shall, as regards all the powers, authorities, duties and discretions vested in it by the Covered Bonds or the other Relevant Documents or, except where expressly provided otherwise, have regard to the interests of both the Covered Bondholders and the other Secured Parties.

The Issuer may, without the consent of the holders of the Covered Bonds of any Series or any Coupons relating thereto, or any other Secured Party consolidate with, merge or amalgamate into or transfer their respective assets substantially as an entirety to, any corporation organised under Dutch law, or any political subdivision thereof, provided that (i) a certificate of two authorised signatories of the Issuer and the CBC is delivered to the Security Trustee to the effect that immediately after giving effect to such transaction no Issuer Event of Default and no CBC Event of Default, respectively, will have happened and be continuing and (ii) unless the Issuer is the surviving entity, the Issuer shall procure that the surviving or transferee company assumes its obligations as Issuer under the Trust Deed, each other Relevant 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 Relevant Documents. Any such assumption shall be subject to the relevant provisions of the Trust Deed. The Trust Deed provides that any such assumption shall be notified to the holders of all Series in accordance with the relevant terms and conditions of such Covered Bonds and the other Secured Parties.

For the purposes hereof:

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

**"Programme Resolution"** means either:

- (a) a written resolution of the holders of not less than twenty-five (25) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding as if they were a single Series; or
- (b) an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series), in each case with the aggregate Principal Amount Outstanding of Covered Bonds not denominated in euro being converted into euro at the relevant Structured Swap Rate.

**"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 Relevant Documents of their respective obligations under the Relevant 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 Relevant Documents under the Relevant Documents; (iii) monitoring the Transferred Assets, including, without limitation, whether the Transferred Assets are in compliance with the Asset Cover Test, any Portfolio Test or the Amortisation Test; or (iv) monitoring whether Mortgage Receivables 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 and the Relevant Documents.

## 17. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may, with the consent of the Covered Bondholders or Couponholders which will be deemed to have been given in respect of each issue of Covered Bonds on which no payment of principal or of 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 Receipts and Coupons provided that:



- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Covered Bondholder and Couponholder to be bound by the Terms and Conditions of the Covered Bonds and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Covered Bonds, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Covered Bonds and the relevant Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Covered Bondholder and each holder of the relative Receipts and 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 Receipts and 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 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, Receipts 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 Security Trustee; and
- (vii) the Issuer shall have delivered to the Security Trustee or procured the delivery to the Security Trustee of a legal opinion from a Dutch law firm to the effect that the Documents (including the 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 Security Trustee.

- (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 Receipts and 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 Receipts and Coupons as the principal debtor in place of the Issuer and the Covered Bonds and the relative Receipts and 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 Receipts and Coupons save that any claims under the Covered Bonds and the relative Receipts and 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 Security Trustee and 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 Receipts and 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 Receipts and 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 Relevant Documents (except for the Swap Agreements, which are governed by English law) are governed by, and shall be construed in accordance with Dutch law.

The Issuer and the CBC submit for the exclusive benefit of the Covered Bondholders, the Receiptholders and the Couponholders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer and the CBC further irrevocably agree that any suit, action or proceedings arising out of or in connection with the Covered Bonds and the Relevant Documents may be brought in any other court of competent jurisdiction.

## **20. TERMS AND CONDITIONS OF REGISTERED COVERED BONDS**

- 20.1 If the applicable Final Terms specify that Registered Covered Bonds are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Conditions 1 to and including 19 above. In the event of any inconsistency between Conditions 1 to and including 19 and this Condition 20,

this Condition 20 will prevail with regard to Registered Covered Bonds.

- 20.2 Registered Covered Bonds are registered claims (*vorderingen op naam*) which will be issued to each holder by a Registered Covered Bonds Deed. The holder of a Registered Covered Bond is the creditor of the relevant registered claim and "**Covered Bondholder**" shall be construed accordingly, provided that if the provision at the end of Condition 20.3 applies, the transferee shall, from the moment the transfer takes effect be treated as a Covered Bondholder for all purposes, without prejudice to any entitlement of the transferor pursuant to Condition 20.5.
- 20.3 Under Dutch law, the valid transfer of Covered Bonds requires, among other things, delivery (*levering*) thereof, which in the case of Registered Covered Bonds is effected by assignment (*cessie*) of both the rights under the Registered Covered Bonds and the corresponding rights under the Guarantee by execution of a deed of assignment (*akte*) between the transferor and the transferee and notification (*mededeling*) thereof to the Issuer and the CBC. 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 opening of business on the second business day falling prior to the due date of such payments. If any Registered Covered Bondholder transfers any Registered Covered Bonds in accordance with Condition 20.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the close of business on the business day before the due date for payment (the "**Record Date**"), the Issuer, the CBC and the Security Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the close of business on the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Security Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with this Condition.
- 20.6 Notices to holders of Registered Covered Bonds shall be mailed or faxed to them at their respective addresses as recorded in the Register and shall be deemed to have been given on the fourth business day (being a day other than a Saturday or a Sunday) following the date of mailing or faxing.

## TAXATION IN THE NETHERLANDS

### 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 or other jurisdictions where the Covered Bonds are transferred. 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 and 2023) 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 with the main purpose or one of the main purposes of avoiding 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 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 direct 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) Covered Bondholders who are individuals 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 realized on the disposal or deemed disposal of the Covered Bonds is subject to Dutch corporate income tax at a rate of 15 per cent. for 2022 (19 per cent. for 2023) with respect to taxable profits up to EUR 395,000 for 2022 (EUR 200,000 for 2023) and 25.8 per cent. (for 2022 and 2023) with respect to taxable profits in excess of that amount.

### *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 realized 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 and 2023), 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 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 deemed return on the Dutch Resident Individual's net investment assets for the year is taxed at a flat rate of 32 per cent. (rate for 2023). Actual income or capital gains realized in respect of the Covered Bonds are as such not subject to Dutch income tax.

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.

The annual taxable benefit from a Dutch Resident Individual's assets and liabilities taxed under this regime, including the Covered Bonds, is based on the actual allocation of the Dutch Resident Individual's assets and liabilities over the following three categories: (i) bank savings, (ii) other investments, including the Covered Bonds, and (iii) liabilities. The tax is calculated as follows:

- (i) a deemed return on the fair market value of the actual amount of bank savings; *plus*
- (ii) a deemed return on the fair market value of the actual amount of other investments, including the Covered Bonds; *minus*
- (iii) a deemed return on the fair market value of the actual amount of liabilities.

The statutory threshold is divided pro-rata over the three assets and liabilities categories mentioned above. At the date hereof, the deemed return under (i) to (iii) above have not yet been determined for the year 2023. The definitive percentages for the year 2023 will be published in the first months of 2024. Transactions in the 3-month period before and after 1 January implemented to arbitrate between the deemed return percentages applicable to bank savings, other investments and liabilities will for this purpose be ignored if the holder of Covered Bonds cannot sufficiently demonstrate that such transactions are implemented for other than tax reasons.

### *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 realized 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 gift or inheritance taxes will arise in the Netherlands with respect to 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 of 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; or
- (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 in 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 documentation taxes (commonly referred to as stamp duties) 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 Dealer(s) have, in a Programme Agreement, agreed with the Issuer, the CBC and the Originator a basis upon which such Dealer(s) 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 in section 0 (*Covered Bonds*) under '*Form of Covered Bonds*'. In the Programme Agreement, the Issuer has agreed to reimburse the Dealer(s) 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 European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, 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
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

### United Kingdom

#### *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:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (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 (the "**EUWA**"); or
  - (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; and
- (b) 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 in case of the Issuer, would not, if it was not an authorised



- person, apply to the Issuer or the Guarantor; 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.

### **Republic of Italy**

The offering of the Covered Bonds has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, the Dealer(s) have represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, save as set out below, it has not offered or sold, and will not offer or sell, any Covered Bonds in the Republic of Italy in an offer to the public and that sales of the Covered Bonds in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each of the Dealer(s) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Covered Bonds or distribute copies of this Base Prospectus and any other document relating to the Covered Bonds in the Republic of Italy other than:

- (i) to "qualified investors", as defined in the Prospectus Regulation and any application provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Italian CONSOB regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

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 the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

### *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 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), 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 U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the US IR Code 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, within the United States or to, or for the account or benefit of, US persons. 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 Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the 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 (as amended, Act No. 25 of 1948; 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 (as amended, Act No. 228 of 1949)) 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.

#### **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 under the Programme will be required to agree, that it has complied with and will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any country or jurisdiction in or from which it purchases, offers 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, the CBC, the Security Trustee nor any other Dealer shall have any responsibility therefore.

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.

## 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 Fitch and Moody's). 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.

### Fitch Credit Rating Definitions

*The following text is an extract from Fitch Rating, Rating Definitions as published by Fitch on 21 March 2022.*

#### Description Fitch Credit Rating

Ratings of structured finance obligations on the long-term scale consider the obligations' relative vulnerability to default. These ratings are typically assigned to an individual security or tranche in a transaction and not to an issuer.

#### AAA: Highest Credit Quality

'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

#### AA: Very High Credit Quality

'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

#### A: High Credit Quality

'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

#### BBB: Good Credit Quality

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

#### BB: Speculative

'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

#### B: Highly Speculative

'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

#### CCC: Substantial Credit Risk

Very low margin for safety. Default is a real possibility.

#### CC: Very High Levels of Credit Risk

Default of some kind appears probable.

#### C: Exceptionally High Levels of Credit Risk

Default appears imminent or inevitable.

#### D: Default

Indicates a default. Default generally is defined as one of the following:

- failure to make payment of principal and/or interest under the contractual terms of the rated obligation;
- bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or
- distressed exchange of an obligation, where creditors were offered securities with diminished structural

or economic terms compared with the existing obligation to avoid a probable payment default.

### **Structured Finance Defaults**

Imminent default, categorized under 'C', typically refers to the occasion where a payment default has been intimated by the issuer and is all but inevitable. This may, for example, be where an issuer has missed a scheduled payment but (as is typical) has a grace period during which it may cure the payment default. Another alternative would be where an issuer has formally announced a distressed debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

Additionally, in structured finance transactions, where analysis indicates that an instrument is irrevocably impaired such that it is not expected to pay interest and/or principal in full in accordance with the terms of the obligation's documentation during the life of the transaction, but where no payment default in accordance with the terms of the documentation is imminent, the obligation will typically be rated in the 'C' category.

### **Structured Finance Write-downs**

Where an instrument has experienced an involuntary and, in the agency's opinion, irreversible write-down of principal (i.e. other than through amortization, and resulting in a loss to the investor), a credit rating of 'D' will be assigned to the instrument. Where the agency believes the write-down may prove to be temporary (and the loss may be written up again in future if and when performance improves), then a credit rating of 'C' will typically be assigned. Should the write-down then later be reversed, the credit rating will be raised to an appropriate level for that instrument. Should the write-down later be deemed as irreversible, the credit rating will be lowered to 'D'.

### **Notes:**

*In the case of structured finance, while the ratings do not address the loss severity given default of the rated liability, loss severity assumptions on the underlying assets are nonetheless typically included as part of the analysis. Loss severity assumptions are used to derive pool cash flows available to service the rated liability.*

The suffix 'sf' denotes an issue that is a structured finance transaction.

## Moody's Credit Rating Definitions

*The following text is an extract from the Moody's report 'Rating Symbols and Definitions' as published by Moody's on 3 October 2022.*

### Moody's Global Rating Scales

Ratings assigned on Moody's global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Moody's defines credit risk as the risk that an entity may not meet its contractual financial obligations as they come due and any estimated financial loss in the event of default or impairment. The contractual financial obligations addressed by Moody's ratings are those that call for, without regard to enforceability, the payment of an ascertainable amount, which may vary based upon standard sources of variation (e.g., floating interest rates), by an ascertainable date. Moody's rating addresses the issuer's ability to obtain cash sufficient to service the obligation, and its willingness to pay. Moody's ratings do not address non-standard sources of variation in the amount of the principal obligation (e.g., equity indexed), absent an express statement to the contrary in a press release accompanying an initial rating. Long-term ratings are assigned to issuers or obligations with an original maturity of eleven months or more and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. Moody's issues ratings at the issuer level and instrument level on both the long-term scale and the short-term scale. Typically, ratings are made publicly available although private and unpublished ratings may also be assigned.

Moody's differentiates structured finance ratings from fundamental ratings (i.e., ratings on nonfinancial corporate, financial institution, and public sector entities) on the global long-term scale by adding (sf) to all structured finance ratings. The addition of (sf) to structured finance ratings should eliminate any presumption that such ratings and fundamental ratings at the same letter grade level will behave the same. The (sf) indicator for structured finance security ratings indicates that otherwise similarly rated structured finance and fundamental securities may have different risk characteristics. Through its current methodologies, however, Moody's aspires to achieve broad expected equivalence in structured finance and fundamental rating performance when measured over a long period of time.

### Long-Term Rating Scale

#### Aaa

Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

#### Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

#### A

Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

#### Baa

Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

#### Ba

Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

#### B

Obligations rated B are considered speculative and are subject to high credit risk.

#### Caa

Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

## **Ca**

Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

## **C**

Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.\*

Note: For more information on long-term ratings assigned to obligations in default, please see the definition "Long-Term Credit Ratings for Defaulted or Impaired Securities" in the Other Definitions section of this publication.

*\* By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.*

## **Short-Term Rating Scale**

**P-1:** Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

**P-2:** Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

**P-3:** Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

**NP:** Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

## **Long-Term and Short-Term Obligation Ratings**

Moody's assigns ratings to long-term and short-term financial obligations. Long-term ratings are assigned to issuers or obligations with an original maturity of eleven months or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.

For further information regarding Rating Symbols and Definitions, please refer to the Moody's report 'Rating Symbols and Definitions'.

## COVERED BOND REGULATIONS

### Description of the Dutch Covered Bond Regulations

The new Dutch covered bonds legislation effective as of 8 July 2022 is based on and implements the Covered Bond Directive in the Netherlands and replaces the former Dutch covered bonds regulations which were applicable as of 1 January 2015. The new Dutch covered bonds legislation which implements the Covered Bond Directive is set out in the CB Regulations. The impact of the differences between the CB Regulations and the former Dutch covered bonds legislation is considered to be relatively limited for Dutch banks issuing covered bonds and their related covered bond programmes.

The CB Regulations apply to covered bonds which are issued by a licensed bank in the Netherlands and are secured by cover assets within the meaning of the CB Regulations. Dutch banks cannot issue covered bonds without the approval of DNB. DNB has published on its website a list including all Dutch banks which may issue covered bonds under their covered bond programme(s) and a list including all covered bonds with the 'European Covered Bond (Premium)' label. The issuance of a covered bond and the legal transfer of cover assets, like any other issuance of debt instruments and legal transfer of assets, are further subject to the provisions of the Dutch Civil Code and the Dutch Bankruptcy Code (*Faillissementswet*).

The CB Regulations include various requirements relating to issuers, dual recourse, asset segregation, owners of the asset pool, pool monitoring, eligible assets and the contractual arrangements made in respect of such assets. The CB Regulations also require sufficient cover assets to be available for holders of covered bonds and prescribe that the payment obligations under the covered bonds are not subject to automatic acceleration upon the insolvency of the issuer.

Certain aspects of the CB Regulations are further summarised below.

#### *Asset segregation*

The CB Regulations require an issuer of covered bonds to ensure that cover assets forming part of the relevant covered bonds programme are segregated from the issuer whereby principal and interest proceeds deriving from such cover assets will be available in priority to holders of covered bonds and other creditors under the relevant covered bonds programme, (Article 40e of the Decree). Under the Programme, the Issuer has and will from time to time transfer Eligible Assets to the CBC enabling the CBC to issue the Guarantee in respect of the Covered Bonds issued by the Issuer under the Programme. The CBC will make payments to the Covered Bondholders and its other creditors in accordance with the Post Issuer Acceleration Notice Priority of Payments as described in more detail in section 17 (*Cash Flows*).

#### *Eligible assets*

Under the CB Regulations covered bonds may only be secured by assets that are eligible pursuant to Article 129 CRR to secure covered bonds. Other assets that on the basis of the Covered Bond Directive may be eligible to secure covered bonds, are currently not allowed under the CB Regulations.

Article 40f of the Decree requires that at least 80 per cent. of the cover pool shall include one of the cover assets set out in Article 129(1)(a)-(g) CRR as primary assets. Up to 20 per cent. of the cover pool may include one or more of the other cover assets set out in Article 129(1)(a)-(g) CRR. The value of the cover assets is calculated at nominal value, taking into account the restrictions set out in Article 129(1)-(3) CRR. The Eligibility Criteria require that the Issuer only includes loans secured by residential property as primary assets and the definition of Substitution Assets complies with the CB Regulations.

Article 40h of the Decree requires that, if an issuer uses tangible assets to collateralise eligible cover assets as set out in Article 129(1)(d)-(g) CRR, it shall ensure compliance with Article 208 CRR and that these tangible assets are valued at or below market or mortgage value as set out in Article 4(1)(76) or (74) CRR and the valuation thereof has been done by a valuation agent which complies with Article 6(5)(b) and (c) of the Covered Bond Directive (whereby some further context on these requirements has been set out in the explanatory notes accompanying the CB Regulations).

#### *Coverage requirements*

Article 40g of the Decree requires that the nominal value of the claims for payment attached to the cover assets held by the CBC is at least equal to the nominal value of the liabilities under the covered bonds, which liabilities



include at least the interest and principal payment obligations under outstanding covered bonds, any payment obligations attached to derivative contracts and the expected costs related to maintenance and administration for the winding-down of the covered bond programme. A lump sum calculation is allowed for the calculation of the expected costs for an amount equal to the higher of (a) 4 basis points of the aggregate nominal value of the outstanding covered bonds and (b) EUR 400,000.

In addition, the nominal value of the eligible cover assets must be at least equal to the nominal value of the outstanding covered bonds with a minimum level of overcollateralisation of 5 per cent. This means that the nominal value of the eligible cover assets must be 105 per cent. of the aggregate nominal value of the outstanding covered bonds under the relevant covered bond programme. The cover assets that contribute to the 5 per cent. overcollateralisation are subject to the restrictions set out in Article 129(1)-(3) CRR like other eligible cover assets (provided that with respect to the cover assets contributing to the 5 per cent. overcollateralisation the limitations on the size of the exposures as set out in Article 129(1a) (Article 129 *bis* of the CRR in the Dutch translation) of the CRR do not apply, see Article 40g subsection 6 of the Decree).

As part of the Programme, the Issuer undertakes that as part of the Asset Cover Test and the Amortisation Test it will meet the requirements pursuant to the CB Regulations in respect of the collateralisation (and overcollateralisation) of the Covered Bonds, including, that (i) the First Regulatory Current Balance Amount is 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 immediately preceding calendar month, as applicable, all as calculated on the immediately succeeding Calculation Date and (ii) the Second Regulatory Current Balance Amount is 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 nominal value of the obligations under the Covered Bonds, which include repayment of principal, payment of interest, payment obligations under derivative contracts and expected costs related to maintenance and administration for the winding-down of the Programme, at the end of such calendar month or immediately preceding calendar month, as applicable, all as calculated on the immediately succeeding Calculation Date, (see section 15 (*Asset Monitoring*)).

#### *Liquidity buffer*

Article 40k of the Decree requires the issuer of covered bonds to ensure that the cover pool at all times includes a liquidity buffer to cover the net liquidity outflow of the relevant covered bond programme. The liquidity buffer shall cover a maximum cumulative net liquidity outflow over the next 180 day-period and shall take into account all payment outflows falling due on a day, including principal and interest payments and payments under derivative contracts of the covered bond programme (if any), net of all payment inflows falling due on the same day for claims related to the cover assets.

In case the maturity of covered bonds can be extended under the covered bond programme (see below), for the calculation of the net liquidity outflow it shall be assumed that the principal amount of the covered bonds is to be repaid on the extended maturity date.

The Issuer will comply with this requirement by ensuring that the Liquidity Reserve Required Amount will be deposited on the GIC Account.

Uncollateralised claims where a default is considered to have occurred pursuant to Article 178 of the CRR are not included in the legislative coverage tests and cannot contribute to the liquidity buffer. As mortgage receivables are secured by a mortgage, these will therefore normally continue to contribute to the coverage tests included in Article 40g of the Decree regardless of such default.

#### *Derivative contracts*

The CB Regulations allow for derivative contracts to form part of a covered bond programme to the extent it contributes to manage the risk for covered bondholders, is properly documented, cannot be terminated when the issuer becomes insolvent or, subject to resolution measures, is entered into with a financial counterparty that is subject to supervision, and is subject to collateralisation or counterparty replacement requirements upon loss of certain ratings of the counterparty (Article 40j of the Decree). The Swap Undertaking Letter entered into by the Issuer and the CBC addresses these requirements applicable to derivative contracts.

### *Cover pool monitor*

Article 40n of the Decree requires an issuer of covered bonds to appoint either:

- an external cover pool monitor which shall be separate and independent from the issuer and from that issuer's external auditor; or
- an internal cover pool monitor, which may include the issuer's external auditor, which is independent from the credit approval processes of the issuer, which cannot be removed without the prior approval of the supervisory board of the issuer and such internal cover pool monitor has direct access to such supervisory board.

Pursuant to Article 40n, the cover pool monitor shall at least on an annual basis monitor whether the covered bond programme and/or the issuer complies with the CB Regulations. If an internal cover pool monitor is appointed (which may be the external auditor of the issuer or an internal department of the issuer), then the issuer's external auditor, or another external auditor appointed by the issuer, shall at least check compliance with the coverage ratio and the liquidity buffer requirements as set out in Articles 40g and 40k of the Decree. Pursuant to subsection 5 of Article 40n of the Decree, the issuer of covered bonds shall report annually to DNB on the results of the audit with regard to Articles 40g and 40k of the Decree.

In the explanatory notes accompanying the CB Regulations it is clarified that the option to appoint an internal cover pool monitor is also intended to allow for the continuation of the existing contractual and practical arrangements which have been set up by the Dutch covered bond issuers in this respect prior to the CB Regulations entering into force.

### *Extendable maturity structures*

Pursuant to Article 40m of the Decree, an issuer of covered bonds may issue covered bonds with an extendable maturity date in case such extension is included in the contractual arrangements of the covered bond programme prior to the first issue of covered bonds thereunder and provided such extension may not be at the discretion of the issuer of covered bonds and may only occur in one or more of the following events under (a) and one or more of the events under (b):

- (a) the issuer defaults in its obligations, including its payment obligations, or is subject to a bankruptcy, liquidation, a dissolution, a restructuring of its debts, any composition with its creditors or any special resolution measures; and
- (b) the covered bond company which owns the cover assets does not have sufficient funds to repay the principal sum outstanding under the covered bonds on their maturity date or the covered bond company does not meet the legal or any other contractual requirements in relation to safeguarding of the coverage.

The CB Regulations provide that in case of an insolvency or resolution of the issuer, the maturity extensions must not affect the ranking of covered bondholders or their dual recourse rights or invert the sequencing of the covered bond programme's original maturity schedule.

In the explanatory notes accompanying the CB Regulations it is clarified that if the issuer of covered bonds extends the maturity of a covered bond, DNB has no supervisory role in this regard. However, DNB must be informed in a timely manner if the issuer of covered bonds intends to extend the maturity of a covered bond.

### *Investor information*

Article 14 of the Covered Bond Directive (as implemented in article 3:33ba subsection 1 of the Wft) requires issuers of covered bonds to provide investors at least on a quarterly basis with information that is sufficiently detailed to allow investors to assess the profile and risks of that covered bond programme and to carry out their due diligence. The Issuer shall make this information available on <https://www.devолksbank.nl/investor-relations/debt-informatie/covered-bond-programma> (see also section 19 (*General Information*) under item 9).

Also, Article 40p of the Decree provides for ongoing reporting obligations towards DNB.

### *Implementation of member state options in the Netherlands*

The below table lists whether and how member state options included in the Covered Bond Directive have been implemented in the Netherlands by means of the CB Regulations:

<b>Covered Bond Directive</b>	<b>CB Regulations</b>
Article 4(3) ( <i>Different ranking of claims for specialised mortgage credit institutions</i> ) →	Not implemented
Article 7 ( <i>Collateral assets outside the European Union</i> ) →	Physical cover assets must be located within the European Union or EEA
Article 8 ( <i>Intragroup pooled covered bond structures</i> ) →	Not implemented
Article 9(3) ( <i>Assets that are originated by an undertaking other than a bank</i> ) →	Not implemented
Article 13 ( <i>Cover pool monitor</i> ) →	Cover pool monitor must be appointed
Article 15 ( <i>Coverage requirements</i> ) →	Valuation and calculation principles based on nominal values
Article 15 ( <i>Overcollateralisation requirement</i> ) →	Yes, 5 per cent.
Article 15(6)-(7) ( <i>Coverage requirements calculations based on other principles than the nominal principle</i> ) →	Not implemented
Article 16(3) ( <i>Further restrictions for the types of liquid assets</i> ) →	No restriction;  Calculation of the principal for extendable maturity structures to be based on the extended due for payment date
Article 16(6) ( <i>Exemption for match funding requirements</i> ) →	Not implemented
Article 17 ( <i>Conditions for extendable maturity structures</i> ) →	Issue of covered bonds with extendable maturity date permitted subject to conditions
Article 20(2)-(3) ( <i>Appointment of a special administrator</i> ) →	Not implemented, no appointment of special administrator

### *Compliance with the CB Regulations and the 'European Covered Bond (Premium)' label*

As of the 2022 Amendment Date, the Programme complies with the CB Regulations and as of 8 July 2022 the Issuer is required to comply with the rules of the CB Regulations with respect to Covered Bonds issued after such date. As the Issuer has elected to amend the Programme to comply with the CB Regulations as a whole from the 2022 Amendment Date, the CB Regulations also apply with respect to Covered Bonds issued before 8 July 2022. As a result, the Issuer is also required to comply with the rules of the CB Regulations as of the 2022 Amendment Date with respect to Covered Bonds issued prior thereto and transitional measures based on Article III of the Decree and Article 30 of the Covered Bond Directive apply as of the 2022 Amendment Date. Therefore, as of the 2022 Amendment Date, all Covered Bonds issued prior to and after this date must comply with the CB Regulations and shall therefore have the 'European Covered Bond (Premium)' label. With respect to Covered Bonds issued under the Programme the Covered Bondholder can, subject to satisfaction of the other requirements for such benefits, enjoy the benefits of the CRR.

In the Trust Deed, the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds that have

obtained the Regulated Status, will keep the Regulated Status until their Maturity Date 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 liable to pay Guaranteed Amounts when the same become Due for Payment.

Following (i) the service of an Issuer Acceleration Notice on the Issuer, (ii) a Breach of Asset Cover Test or (iii) a Breach of any Portfolio Test (if implemented), the Security Trustee shall serve a Notice to Pay on the CBC. However, service of a Notice to Pay under (ii) or (iii) above will not require the CBC to pay under the Guarantee, until an Issuer Acceleration Notice or a CBC Acceleration Notice has been served.

All payments of Guaranteed Amounts by or on behalf of the CBC will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or 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 Covered Bondholder in respect of the amount of such withholding or deduction.

Payments in respect of the Covered Bonds might be subject to FATCA Withholding. Any FATCA Withholding 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 FATCA Withholding.

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 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 CBC Payment Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agencies, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the date on which the notice was given by the CBC and/or was given to the relevant clearing system) or at least two Business Days prior to such Interest Payment Date, respectively, and (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series 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 (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on the Extension Date and/or such Interest Payment Date, respectively; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*), provided that for this purpose all references in Condition 5 (*Interest*) 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.

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 (2) 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.

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.

## SECURITY

### *Parallel Debt*

In the Parallel Debt Agreement the CBC has irrevocably and unconditionally undertaken to pay to the Security Trustee (the "**Parallel Debt**") an amount equal to the aggregate amount due (*verschuldigd*) by it (i) to the Covered Bondholders under the Covered Bonds, (ii) as fees or other remuneration to the Directors under the Management Agreements, (iii) as fees and expenses to the Servicer under the Servicing Agreement, (iv) as fees and expenses to the Administrator under the Administration Agreement, (v) as fees and expenses to the Paying Agents and the Registrar under the Agency Agreement, (vi) as fees and expenses to the Calculation Agents under the Calculation Agency Agreements, (vii) to the Swap Counterparties under the Swap Agreements (if any), (viii) to any Insurance Savings Participant under an Insurance Savings Participation Agreement, (ix) as fees and expenses to the Asset Monitor under the Asset Monitor Appointment Agreement and (x) to any Bank Savings Participants under a Bank Savings Participation Agreement. 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.

### *Pledge Agreements – distribution of proceeds*

The Parallel Debt is secured by the first ranking security rights created under the Pledge Agreements.

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 amounts due to the Insurance Savings Participant and the Bank Savings Participants in connection with, in respect of each Insurance Savings Mortgage Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation. The amounts due to the Secured Parties, other than the Insurance Savings Participant and the Bank Savings Participants, will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee (i) on 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 and (ii) on 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 Receivables.

The amounts due to the Insurance Savings Participant and the Bank Savings Participants 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 Receivable the amount equal to the amount actually recovered.

### *Security in favour of the Security Trustee on the Mortgage Receivables*

Pursuant to 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 Relevant 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. Prior to notification of the pledge to the Borrowers, the pledge of the Mortgage Receivables will be an "undisclosed" right of pledge (*stil pandrecht*) within the meaning of Article 3:239 of the Dutch Civil Code.

### *Security in favour of the Security Trustee on 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 on the CBC Relevant Documents*

In addition, pursuant to the Security Trustee Rights Pledge Agreement, a first ranking 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 the CBC Relevant 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, inter alia, the Security Trustee on the Collection Foundation Accounts*

The Collection Foundation has in the Collection Foundation Accounts Pledge Agreement granted a first ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts in favour of, *inter alia*, the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees, and a second ranking right of pledge in favour of, *inter alia*, the CBC and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the CBC and the Previous Transaction SPVs, both under the condition that future issuers (and any security trustees) in securitisations or similar transactions (and any security trustees relating thereto) initiated by the Originator will after accession also have the benefit of such right of pledge. Such rights of pledge have been notified to the Foundation Account Provider.

Since the Previous Transaction SPVs and/or the Previous Transaction Security Trustees, as the case may be, and the CBC and/or the Security Trustee, as the case may be, have a second and a first ranking right of pledge, respectively, on the amounts standing to the credit of the Collection Foundation Accounts, the rules applicable to co-ownership (*gemeenschap*) apply.



## THE CBC

Volks Covered Bond Company B.V. was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law on 7 November 2007 under number B.V. 1461439 and 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 34286571. The legal entity identifier (LEI) of the CBC is 724500VGEL1U5Z14P225.

The CBC is a special purpose vehicle, which objectives are, in the framework of a covered bond programme of the Issuer, (a) to acquire, purchase, conduct the management of, dispose of and to encumber receivables under or in connection with loans granted by a third party or by third parties, and other goods and to exercise any rights connected to such receivables and other goods, (b) to issue a guarantee in favour of holders of covered bonds issued by the Issuer, (c) to on-lend and invest any funds held by the CBC, (d) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) incidental to the foregoing: (i) to borrow funds; and (ii) to grant security rights to third parties or to release security rights and (f) to perform all activities which are, in the widest sense of the word, incidental to or which may be conducive to any of the foregoing.

The CBC has an authorised share capital of EUR 90,000, of which EUR 18,000 has been issued and is fully paid. All shares of the CBC are held by Stichting Holding Volks Covered Bond Company.

Stichting Holding Volks Covered Bond Company is a foundation (*stichting*) incorporated under Dutch law on 31 October 2007. The objects of Stichting Holding Volks Covered Bond Company are to incorporate, to acquire and to hold shares in the capital of the CBC, to conduct the management of and to administer shares in the CBC, to exercise any rights connected to shares in the CBC, to grant loans to the CBC and to alienate and to encumber shares in this company and furthermore, to perform any acts which are related or conducive to the above. The sole managing director of Stichting Holding is Intertrust (Netherlands) B.V.

### Statement by managing director of the CBC

Up to the date of this Base Prospectus, there has been no material adverse change in the prospects of the CBC since 31 December 2021, which is the date of its last published audited financial statements.

There has been no significant change in the financial position and the financial performance of the CBC since 31 December 2021, which is the end of the last financial period for which financial information has been published to the date of this Base Prospectus.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the CBC is aware) in the twelve (12) months preceding the date of this Base Prospectus, which may have, or have had in the recent past, significant effects on the CBC's financial position or profitability.

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 Relevant Documents (see further section 0 (*Covered Bonds*) under '*Terms and Conditions of the Covered Bonds*').

The sole managing director of the CBC is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, M.M. Vermeulen-Atikian and M.A. Delfos. 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, the Netherlands.

Intertrust Management B.V. belongs to the same group of companies as Intertrust (Netherlands) B.V. The sole shareholder of Intertrust Management B.V. is Intertrust (Netherlands) B.V. The sole shareholder of Intertrust (Netherlands) 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 Volks Covered Bond Company 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 Relevant 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 Relevant 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 CBC's annual report for the year 2021 and the CBC's annual report for the year 2020 both as audited by Ernst & Young Accountants LLP, are incorporated by reference in this Base Prospectus (see section 18 (*Documents Incorporated by Reference*)).

## 8. THE SECURITY TRUSTEE

Stichting Security Trustee Volks Covered Bond Company is a foundation (*stichting*) incorporated under Dutch law on 13 November 2007. 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 holders of covered bonds issued by the Issuer or one of its legal successors and for the benefit of other creditors of the Issuer and of the CBC, insofar they are a Secured Party, (b) to acquire, hold and administer security rights in its own name and/or as agent and/or as trustee, and if necessary to enforce such security rights, for the benefit of the creditors of the CBC, including the beneficiaries of a guarantee to be issued by the CBC, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the CBC, which is conducive to the holding of the above mentioned security rights, (c) to borrow money and (d) to perform any and all acts which are related, incidental or which may be conducive to the above. The 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 Relevant Document to which it is a party, except in the event of its wilful misconduct (*opzet*) or negligence (*nalatigheid*), and it shall not be responsible for any act or negligence of persons or institutions selected by it in good faith and with due care.

Without prejudice to the right of indemnity by law given to it, the 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, pursuant to the Trust Deed, the Covered Bondholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by a Programme Resolution. 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

As consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Originator has agreed in the Guarantee Support Agreement to transfer Eligible Assets to the CBC. The transfers are effectuated as follows:

- (a) in the case of Eligible Receivables, by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the Originator and the CBC of a deed of assignment, re-assignment, release and pledge 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, re-assignment, release and pledge. Notification (*mededeling*) of the assignment to the Borrowers will only take place if an Assignment Notification Event occurs in respect of the Originator. 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*).

On the first Transfer Date, the Originator will transfer to the CBC the respective Eligible Receivables. Thereafter:

- (i) the Originator may at any time offer to transfer further Eligible Assets to the CBC; and
- (ii) the Issuer undertakes, upon request of the CBC, to offer to transfer further Eligible Assets to the CBC. The CBC will only make such a request if it (or the Administrator on its behalf) determines that the Asset Cover Test or any Portfolio Test (if implemented) has been breached under the Asset Monitoring Agreement. The Issuer will have the right to comply with this undertaking by the Originator offering to transfer (part of) such Eligible Assets to the CBC; and
- (iii) the CBC shall accept each such offer if the relevant conditions precedent set out in the Guarantee Support Agreement have been met, including in the case of a transfer of 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 the Originator an Assignment Notification Event has occurred, the Issuer or, at its option, the Originator shall notify or ensure that the relevant Borrowers and, solely in relation to the Beneficiary Rights, the Insurance Companies and, solely in relation to the NHG Advance Rights, Stichting WEW, are forthwith notified of:

- (a) the partial termination of any Bank Security Rights jointly-held by the CBC and/or the Security Trustee and the Originator to the extent that such Bank Security Rights secure other debts than the relevant Mortgage Receivables; and
- (b) the assignment of the relevant Mortgage Receivables and the Beneficiary Rights relating thereto.

The CBC has the right to make these notifications itself. No notification is required if the Security Trustee instructs the Issuer otherwise.

For as long as no Assignment Notification Event has occurred and 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 the Originator for its own benefit. If an Assignment Notification Event occurs 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 such Notice to Pay or CBC Acceleration Notice.

In the Guarantee Support Agreement the Originator 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 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 a 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 Representations and Warranties by the Originator 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 Representations and Warranties. The Mortgage Receivables Warranties are as follows and are given on the relevant Transfer Date by the Originator in respect of 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, re-assignment, release 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, re-assignment, release and pledge.

The Programme Agreement provides a mechanism for (i) at the option of the Issuer, members of de Volksbank Group wishing to transfer Eligible Assets to the CBC, to accede to the Relevant Documents as a New Originator, subject always to a Rating Agency Confirmation and (ii) an Originator that have not originated any of the CBC's Transferred Assets held by the CBC at such time, to withdraw from the Relevant Documents as an Originator.

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 has occurred.

For the purpose hereof:

**"Assignment Notification Event"** means in respect of the Originator the earliest to occur of the following events:

- (i) a default is made by the Originator in the payment on the due date of any amount due and payable by it under any Relevant 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 Originator;
- (ii) the Originator fails to duly perform or comply with any of its obligations under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure, is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to the Originator or such other party;
- (iii) the Originator takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (*ontbinding*), liquidation (*vereffening*) or legal demerger (*juridische splitsing*) involving the Originator or for its being converted in a foreign entity (*omzetting*), or its assets are placed under administration (*onder bewind gesteld*);
- (iv) the Originator takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its entering into 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 Issuer and the CBC (but for the avoidance of doubt, not a Notice to Pay on the Issuer following a Breach of Asset Cover Test);
- (vi) a CBC Event of Default occurs; or
- (vii) a Security Trustee Pledge Notification Event occurs.

## RETRANSFERS

Pursuant to the Guarantee Support Agreement:

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

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 the Originator further to the Originator's right of pre-emption (*voorkeursrecht*), the underlying sale and purchase will be concluded through execution and registration of a deed of assignment, re-assignment, release and pledge.

## **ELIGIBLE ASSETS**

The following assets are eligible to be transferred to the CBC by the Originator pursuant to the Guarantee Support Agreement:

- Eligible Receivables; and
- Eligible Collateral.

## 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-based mortgage loans (*beleggingshypotheken*);
  - e. Insurance Savings mortgage loans (*spaarhypotheken*);
  - f. Bank Savings mortgage loans (*bankspaarhypotheken*);
  - g. Life mortgages loans (*levenhypotheken*); or
  - h. Mortgage loans which combine any of the above mentioned types of mortgage loans (*combinatiehypotheken*);
- (b) the mortgage receivable and the Beneficiary Rights relating thereto are duly and validly existing;
- (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 Originator, 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 Originator, 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 the Code of Conduct for mortgage loans (*Gedragscode Hypothecaire Financieringen*) and the 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 lender of Netherlands residential mortgages;
- (e) the interest of each mortgage receivable is either (i) fixed rate whereby the interest rates can be fixed for a specific period between one (1) to thirty (30) years; (ii) floating rate, or (iii) any other type of interest alternatives offered by the Originator;
- (f) the maximum Outstanding Principal Amount of each mortgage receivable, or all mortgage receivables secured on the same Mortgaged Assets together, did not exceed a loan-to-market value ratio of 110% or its equivalent of 125% (rounded to the third decimal place) of the foreclosure value of the Mortgaged Assets upon origination of the mortgage receivable or mortgage receivables;
- (g) each mortgage loan, other than mortgage loans which have the benefit an NHG Guarantee, has an original principal amount of not more than € 1,500,000;
- (h) each mortgage loan which has the benefit of an NHG Guarantee has an original principal amount of not more than the relevant limit at the time of the origination of the mortgage receivable or mortgage receivables;
- (i) all mortgage loans are fully disbursed (no "*bouw hypotheken*");
- (j) 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 Originator provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;



- (k) each Borrower is a private individual and a resident of the Netherlands and not an employee of the Originator;
- (l) in the mortgage loans, other than the mortgage loans originated by former BLG Hypotheekbank N.V., it is stipulated that all payments by the Borrowers should be made without any deduction or set-off;
- (m) each mortgage loan has been entered into after 1 January 1999, save for mortgage loans originated by the former RegioBank N.V. (a legal predecessor of de Volksbank) which have been entered into after September 2002;
- (n) each mortgage loan is governed by Dutch law;
- (o) to the best knowledge of the Originator, the Borrowers are not in any material breach of their mortgage loans;

#### *Transfer*

- (p) the Originator has full right and title to the mortgage receivable and the Beneficiary Rights relating thereto and no restrictions on the assignment of the mortgage receivable and the Beneficiary Rights relating thereto are in effect and the mortgage receivable and the Beneficiary Rights relating thereto are capable of being assigned, save that for assignment and pledge of a Savings Mortgage Receivable the consent of the Insurance Savings Participant is required;
- (q) the Originator has power (*is beschikkingsbevoegd*) to assign the mortgage receivable and the Beneficiary Rights relating thereto and the NHG Advance Rights;
- (r) the mortgage receivable and the Beneficiary Rights relating thereto and for NHG mortgage loans only the NHG Advance Rights are free and clear of any encumbrances and attachments (*beslagen*) and no option rights to acquire the mortgage receivable and the Beneficiary Rights relating thereto have been granted by the Originator in favour of any third party with regard to the mortgage receivable and the Beneficiary Rights relating thereto;
- (s) the mortgage conditions applicable to the mortgage loans either (i) (a) provide that in case of assignment or pledge of the mortgage receivable the assignee or pledgee will have the benefit of the Mortgage if this has been stipulated upon the assignment or pledge and that in such event the Mortgage no longer secures the other claims of the Originator, or (b) provide that in case of assignment or pledge of the receivable the Borrower and de Volksbank have the explicit intention that the assignee or pledgee will have the benefit of (a *pro rata* of) the Mortgages and rights of pledge securing such receivable, unless de Volksbank determines otherwise prior to the assignment or pledge and de Volksbank has not determined otherwise in respect of the relevant mortgage receivable prior to the assignment or pledge thereof or (ii) do not contain specific wording to the extent that the Mortgage and the Borrower Pledge will not follow the mortgage receivable if it is assigned to a third party;

#### *Security*

- (t) each mortgage receivable is secured by a Mortgage on a Mortgaged Asset which is located in the Netherlands and is used for a residential purpose in the Netherlands;
- (u) 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 priority 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 Originator on behalf of the Borrower;
- (v) each Mortgaged Asset is not the subject of residential letting at the time of origination and is occupied by

the Borrower at the moment of (or shortly after) origination;

- (w) each Mortgaged Asset concerned was valued according to the then prevailing guidelines of the Originator, which guidelines are in form as may reasonably be expected from a lender of residential mortgage loans in the Netherlands. No revaluation of the Mortgaged Assets has been made for the purpose of the Programme;
- (x) 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 applicable NHG Conditions and the deductible amount) and constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms, (ii) all NHG Conditions applicable to the NHG Guarantee at the time of origination of the mortgage loan were complied with and (iii) the Originator 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 and in a timely manner;
- (y) upon creation of each Mortgage and Borrower Pledge (other than the Borrower Insurance Pledges entered into by former SNS Bank N.V. before the end of 2005 and the Borrower Securities Pledges) the power to unilaterally terminate the Mortgage and Borrower Pledge was granted to the Originator and such power has not been amended, revoked or terminated;

#### *Insurance Policies*

- (z) with respect to mortgage loans, whereby it is a condition for the granting of the mortgage loan that a Life Insurance Policy is entered into by the Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the Originator (see Eligibility Criteria below), (ii) the mortgage loan and the Life Insurance Policy are not offered as one combined mortgage and life insurance product or offered under one name and (iii) the Borrowers are free to choose the relevant Life Insurance Company;
- (aa) where compulsory under the acceptance conditions used by the Originator, in respect of each mortgage loan the Originator has the benefit of a valid right of pledge on the rights under a Life Insurance Policy or Risk Insurance Policy and either (i) the 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;

#### *Insurance Savings Mortgage Loans and Bank Savings Mortgage Loans*

- (bb) with respect to Insurance Savings Mortgage Loans the Originator has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the Originator has been validly appointed as beneficiary under such policy or (ii) the Insurance Savings Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;
- (cc) with respect to the relevant Bank Savings Mortgage Loans, the Originator has the benefit of a valid Borrower Pledge on the rights under the relevant Bank Savings Account;

#### *Investment-based Mortgage Loans*

- (dd) with respect to Investment-based Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the Originator 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;

#### *Entire Loan*

- (ee) 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;

- (ff) each mortgage loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts (*lendingdelen*);

## 10. OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

This section 26 (*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 over the period until September 2022. For the avoidance of doubt, this website does not form part of this Base 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 26 (*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 795 billion in Q1 2022<sup>4</sup>. This represents a rise of EUR 37 billion compared to Q1 2021.

#### *Tax system*

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for deductibility of mortgage interest payments from taxable income. Historically, this has resulted in various deferred amortisation mortgage products, most importantly the use of interest-only loan parts.

Since 1 January 2013, 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 is to reduce the tax deductibility by gradually lowering the maximum deduction percentage. For 2022, the highest tax rate against which the mortgage interest may be deducted is 40 per cent. and will decrease to 36.93 per cent. in 2023.

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 or less which will increase to EUR 440,000 as of 2023). The exemption can only be applied once and the policy is initially in place for a period of five (5) years. A transfer tax of 8 per cent. is due upon transfer of houses which are not owner-occupied for 2022 (10.4 per cent. for 2023).

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.

Firstly, the "classical" Dutch mortgage product is an annuity loan. 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.

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<sup>4</sup> Statistics Netherlands, household data.

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 five (5) and fifteen (15) years. Rate term fixings differ by vintage, however. In recent years, there has been a strong bias to longer term fixings (twenty (20) to thirty (30) years) but very recently ten (10) year fixings are rapidly increasing in popularity as the sharply increased mortgage rates drive borrowers to seek lower mortgage payments by going for shorter fixings. 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. 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. 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. In 2022, mortgage interest rates started to rise significantly and consumer confidence is declining sharply on the back of high inflation and general uncertainty.

Existing house prices (PBK-index) in July 2022 were 14.5 per cent. higher than in July 2021. The price increase in January of 21.1 per cent year-on-year was the highest single year increase since 1977.

A bit over 47,000 homes changed hands in the second quarter of 2022, over 10 per cent. less than the year before. Compared to the first quarter of last year, when a record number of houses were sold due to changes in the stamp duty, the number of sales over the first seven (7) months is more than twenty-two (22) per cent. lower. The low number of sales is related to the lower supply of homes for sale last winter and the beginning of this year. As a consequence, less houses changed hands at the notary given the average time between signing the contract and the actual delivery of the house is about three months.

The Dutch housing market is still faced with a persistent housing shortage, the home equity held by subsequent homebuyers moving house and high rents, but there are risks like the higher interest rates, rising energy prices, building costs, general inflation and impact of housing market policies of the government and municipalities.

### **Forced sales**

Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>5</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn post-financial crisis was 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

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<sup>5</sup> Comparison of S&P RMBS index delinquency data.

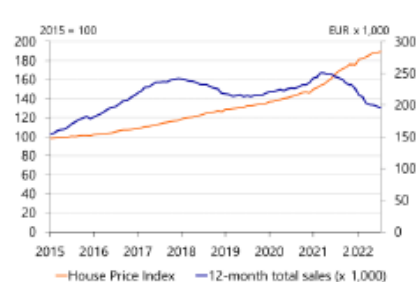
Registry recorded sixty-four (64) forced sales by auction in the second quarter 2022 (0.13 per cent. of total number of sales in that quarter).

**Chart 1: Total mortgage debt**



Source: Statistics Netherlands, Rabobank

**Chart 2: Sales**



Source: Dutch Land Registry (Kadaster), Statistics Netherlands (CBS)



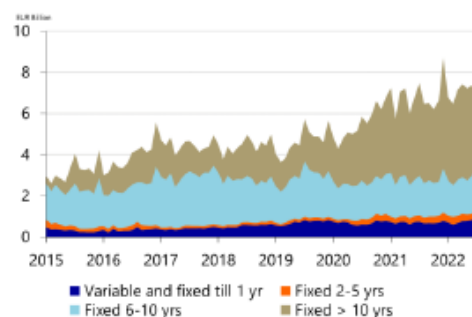
**Chart 3: Price index development**

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 principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on (a maximum of) a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (see section 2 (*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 January 2022 and from January 2023) 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 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 and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

### **Claiming under the NHG 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. As of 1 January 2023 the NHG terms and conditions currently in force will be replaced by new NHG terms and conditions, which are materially the same except as otherwise indicated below. 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 (to be increased to EUR 405,000 as of 1 January 2023); and
  - (ii) EUR 376,300 for loans with energy saving improvements as of 1 January 2022 (to be increased to EUR 429,300 as of 1 January 2023).

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, 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.

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 Originator will transfer the NHG Advance Rights to the CBC. In case the CBC, or the Servicer on its behalf, exercises its NHG Advance Right, it may be liable to repay any amount when the payment under the NHG Advance Right exceeded the amount payable by Stichting WEW under the surety. In such case, Stichting WEW will be repaid from the enforcement proceeds, or if these are insufficient, in accordance with the relevant Priority of Payments.

## 12. ORIGINATOR AND RESIDENTIAL MORTGAGE BUSINESS

The entity that intends to transfer Eligible Assets to the CBC under the Guarantee Support Agreement is de Volksbank.

RegioBank N.V. and ASN Bank N.V. as disappearing entities have merged with SNS Bank N.V. as acquiring entity effective as of 1 January 2017 whereby RegioBank N.V. and ASN Bank N.V. have ceased to exist. The name of SNS Bank N.V. has of the date mentioned above changed to 'de Volksbank N.V.'.

BLG Hypotheekbank N.V. as disappearing entity has merged with SNS Bank N.V. as acquiring entity effective as of 10 October 2010 whereby BLG Hypotheekbank N.V. has ceased to exist.

### Mortgage Origination

de Volksbank originates mortgage loans through three separate channels: directly, through its branch network and indirectly, through independent agents, such as estate agents, financial advisers and insurance intermediaries, and through its franchise network. The underwriting criteria of de Volksbank are in compliance with the Code of Conduct.

#### *Borrower Income Requirements*

The maximum amount that can be borrowed depends on, *inter alia*, the Borrower's income. The maximum loan amount is calculated on the basis of the so-called 'income ratio', which is the percentage of (gross) annual income available for mortgage loan expenses. The income ratio is established every year by NIBUD (*National Instituut voor Budgetvoorlichting*) and is applicable for all mortgage loans. Taking the relevant mortgage interest rate and the relevant income into account, this is then converted into the maximum loan amount.

#### *Other Conditions*

The following general conditions also apply to mortgage loans offered:

- the borrowers must be at least 18 years old and must have full legal capacity;
- self-employed borrowers and contractors are subject to additional income tests;
- self-employed borrowers have to provide income statements and tax assessments of at least three years;
- credit assessment of the borrower is required;
- fraud detection checks via SFH (*Stichting Fraudebestrijding Hypotheken*) and an internal fraud register are required; and
- an insurance in respect of the property against risk of fire and other accidental damage for its full restitution value is required.

### Residential Mortgage Products

de Volksbank offers a full range of mortgage products with various interest rate and repayment mechanisms. Only certain specified mortgage products are intended to be assigned to the CBC. The characteristics of these products are described further below.

#### *Legal Form*

Details of all land and properties are recorded in public registers in the Netherlands. All Mortgage Loans are secured by a mortgage evidenced by a notarial mortgage deed recorded in these registers. Although other legal forms of mortgage loans are available in the Netherlands, all mortgage loans originated are Bank Mortgages. A Bank Mortgage is a mortgage that secures not only the loan granted to finance a property, long lease or apartment right, but also any other liabilities owed at any time by the relevant Borrower to the Originator. Accordingly, the Mortgaged Asset provides security for all debts up to a maximum amount as registered in the relevant public registry.

#### *Mortgaged Assets*

The Mortgages securing the Mortgage Loans are vested on (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), (iii) a long lease (*erfpacht*) or (iv) a right of superficies (*opstalrecht*). For over a century different municipalities and other public bodies in the Netherlands have used long lease (*erfpacht*) as a system to provide land without giving up the ownership of it. There are three types of long lease: temporary (*tijdelijk*), ongoing (*voortdurend*) and perpetual (*eeuwigdurend*). A long lease is a right in rem (*zakelijk recht*) which entitles the leaseholder (*erfpachter*) to hold and use a real property (*onroerende zaak*) owned by another party, usually a

municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his or her death. Usually a remuneration (*canon*) will be due by the leaseholder to the landowner for the long lease.

#### *Repayment mechanism*

Apart from Interest-only Mortgage Loans (*aflossingsvrije hypotheek*) whereby principal is repaid at final maturity of the mortgage loan (which to the extent compulsory under the relevant acceptance conditions, have the benefit of combined risk and capital life insurance policies taken out by Borrowers with an insurance company), the following repayment mechanisms are offered by the Originator:

#### Insurance Savings Mortgage Loans (*spaarhypotheek*)

An Insurance Savings Mortgage Loan consists of a Mortgage Loan entered into by the Originator (or its predecessors) and the relevant Borrower, which has the benefit of a Savings Insurance Policy taken out by the Borrower with an insurance company.

Most of the Mortgage Loans of the former SNS Bank (as the legal predecessor of de Volksbank) are documented as Savings Plus Mortgage Loans (*Spaarhypotheken Plus*), whereby the Savings Premium under the Savings Insurance Policy is either (i) deposited by the Insurance Savings Participant in a savings account held with the former SNS Bank (as the legal predecessor of de Volksbank) (the "**Savings Alternative**") or (ii), at the option of the Borrower, invested in certain investment funds offered by SNS Beleggingsfondsen N.V. (the "**Investment Alternative**"). Furthermore, the terms and conditions of the Savings Insurance Policy in connection with the Savings Plus Mortgage Loans provide that on each interest rate reset date the Borrower can (i) switch whole or part of the premia accumulated in the relevant Savings Insurance Policy with the Savings Alternative into the Investment Alternative (the "**Savings Switch**") and (ii) switch whole or part of the value of the investments of the Investment Alternative into the Savings Alternative.

#### Bank Savings Mortgage Loans (*bankspaarhypotheek*)

The Mortgage Loans (or parts thereof) may be in the form of Bank Savings Mortgage Loans entered into by the Originator and the relevant Borrower combined with a blocked Bank Savings Account. Under the Bank Savings Mortgage Loan, no principal is paid by the Borrower prior to the maturity of the Mortgage Loan. Instead, the Borrower pays the Bank Savings Deposit in the Bank Savings Account. The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the Originator at maturity of the Bank Savings Mortgage Loan. The balances standing to the credit of the Bank Savings Accounts are pledged to the Originator as security for repayment of the relevant Bank Savings Mortgage Loan.

#### Investment-based Mortgage Loans (*beleggingshypotheek*)

In case of the former SNS Bank the Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by applying his own funds or (part of) the proceeds of the Investment-based Mortgage Loan by means of an '*SNS Rendementrekening*', the Investment Account held with the former SNS Bank (the legal predecessor of de Volksbank) in certain Investment Funds of SNS Beleggingsfondsen N.V. The investments in Investment Funds are effectuated by the Borrowers paying the relevant amount from the Investment Account to an account held with the former SNS Bank, designated by the former SNS Bank for the purchasing of securities of Investment Funds by SNS Beleggersgiro. The securities purchased by SNS Beleggersgiro, will be in the form of "*Wge-effecten*" (securities regulated under the Wge) and will be administrated on the Investment Account.

With respect to the Investment-based Mortgage Loans originated by former BLG Hypotheekbank N.V., the Borrower has undertaken to invest, whether on a lump sum basis or on an instalment basis, by applying an agreed amount in certain investment funds or certain other securities selected by the Borrower out of a range of investment funds and/or securities offered by the Investment Firm (*beleggingsonderneming*). The Investment Firm has been notified of the fact that the Borrower is only allowed to purchase investment funds and/or securities selected by former BLG Hypotheekbank N.V. The securities purchased will be administered on an investment account held with a bank or a beleggersgiro in the Netherlands.

#### Life Mortgage Loans (*levenhypotheek*)

Principal repayments will be paid out from the proceeds of the Life Insurance Policy at final maturity of the mortgage loan.

#### Linear Mortgage Loans (lineaire hypotheek)

Scheduled (usually monthly) repayments of principal are fixed over the term of the mortgage.

#### Annuity Mortgage Loans (annuïteitenhypotheek)

Scheduled (usually monthly) repayments of principal plus interest are fixed (provided that the interest rates do not change).

#### Combined Mortgage Loans (combinatiehypotheeken)

In order to tailor a Mortgage Loan to meet as closely as possible the specific fiscal and economic needs of a Borrower, it is common for a Mortgage Loan to be constructed from a combination of mortgage types as set out above.

#### *Interest rate*

The mortgage loans bear interest on the basis of any of the following alternatives:

- fixed rate, whereby the interest rates can be fixed for a specific period between 1 to 30 years;
- floating rate; or
- any other type of interest alternatives offered, including:
  - Capped Interest (*Plafond Rente*). The interest payable by the Borrower is a floating interest rate with a cap. The Borrower can choose a Capped Interest for five (5) or ten (10) years. In this period the borrower pays the floating Capped Interest rate with an agreed maximum (*plafond*) interest rate.
  - Interest Damper (*Rente Demper*). The interest payable by the Borrower equals the interest as described below under 'Stable Interest' with the difference that the bandwidth is not fixed for thirty (30) years but, at the option of the Borrower, for five (5), ten (10) or fifteen (15) years;
- any type of interest alternatives the Issuer used to offer, including:
  - Stable Interest (*Stabiel Rente*). In such case, the interest payable by the Borrower is determined on an annual basis, whereby the Borrower chooses a bandwidth between 1.0% and 3.5%, (increased by steps of 0.5%) at the beginning of the Mortgage Loan. At any time, the Borrower is entitled to choose another bandwidth, subject to payment of certain administrative costs. Each bandwidth has its own SNS Stable Interest rate. Every year the interest rate in the contract (*contractrente*) will be compared with the actual SNS Stable Interest rate (*toetsrente*) for the applicable bandwidth. When the difference falls within the bandwidth, the interest rate for that year will be fixed at the interest rate equal to the interest rate in the contract of the Borrower (*contractrente*). When the difference falls outside the bandwidth, the interest rate for that year will be fixed at the interest rate equal to the interest rate in the contract of the Borrower (*contractrente*) adjusted for the percentage which did fall outside the bandwidth.
  - Ideal Interest (*Ideaal Rente*). The interest rate is the average interest rate over five years. The interest payable by the Borrower is determined using a fraction in which the numerator is the sum of five interest percentages determined by de Volksbank as the Ideal Interest and in which the denominator is five. In the first year, the numerator equals the Ideal Interest percentage for that year multiplied by five. In the second year, the numerator equals the Ideal Interest percentage for year one multiplied by four plus the Ideal Interest percentage for year two. In the years thereafter, the most recent Ideal Interest percentage is included and the oldest Ideal Interest percentage is excluded from the numerator.
  - Middle Interest (*Middelrente*). The interest rate is the average interest rate over ten years. The interest payable by the Borrower is determined using a fraction in which the numerator is the sum of ten interest percentages determined by de Volksbank as the Ideal Interest and in which the denominator is ten. In the first year, the numerator equals the Middle Interest percentage for that year multiplied by ten. In the second year, the numerator equals the Middle Interest percentage for year one multiplied by nine plus the Middle Interest percentage for year two. In the years thereafter, the most recent Middle Interest percentage is included and the oldest Ideal Interest percentage is excluded from the numerator.

Although the Issuer no longer offers these kinds of interest rate alternatives, it is possible that these are or will be included in the cover pool.

### *Prepayments*

Annual prepayments of not more than 20% of the original mortgage loan are allowed without a prepayment compensation being due. In addition, full prepayments can be made without prepayment compensation in specific situations:

- at the time of an interest rate reset;
- on sale or destruction of the property;
- if the Borrower dies.

In other cases, except for Capped Interest mortgage loans and Interest Damper mortgage loans, prepayment compensations apply which are calculated as the net present value of the difference between the fixed rate being paid and the current mortgage rate, if lower, for the remaining term of the fixed period. For mortgage loans with a Capped Interest, the prepayment compensation is calculated by multiplying an agreed percentage with the remaining term of the Capped Interest and the loan balance.

### *Other mortgage products*

The Issuer may originate, offer and assign to the CBC other products than described herein, provided that these comply with the Eligibility Criteria at the time.

## **Mortgage Administration**

### *Collection Procedures*

Interest payments and repayments due will be debited directly from the account of the Borrower.

The loan administration system calculates the repayment schedules and reconciles collected funds with the appropriate account. A range of exception reports are automatically produced and are used by arrears management to monitor the status of individual loans.

### *Arrears Management*

The procedures for the monitoring and collection of late payments include the following actions:

At the beginning of each month late payments are being signalled. After ten days a reminder letter is automatically generated and sent to the Borrower. Further reminder letters are being generated if the arrear persists. Besides reminder letters the client may be contacted by phone either directly by the bank or with the use of the intermediary. In case of increasing arrears and limited possibilities to become current an attempt is made to restructure the loan and otherwise an attempt is made come to an agreement for a private sale of the property. If all negotiations with the borrower fail the civil-law notary will be instructed, who will then organise a forced sale by way of public auction.

### *Rate re-setting procedures*

Prior to the reset date, the loan administration system automatically generates a letter to the Borrower advising that a rate re-setting is imminent and, in addition, listing the rate(s) that would apply. The Borrower does not have to choose the same fixed rate period as the previous one. If there is no response from the Borrower before the rate re-setting date, the Borrower receives the offered interest rate.

### 13. PARTICIPATION AGREEMENTS

#### Insurance Savings Participation Agreement

Under each Insurance Savings Participation Agreement entered into between the CBC, the relevant Insurance Savings Participant and the Security Trustee, the CBC grants the relevant Insurance Savings Participant a sub-participation in the Insurance Savings Mortgage Receivables, originated by de Volksbank, provided that, to the extent Savings Plus Mortgage Loans originated by the former SNS Bank N.V. are involved, this will only apply to Savings Plus Mortgage Loans to which a Savings Insurance Policy with the Savings Alternative is connected.

#### Savings Premium

The conditions applicable to the Insurance Savings Mortgage Loans originated by de Volksbank to which a Savings Insurance Policy is connected, stipulate that the Savings Premia paid by the Borrowers/insured will be deposited by the Insurance Savings Participant on a savings account held with de Volksbank.

de Volksbank has agreed with the Insurance Savings Participant that it shall on-lend to the Insurance Savings Participant amounts equal to the Savings Premia deposited on the savings account in order to facilitate the Insurance Savings Participant in meeting its obligations under the Insurance Savings Participation Agreement. However, the obligations of the Insurance Savings Participant under the Insurance Savings Participation Agreement are not conditional upon the receipt of such amounts from de Volksbank.

#### Insurance Savings Participation

Subject to the condition precedent of the occurrence of an Assignment Notification Event, in an Insurance Savings Participation Agreement the relevant Insurance Savings Participant has undertaken to pay to the CBC:

- (i) at the CBC Payment Date immediately succeeding the fulfilment of the condition precedent to the Insurance Savings Participation Agreement, or if such date is a later date (a) in respect of Insurance Savings Mortgage Receivables the CBC Payment Date immediately succeeding the relevant Transfer Date or (b) in respect of a switch from any type of Mortgage Loan into an Insurance Savings Mortgage Loan, the next succeeding CBC Payment Date, an amount equal to the sum of the Savings Premia received by the Insurance Savings Participant with accrued interest up to the first day of the month in which such CBC Payment Date falls (the "**Initial Insurance Savings Participation**") in relation to each of the Insurance Savings Mortgage Receivables;
- (ii) on each CBC Payment Date falling after the CBC Payment Date set out above an amount equal to the amount received by the Insurance Savings Participant as Savings Premium during the previous month in respect of the relevant Savings Insurance Policies,

provided that in respect of each relevant Insurance Savings Mortgage Receivable which is subject to a Participation, no amounts will be paid to the extent that, as a result thereof, the Insurance Savings Participation in such relevant Insurance Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Insurance Savings Mortgage Receivable.

If and when such payment has been made, as a consequence of such payments the Insurance Savings Participant will acquire the Initial Insurance Savings Participation in each of the relevant Insurance Savings Mortgage Receivables, which is equal to the Initial Insurance Savings Participation in respect of the relevant Insurance Savings Mortgage Receivables increased during each month on the basis of the following formula (the "**Insurance Savings Participation Increase**"):

$(P/H \times R) + S$ , whereby:

P = the Participation on the first day of the relevant month in the relevant Insurance Savings Mortgage Receivable;

S = the amount received by the CBC from the Insurance Savings Participant in such month in respect of the relevant Insurance Savings Mortgage Receivable pursuant to the Insurance Savings Participation Agreement;

H = the Outstanding Principal Amount of the relevant Insurance Savings Mortgage Receivable on the first day



of the relevant month;

R = the amount of interest, due by the Borrower on the relevant Insurance Savings Mortgage Receivable and actually received by the CBC in such month.

In consideration for the undertakings of the Insurance Savings Participant described above, the CBC has undertaken to pay to the Insurance Savings Participant on each CBC Payment Date an amount equal to the Insurance Savings Participation, in respect of each Insurance Savings Mortgage Receivable, which is subject to a participation in respect of which amounts have been received during the relevant month or, in the case of a transfer during a month, which falls in the period which commences on the date on which the condition precedent is fulfilled or if later, the Transfer Date or the date of the Savings Switch and ends on the last day of such month (i) by means of repayment and prepayment under the relevant Insurance Savings Mortgage Receivable which is subject to a Participation but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Insurance Savings Mortgage Receivable which is subject to an Insurance Savings Participation (ii) in connection with the retransfer of an Insurance Savings Mortgage Receivable which is subject to an Insurance Savings Participation pursuant to the Guarantee Support Agreement to the extent such amounts relate to principal, (iii) in connection with the transfer of an Insurance Savings Mortgage Receivable which is subject to an Insurance Savings Participation pursuant to the Asset Monitoring Agreement to the extent such amounts relate to principal and (iv) as Net Proceeds on any Insurance Savings Mortgage Receivable which is subject to an Insurance Savings Participation to the extent such amounts relate to principal (the "**Insurance Savings 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 an Insurance Savings Mortgage Receivable, which is subject to an Insurance Savings Participation if, for whatever reason, the Insurance Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy, and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of such Insurance Savings Mortgage Receivable, the Insurance Savings Participation of the Insurance Savings Participant in respect of such Insurance 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 Insurance Savings 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 the Insurance Savings Participant may, and if so directed by the Insurance Savings Participant shall, by notice to the CBC:

- (i) declare that the obligations of the Insurance Savings Participant under the Insurance Savings Participation Agreement are terminated; and
- (ii) declare the Insurance Savings Participation to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Insurance Savings Participation Redemption Available Amount received or collected by the CBC or, in case of enforcement, the Security Trustee under the Insurance Savings Mortgage Receivables, which are subject to an Insurance Savings Participation.

#### **Termination**

If one or more of the Insurance Savings Mortgage Receivables which are subject to an Insurance Savings Participation are sold by the CBC to a third party pursuant to the Asset Monitoring Agreement or are retransferred to the Originator, the Insurance Savings Participation in such Insurance Savings Mortgage Receivables will terminate and the Insurance Savings Participation Redemption Available Amount in respect of such Insurance Savings Mortgage Receivables will be paid by the CBC to the Insurance Savings Participant. If so requested by the Insurance Savings Participant, the CBC will use its best efforts to ensure that the acquirer of the Insurance Savings Mortgage Receivables which are subject to an Insurance Savings Participation will enter into an insurance savings participation agreement with the Insurance Savings Participant in a form similar to the Insurance Savings Participation Agreement. Furthermore, the Insurance Savings Participation envisaged in the Insurance Savings Participation Agreement shall terminate if at the close of business of any CBC Payment Date the Insurance Savings Participant has received the Insurance Savings Participation in respect of the relevant Insurance Savings Mortgage

Receivable.

If, in case of an Insurance Savings Mortgage Loan with the Savings Alternative originated by the former SNS Bank N.V., all or part of the premia accumulated in the relevant Savings Insurance Policy with the Savings Alternative are switched into the Investment Alternative, the sub-participation envisaged in the Insurance Savings Participation Agreement shall terminate, in whole or in part, and the Insurance Savings Participation Redemption Available Amount (or part thereof, if applicable) in respect of such Insurance Savings Mortgage Receivable will be paid by the CBC to the Insurance 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 under the Insurance Savings Participation Agreement are sufficient for this purpose on such date.

**"Insurance Savings Participation"** means, in respect of each Insurance Savings Mortgage Receivable originated by de Volksbank (or its legal predecessors), provided that to the extent Savings Plus Mortgage Loans originated by the former SNS Bank N.V. (as legal predecessor of de Volksbank) are involved, this will only apply to Savings Plus Mortgage Loans to which a Savings Insurance Policy with the Savings Alternative is connected, an amount equal to the Initial Insurance Savings Participation in respect of the relevant Savings Mortgage Receivable increased during each month by each Insurance Savings Participation Increase.

#### **Bank Savings Participation Agreement**

Under the Bank Savings Participation Agreement, the CBC will grant to each Bank Savings Participant a Bank Savings Participation in the relevant Bank Savings Mortgage Receivables.

#### **Bank Savings Accounts**

The conditions applicable to the Bank Savings Mortgage Loans stipulate that amounts paid by the Borrowers will be deposited by the relevant Bank Savings Participants on the relevant Bank Savings Account held with de Volksbank.

#### **Bank Savings Participation**

Subject to the condition precedent of the occurrence of an Assignment Notification Event, in the Bank Savings Participation Agreement each Bank Savings Participant has undertaken to pay to the CBC:

- (i) at the CBC Payment Date immediately succeeding the fulfilment of the condition precedent to the Bank Savings Participation Agreement, or if such date is a later date in respect of Bank Savings Mortgage Receivables the CBC Payment Date immediately succeeding the relevant Transfer Date, an amount equal to the sum of the Bank Savings Deposits received by the Bank Savings Participant with accrued interest up to the first day of the month in which such CBC Payment Date falls (the **"Initial Bank Savings Participation"**) in relation to each of the relevant Bank Savings Mortgage Receivables; and
- (ii) on each CBC Payment Date falling after the CBC Payment Date set out under (i) an amount equal to the amount received by such Bank Savings Participant on the relevant Bank Savings Account in relation to the relevant Bank Savings Mortgage Receivables during the Calculation Period immediately preceding such CBC Payment Date,

provided that no amounts will be paid to the extent that, as a result thereof, an amount equal to, the Bank Savings Participation in the relevant Bank Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Bank Savings Mortgage Receivable.

If and when such payment has been made, as a consequence of such payments the Bank Savings Participant will acquire the Initial Bank Savings Participation in each of the relevant Bank Savings Mortgage Receivables, which is equal to the Bank Savings Participation in respect of the relevant Bank Savings Mortgage Receivables increased during each month on the basis of the following formula (the **"Bank Savings Participation Increase"**):

$(P/H \times R) + S$ , whereby:

P = Bank Savings Participation on the first day of the relevant month;

- S = the amount received by the CBC pursuant to the Bank Savings Participation Agreement on the CBC Payment Date immediately succeeding the relevant Calculation Date in respect of the relevant Bank Savings Mortgage Receivable from the Bank Savings Participant;
- H = the Outstanding Principal Amount of the relevant Bank Savings Mortgage Receivable on the first day of the relevant month;
- R = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and actually received by the CBC in respect of such Calculation Period;

In consideration for the undertakings of the Bank Savings Participant described above, the CBC has undertaken to pay to the Bank Savings Participant on each CBC Payment Date an amount equal to the Bank Savings Participation in each of the Bank Savings Mortgage Receivables in respect of which amounts have been received during the relevant month or, in the case of a transfer during a month, which falls in the period which commences on the date on which the condition precedent is fulfilled or if later, the Transfer Date and ends on the last day of such month (i) by means of repayment and prepayment under the relevant Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation (ii) in connection with the retransfer of a Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation pursuant to the Guarantee Support Agreement to the extent such amounts relate to principal, (iii) in connection with the transfer of a Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation pursuant to the Asset Monitoring Agreement to the extent such amounts relate to principal and (iv) as Net Proceeds on any Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation to the extent such amounts relate to principal (the "**Bank Savings Participation Redemption Available Amount**").

#### **Reduction of Participation**

If a Bank Savings Deposit is automatically set-off with the relevant Bank Savings Mortgage to which it is connected, or 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 Bank Savings Mortgage Receivable and if, for whatever reason, any Bank Savings Participant does not pay the amounts due under the relevant Bank Savings Mortgage Receivable, whether in full or in part, and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of such relevant Bank Savings Mortgage Receivable, the Bank Savings Participation of the Bank Savings Participants in respect of such relevant Bank 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 Bank Savings Participation Redemption Available Amount shall be adjusted accordingly.

#### **Enforcement Notice**

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 any Bank Savings Participant may, and if so directed by any Bank Savings Participants shall, by notice to the CBC:

- (i) declare that the obligations of the relevant Bank Savings Participant under the Bank Savings Participation Agreement are terminated; and
- (ii) declare the Bank Savings Participation in relation to the relevant Bank 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 Bank Savings Participation Redemption Available Amount received or collected by the CBC or, in case of enforcement, the Security Trustee under the relevant Bank Savings Mortgage Receivables.

#### **Termination**

If one or more of the relevant Bank Savings Mortgage Receivables are sold by the CBC to a third party pursuant to the Asset Monitoring Agreement or are otherwise retransferred to the Originator, the Bank Savings Participation in such relevant Bank Savings Mortgage Receivables will terminate and the Bank Savings Participation Redemption Available Amount in respect of the relevant Bank Savings Mortgage Receivables will be paid by the CBC to the relevant Bank Savings Participant. If so requested by the relevant Bank Savings Participant, the CBC will use its best efforts to ensure that the acquirer of the Relevant Bank Savings Mortgage Receivables will enter into a bank savings participation agreement with the relevant Bank Savings Participant in a form similar to the Bank

Savings Participation Agreement. Furthermore, the Bank Savings Participation envisaged in the Bank Savings Participation Agreement shall terminate if at the close of business of any CBC Payment Date the relevant Bank Savings Participants have received the Bank Savings Participation in respect of the relevant Bank Savings Mortgage Receivables.

**"Bank Savings Participation"** means, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of the relevant Bank Savings Mortgage Receivable increased during each month by each Bank Savings Participation Increase.

## 14. SERVICING, ADMINISTRATION AND CUSTODY

### Servicing

In the Servicing Agreement de Volksbank agrees to act as the Servicer in respect of the Mortgage Receivables and de Volksbank shall act as Servicer in respect of the Mortgage Receivables transferred by each New Originator, unless otherwise agreed between the parties. 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 (*Originator and Residential Mortgage Business*)); (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies. An entity which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the CBC, must have a license under the Wft. An exemption from the license requirement is available if such entity outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. Pursuant to the Servicing Agreement the CBC has outsourced the servicing and administration of the Mortgage Loans to de Volksbank in its capacity as Servicer. The Servicer is a licensed bank and is therefore licensed to act as intermediary (*bemiddelaar*) and offeror of credit (*aanbieder van krediet*) under the Wft and the CBC thus benefits from the exemption.

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.

Pursuant to the Servicing Agreement the Servicer has covenanted that it will negotiate an agreement with a back-up servicer following a downgrade of its senior unsecured, unsubordinated long-term rating below Baa3 by Moody's or a downgrade of the issuer default rating below BBB- (long-term) by Fitch or any of such ratings is withdrawn.

### 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 Relevant Documents and (ii) to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test.

### Termination

The Servicing Agreement and the Administration Agreement may be terminated by the Security Trustee or the CBC (with the consent of the Security Trustee) in certain circumstances (in respect of the relevant party only), including (a) a default by the Servicer and/or the Administrator in the payment on the due date of any payment due and payable by it under the Servicing Agreement or, as the case may be, Administration Agreement, (b) a default is made by the Servicer and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or, as the case may be, Administration Agreement, (c) the Servicer and/or the Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets, or for any analogous insolvency proceedings under any applicable law or (d) the Servicer is no longer licensed to act as intermediary (*bemiddelaar*) or offeror (*aanbieder*) under the Wft.

Upon termination of the Servicing Agreement or, as the case may be, the Administration Agreement in respect of the Administrator or the Servicer, the Security Trustee and the CBC undertake to appoint a substitute servicer and/or administrator, as the case may be, and such substitute servicer and/or administrator, as the case may be, shall enter into an agreement with the CBC and the Security Trustee substantially on the terms of the Servicing Agreement or, as the case may be, Administration Agreement, provided that such substitute servicer and/or administrator shall have the benefit of a servicing fee and an administration fee at a level to be then determined. Any such substitute servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence under the Wft. The CBC shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Security Trustee Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Servicing Agreement and the Administration Agreement may be terminated by the CBC or the Servicer or, as the case may be, the Administrator upon the expiry of not less than twelve (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 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 and the Guarantee Support Agreement, the CBC and the Issuer, respectively, must ensure that as at the end of each calendar month until the service of a Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice,

- (i) the Adjusted Aggregate Asset Amount will be an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month, all as calculated on the immediately succeeding Calculation Date;
- (ii) the First Regulatory Current Balance Amount will be at least equal to 105%, 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, all as calculated on the immediately succeeding Calculation Date; and
- (iii) the Second Regulatory Current Balance Amount will be at least equal to 100% (or such other percentage as may be required from time to time under the CB Regulations) of the nominal value of the obligations in respect of the Covered Bonds, which include repayment of principal, payment of interest, payment obligations under derivative contracts and expected costs related to maintenance and administration for the winding-down of the Programme (in each case within the meaning of the CB Regulations), at the end of such calendar month all as calculated on the immediately succeeding Calculation Date,

(item (i) up to and including item (iii), the "**Asset Cover Test**").

If at the end of a calendar month 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 (or any other Originator) will transfer sufficient further Eligible Assets to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met as at the end of the next succeeding calendar month.

Such a breach of the Asset Cover Test will not constitute an Issuer Event of Default. However, it will prevent the Issuer from issuing any further Series after such Calculation Date, until remedied and, if it is not remedied as calculated on the next Calculation Date (such failure to remedy the Asset Cover Test as calculated on the next succeeding Calculation Date being a "**Breach of Asset Cover Test**") the Security Trustee will be entitled to serve a Notice to Pay on the Issuer.

As of the date of this Base Prospectus, the Asset Percentage is 88.5%. The Issuer may request the CBC to increase or decrease the Asset Percentage. The CBC will accept any request for a decrease of the Asset Percentage and the Asset Percentage will be adjusted accordingly. The CBC will only accept any request for an increase of the Asset Percentage and the Asset Percentage will only be adjusted accordingly if (i) Fitch has been notified thereof and by the third calendar day after such notification, Fitch has not communicated that any such increase of the Asset Percentage will have a negative effect on the then current ratings assigned by it on the Covered Bonds and (ii) subject to confirmation in writing from Moody's that the new Asset Percentage is sufficient to maintain an Aaa rating by Moody's of the Covered Bonds on an expected loss basis (regardless of whether the actual rating of the Covered Bonds is otherwise).

The most recent Asset Percentage will be included in the Investor Report.

In the Administration Agreement, the Administrator agrees to prepare the 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  $A + B + C + D - Y1 - Y2 - Z$ .

**"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 sum of the Current Balance minus  $\alpha$  of all Mortgage Receivables.

**" $\alpha$ "** means for each Mortgage Receivable the lower of (i) its Current Balance and (ii) 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 Savings and Accrued Savings Interest in connection with such Savings Mortgage Receivable, provided that no amount will be deducted if and to the extent that a Bank Savings Participation Agreement and/or Insurance Savings Participation Agreement (each a **"Participation Agreement"** and together the **"Participation Agreements"**) is in place in relation to the relevant Mortgage Receivable;
- (ii) if it corresponds to a Construction Deposit: the amount of the Construction Deposit;
- (iii) if it was in breach of the Mortgage Receivables 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;
- (iv) if it is three (3) months or more in arrears and it is not a Defaulted Receivable: such amount as is necessary to arrive at 30% of its Current Balance; and/or
- (v) if it is a Defaulted Receivable: such amount as is necessary to reduce its Current Balance to zero.

**" $\beta$ "** 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 88.5% or such other percentage figure as is determined from time to time in accordance with the Asset Monitoring Agreement as described above.

**"Current Balance"** means in relation to an Eligible Receivable at any date, the aggregate (without double counting) of the Net Outstanding Principal Amount, Accrued Interest (unless it concerns calculations for either the Asset Cover Test or the Amortisation Test Aggregate Asset Amount, in which case Accrued Interest will not be included) and Arrears of Interest as at that date.

**"LTV Cut-Off Percentage"** means 80% for all Mortgage Receivables or such 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 all Transferred Collateral in cash which has not been applied in accordance with the Trust Deed plus the amount deposited in the Reserve Fund.

**"D"** means the aggregate outstanding principal amount of all Transferred Collateral in Substitution Assets and accrued interest thereon, which has not been applied in accordance with the Trust Deed. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology notified to the Rating Agencies.



"Y1" means, (i) zero, if the Issuer's credit rating is equal to or higher than either Prime-1 (short-term) or Prime-1 (cr) (short-term) by Moody's and the deposit rating either F1 (short-term) or A- by Fitch, or (ii) if the Issuer's credit rating from Moody's falls below Prime-1 (short-term) and Prime-1 (cr) (short-term) or if the deposit rating falls below F1 (short-term) and A- (long-term) by Fitch, the sum of all amounts (the **"Deposit Amount"**) in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of: (a) the aggregate amount of the deposits, to the extent the amount thereof exceeds the amount claimable under the DGS, held by the Borrower of the Mortgage Receivable(s) with the Originator on the last day of the immediately preceding month; and (b) the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding month. The Deposit Amount will be adjusted as follows. If the outcome of A(a) is lower than A(b) as described above, the Deposit Amount will be reduced with an amount equal to A(b) minus A(a) provided that the Deposit Amount will always be at least 0. If the outcome of A(a) is higher than A(b) as described above, the Deposit Amount will be reduced with the amount of the Excess Credit Enhancement.

"Y2" means, (i) if the Issuer's deposit rating from Moody's falls below Baa1 (long-term) or if the issuer default rating falls below F2 (short-term) and BBB (long-term) by Fitch, an additional amount equal to the Outstanding Principal Amount of all Mortgage Receivables on the last day of the month immediately preceding the Calculation Date multiplied by the Monthly Payment Percentage of the prior calendar month immediately preceding the Calculation Date, in connection with the commingling risk or (ii) zero (a) if the Issuer's deposit rating from Moody's is at least equal to Baa1 (long-term) and if the issuer default rating is at least equal to F2 (short-term) or BBB (long-term) by Fitch or (b) if de Volksbank has taken alternative measures to reduce the commingling risk.

"DGS" means the deposit guarantee scheme (*depositogarantiestelsel*) within the meaning of the Wft;

"Excess Credit Enhancement" means the amount (if any) by which the outcome of A(b) above undercuts the outcome that would have resulted from A(b) above if an Asset Percentage as notified to the Rating Agencies had been used.

"Monthly Payment Percentage" means in respect of a month a percentage which is equal to all principal payments and interest payments made by the Borrowers in respect of the Mortgage Loans in that month divided by the Outstanding Principal Amount of all Mortgage Receivables on the last day of the immediately preceding month.

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

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

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

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

"Index" means a generally accepted index of increases or decreases, as the case may be, of house prices issued by the Dutch land registry (*Dienst van het Kadaster en de Openbare Registers*), the Statistics Netherlands (CBS) or a similar issuer of indexes, in relation to residential properties in the Netherlands.

"Original Market Value" in relation to any Mortgaged Asset means either (as applicable) (i) the market value or (ii) the foreclosure value (*executiewaarde*) given to that Mortgaged Asset by the most recent valuation addressed to the Originator that transferred the relevant Mortgage Receivable to the CBC, divided by 0.88.

"Indexed Valuation" in relation to any Mortgaged Asset at any date, means the Original Market Value of that Mortgaged Asset increased or decreased as appropriate by the increase or decrease in the Index since the date

of the Original Market Value.

**"First Regulatory Current Balance Amount"** means an amount equal to the sum of (A) the Net Outstanding Principal Amount of the Mortgage Receivables and (B) the Substitution Assets Amount, in each case subject to the limits and the deductions set forth in the CB Regulations (including by reference to Article 129 CRR), or in each case such other amount as may be permitted to be taken into account for the purpose of calculating eligible cover assets pursuant to the CB Regulations from time to time.

**"Substitution Assets Amount"** means an amount equal to the Transferred Collateral, which amount will be limited to a maximum of 20 per cent. of the nominal value of the Transferred Assets, subject to the limits and the deductions set forth in the CB Regulations, or such other amount as may be permitted to be taken into account for the purpose of calculating the (claims resulting from) eligible cover assets pursuant to the CB Regulations from time to time.

**"Second Regulatory Current Balance Amount"** means an amount equal to the sum of the nominal value of the claims resulting from (A) the Mortgage Receivables and (B) the Substitution Assets Amount, in each case subject to the limits and the deductions set forth in the CB Regulations, or such other amount as may be permitted to be taken into account for the purpose of calculating the (claims resulting from) eligible cover assets pursuant to the CB Regulations from time to time.

**"Regulatory Cut-Off Percentage"** means 80% for all Mortgage Receivables, or such other percentage as may be required from time to time under the CB Regulations.

## PORTFOLIO TESTS

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

If implemented, such Portfolio Tests will be carried out by the Administrator and will be required to be met by the CBC and the Issuer under the Asset Monitoring Agreement at the end of each calendar month, as calculated on the immediately succeeding Calculation Date. An example of a Portfolio Test is set out below, the final Portfolio Tests are subject to discussions with the Rating Agencies and may change:

- (a) the difference between the sum of  $A + B + C + D + E + F + G$  and the net present value of the Covered Bonds ("**NPV**") is a certain amount, where:
- A = the NPV of any future cash flows (interest, principal and any other payments such as prepayment penalties) resulting from the Net Outstanding Principal Amount of the Mortgage Receivables;
  - B = the amount of any receipts (interest, principal and any other payments such as prepayment penalties) on the Net Outstanding Principal Amount of the Mortgage Receivables up to the end of the immediately preceding calendar month which have not been applied as at the relevant Calculation Date in accordance with the Trust Deed;
  - C = the outstanding principal amount of any Transferred Collateral other than Substitution Assets;
  - D = The NPV of any future cash flows (interest, principal and any other payments) resulting from the Substitution Assets (and any interest accrued thereon);
  - E = without double counting, any other cash or deposits held by the CBC;
  - F = the mark-to-market value of any Structured Swaps that are entered into by the CBC; and
  - G = the mark-to-market value of any Interest Rate Swaps that are entered into by the CBC;
- (b) the difference in Basis Point Duration between the sum of  $A + B + C + D + E + F + G$  and the Covered Bonds is not more than a certain percentage to be agreed upon; and
- (c) the difference in Basis Point Duration between the sum of  $A + B + C + D + E + F + G$  for that Term Point and the Covered Bonds is not more than a certain percentage to be agreed upon, where the following Term Points can be defined:
- 1 to 3, 4 to 6, 7 to 9 and 10 to 12 months
  - 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 20, 25, 30 years.

A breach of a Portfolio Test will not constitute an Issuer Event of Default but will prevent the Issuer from issuing any further Series after such Calculation Date until remedied and, if not remedied by the next Calculation Date as calculated per such Calculation Date will constitute a "**Breach of Portfolio Test**" and will entitle the Security Trustee to serve a Notice to Pay on the Issuer.

For the purpose hereof:

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

## AMORTISATION TEST

Under the Asset Monitoring Agreement and the Guarantee Support Agreement, the CBC must ensure that as at the end of each calendar month following service of a Notice to Pay (but prior to service of a CBC Acceleration Notice):

- (i) the Amortisation Test Aggregate Asset Amount will be an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as at the end of such calendar month, as calculated on the immediately succeeding Calculation Date;
- (ii) the First Regulatory Current Balance Amount will be at least equal to 105%, 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, all as calculated on the immediately succeeding Calculation Date; and
- (iii) the Second Regulatory Current Balance Amount is at least equal to 100% (or such other percentage as may be required from time to time under the CB Regulations) of the nominal value of the obligations under the Covered Bonds, which include repayment of principal, payment of interest, payment obligations under derivative contracts and expected costs related to maintenance and administration for the winding-down of the Programme (in each case within the meaning of the CB Regulations), at the end of each calendar month all as calculated on the immediately succeeding Calculation Date,

(item (i) up to and including item (iii) 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 Amortisation Test**" and the CBC (or the Administrator on its behalf) shall immediately notify the Security Trustee thereof, and the Security Trustee shall be entitled to serve a 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 lower of:

- (i) the Current Balance of such Mortgage Receivable minus  $\alpha$ ; and
- (ii) the LTV Cut-Off Percentage (relating to such Mortgage Receivable) times the Indexed Valuation, minus  $\beta$ .

" $\alpha$ " 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 Savings and Accrued Savings Interest and Bank Savings Deposits in connection with such Mortgage Receivable, provided that no amount will be deducted if and to the extent that a Participation Agreement is in place in relation to the relevant Mortgage Receivable;
- (ii) if it corresponds to fund a Construction Deposit: the amount of the Construction Deposit;
- (iii) if it was in breach of the Mortgage Receivables 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;
- (iv) if it is 3 months or more in arrears: such amount as is necessary to arrive at 30% of its Current Balance; and/or
- (v) if it is a Defaulted Receivable: such amount as is necessary to reduce its Current Balance to zero.

" $\beta$ " 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  $\alpha$ .

**"B"** means the amount of any cash standing to the credit of the GIC Accounts (excluding any Interest Receipts received in the immediately preceding calendar month).

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

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

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

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

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

**"First Regulatory Current Balance Amount"** means an amount equal to the sum of (A) the Net Outstanding Principal Amount of the Mortgage Receivables and (B) the Substitution Assets Amount, in each case subject to the limits and the deductions set forth in the CB Regulations (including by reference to Article 129 CRR), or in each case such other amount as may be permitted to be taken into account for the purpose of calculating eligible cover assets pursuant to the CB Regulations from time to time.

**"Substitution Assets Amount"** means an amount equal to the Transferred Collateral, which amount will be limited to a maximum of 20 per cent. of the nominal value of the Transferred Assets, subject to the limits and the deductions set forth in the CB Regulations, or such other amount as may be permitted to be taken into account for the purpose of calculating the (claims resulting from) eligible cover assets pursuant to the CB Regulations from time to time.

**"Second Regulatory Current Balance Amount"** means an amount equal to the sum of the nominal value of the claims resulting from (A) the Mortgage Receivables and (B) the Substitution Assets Amount, in each case subject to the limits and the deductions set forth in the CB Regulations, or such other amount as may be permitted to be taken into account for the purpose of calculating the (claims resulting from) eligible cover assets pursuant to the CB Regulations from time to time.

**"Regulatory Cut-Off Percentage"** means 80% for all Mortgage Receivables, or such other percentage as may be required from time to time under the CB Regulations.

## SALE OR REFINANCING OF SELECTED ASSETS

The Asset Monitoring Agreement provides that the CBC shall sell or refinance Selected Mortgage Receivables following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, if on any date the Earliest Maturing Covered Bonds have 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. The CBC will be obliged to sell or refinance Selected Mortgage Receivables in the Portfolio in accordance with the Asset Monitoring Agreement (as described below), subject to the rights of pre-emption enjoyed by the Originator to purchase the Selected Mortgage Receivables pursuant to the Guarantee Support Agreement.

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,

where:

**"Adjusted Required Redemption Amount"** means an amount equal to the euro equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the GIC Accounts and Substitution Assets (excluding all amounts to be applied on the following CBC Payment Date to repay higher ranking amounts in the Post Issuer Acceleration Notice 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  $\times (1 + (0.005 \times (\text{days to the Extended Due for Payment Date of such Series} / 365)))$ .

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 plus, in the case of Savings Mortgage Receivables which are subject to a Participation, an amount equal to the aggregate Participations.

If 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) plus, in the case of each Savings Mortgage Receivable to which a Participation applies, an amount equal to the relevant Participation by the date which is six (6) months prior to the Extended Due for Payment Date of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the CBC will (i) offer the Selected Mortgage Receivables for sale for the best terms reasonably available, including but not limited to the best price reasonably available, or (ii) seek to refinance the Selected Mortgage Receivables on the best terms reasonably available, 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.

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 Originator 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 a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, the CBC will instruct the

portfolio manager to use all reasonable 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 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 Originator pursuant to the Guarantee Support Agreement, following service of an Issuer Acceleration Notice and a Notice to Pay.

## ASSET MONITOR AND COVER POOL MONITOR

On the Programme Date the Asset Monitor has been appointed as an independent party to perform the role of Asset Monitor. The Asset Monitor shall, subject to due receipt of the information to be provided by the Administrator to the Asset Monitor, *inter alia*, conduct agreed upon procedures on the arithmetic accuracy of certain calculations performed by the Administrator in respect of the Asset Cover Test, the Amortisation Test and the Liquidity Reserve Required Amount with a view to report factual findings, with regard to such calculations, including as required by and in accordance with the Wft.

The Dutch legislator has elected to implement article 13 of the Covered Bond Directive and requires the appointment of a cover pool monitor. Pursuant to the CB Regulations a cover pool monitor is to be appointed before the first issuance of Covered Bonds and it will at least on an annual basis check compliance with the CB Regulations in accordance with Article 40n of the Decree. On the 2022 Amendment Date, the Issuer and the CBC have appointed de Volksbank Internal Audit (as part of de Volksbank) as internal cover pool monitor for the purpose of the CB Regulations and de Volksbank Internal Audit (as part of de Volksbank) shall at least on an annual basis monitor compliance with Articles 3:33b and 3:33ba of the Wft and Articles 40e up to and including 40m of the Decree (excluding Articles 40g and 40k of the Decree), in each case in accordance with Article 40n of the Decree, and the Issuer will ensure that it will comply with the requirements set out in subsection 2 and 3 of Article 40n of the Decree. The Issuer may at any time appoint another internal cover pool monitor without the approval of the CBC or the Security Trustee being required.

The Issuer and the CBC have appointed the Asset Monitor, which is also the external accountant of the Issuer, under the terms of the Asset Monitor Appointment Agreement in accordance with subsection 2 and 3 of Article 40n of the Decree, to conduct agreed upon procedures with respect to Article 40g and 40k of the Decree on an annual basis (regardless whether the Issuer would be subjected to bankruptcy or resolution measures at such time).

The Asset Monitor will conduct such agreed upon procedures annually (i) 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) in respect of the Amortisation Test conducted by the Administrator on or before each Calculation Date; and (iii) in respect of the Liquidity Reserve Required Amount calculated by the Administrator. If the issuer default rating falls below BBB- (long-term) by Fitch or the counterparty risk assessment of the Issuer falls below Baa3 (long-term) (cr) as determined by Moody's, respectively, the Asset Monitor will be required to conduct such agreed upon procedures in respect of the Asset Cover Test following each Calculation Date.

Following the report of factual findings by the Asset Monitor on the calculations performed by the Administrator such that (a) the Asset Cover Test has been failed on the applicable Calculation Date (in respect of the previous month's end) (where the Administrator had recorded it as being satisfied) or (b) the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount is misstated by an amount exceeding 1% of the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount, as applicable, the Asset Monitor will be required to conduct such agreed upon procedures for each of the four consecutive Calculation Dates thereafter. If the agreed upon procedures in relation to the Liquidity Reserve Required Amount reveal findings in the relevant calculations and consequently, such test has failed, 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 conducting 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 Asset Monitor Report will be delivered to the Administrator, the CBC, the Issuer, the Security Trustee and the Rating Agencies in accordance with the Asset Monitor Appointment Agreement. If the calculations performed by the Administrator have not been performed correctly, the Asset Monitor Report shall set out the factual findings of the Asset Cover Test or Amortisation Test, as applicable.

In addition, subject to the terms of the Asset Monitoring Agreement, the Asset Monitor will conduct agreed upon procedures which are required pursuant to Article 40g and 40k of the Decree, including agreed upon procedures on the calculations of (i) the First Regulatory Current Balance Amount and the Second Regulatory Current Balance Amount which, in each case form part of the Asset Cover Test and (ii) the amount to be retained by the CBC pursuant to Article 40k of the Decree.



Under the terms of the Asset Monitor Appointment Agreement the CBC will pay to the Asset Monitor a fee for the agreed upon procedures 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 thirty (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 sixty (60) days' prior written notice. If a replacement asset monitor has not been found by the CBC within sixty (60) 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 thirty (30) days of the giving of notice of termination by the CBC, the Asset Monitor may identify a replacement (such replacement to be approved by the Security Trustee) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

In the Trust Deed the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether it states that the Asset Cover Test or Amortisation Test, as the case may be, has been passed or failed.

## 16. SWAPS

### *General*

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

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

### *CB Regulations*

The CB Regulations allow for derivative contracts, such as Swap Agreements, to be included in the cover pool to the extent such derivative contract (i) contributes to manage the risk for covered bondholders and the volume thereof is adjusted in the case of a reduction in the hedged risk and shall be removed when the hedged risk ceases to exist, (ii) is properly documented, (iii) cannot be terminated when the issuer becomes insolvent or, subject to resolution measures and (iv) is entered into with a financial counterparty that is subject to supervision and is subject to collateralisation requirements upon loss of certain ratings of the counterparty. The Swap Undertaking Letter stipulates that all Swap Agreements must comply with the requirements set out in Article 40j subsection 3 of the Decree.

### *Interest Rate Swap Agreement and Structured Swap Agreements*

In relation to certain existing Series of Covered Bonds, the CBC has entered into Interest Rate Swaps and Structured Swaps. Pursuant to the Swap Undertaking Letter, de Volksbank will, to enable the CBC to continue to hedge its exposure arising from any Series denominated in a currency other than euro, be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Structured Swaps with the CBC in respect of such Series of Covered Bonds. The CBC may also hedge its exposure arising from any Series denominated in euro and may enter into Total Return Swaps or Interest Rate Swaps with de Volksbank or a third party in order to hedge this exposure, provided that (i) prior to the occurrence of an Issuer Event of Default de Volksbank has consented thereto and (ii) the Security Trustee has given its prior consent thereto. de Volksbank is not obliged to enter into any Total Return Swaps, Interest Rate Swaps or, prior to the occurrence of an Issuer Event of Default, to agree to the CBC entering into such Total Return Swap or Interest Rate Swap with a third party. Payments under the Total Return Swap will, and the Interest Rate Swaps and Structured Swaps (except if the relevant Series of Covered Bonds to which such Structured Swap relate is denominated in a currency other than euro) may, be conditional upon the occurrence of an Assignment Notification Event or a Notice to Pay having been served.

### *Total Return Swap Agreement*

A Total Return Swap Agreement provides that in case of a sale or refinancing of Selected Mortgage Receivables, the prospective purchaser (if such purchaser has been approved by the relevant Swap Counterparty) has the option to purchase such Selected Mortgage Receivables with or without the corresponding Total Return Swap. If the prospective purchaser of the Selected Mortgage Receivables elects to purchase such Selected Mortgage Receivables with the corresponding part of the Total Return Swap, the Total Return Swap Agreement will permit the CBC to transfer the corresponding rights and obligations thereunder to such purchaser. If the Selected Mortgage Receivables are, or part thereof is, purchased or refinanced without the corresponding (part of the) Total Return Swap, the Total Return Swap then will be terminated in relation to such (part of the) Selected Mortgage

Receivables and if the purchaser purchases the Selected Mortgage Receivables with the corresponding part of the Total Return Swap the Swap Counterparty will enter into a corresponding transaction.

Rating downgrade language acceptable to the Rating Agencies other than Fitch and, with respect to Fitch, in accordance with the then current Fitch criteria, will be included in the Swap Agreements in relation to the Swap Counterparties.

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

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 interest amounts in respect of Total Return Swaps or principal amounts in respect of Interest Rate Swaps and Structured Swaps due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Counterparty has caused the relevant Swap Agreement to terminate.

For as long as no Assignment Notification Event has occurred and no Notice to Pay has been served, all amounts to be paid and (other than in respect of any collateral arrangements) received, respectively, by the CBC under any Swap Agreement, will be paid and received, respectively, on behalf of the CBC by the Issuer for its own account, see section 17 (*Cash flows*).

## TOTAL RETURN SWAP

Total Return Swaps may be used to hedge mismatches between the interest received on the Transferred Assets and the GIC Accounts and EURIBOR for one month deposits in the following manner.

Interest will be received by the CBC in respect of the Mortgage Receivables, the other Transferred Assets and the GIC Accounts. Some of the Mortgage Receivables pay a variable rate of interest linked to an index while other Mortgage Receivables pay a fixed rate of interest for a period of time. To provide a partial hedge between possible variances between, on a monthly basis:

- (a) the rates of interest received by the CBC on part of the Transferred Assets and the balance of the GIC Accounts; and
- (b) EURIBOR for one month deposits,

(a) the CBC and (b) de Volksbank (where applicable with the appropriate collateralisation requirements) or a third party Eligible Swap Counterparty, provided that prior to the occurrence of an Issuer Event of Default only de Volksbank has consented thereto, as the case may be, may, but are not obliged to, enter into a Total Return Swap and Total Return Swap Agreement with (c) the Security Trustee in relation to each relevant Series subject to Rating Agency Confirmation if the Covered Bonds of such Series are denominated in euro. If a Total Return Swap Agreement is entered into, neither the CBC nor the Issuer shall have an obligation to provide a hedge with respect to new Series issued and an equivalent increase in the Total Pool Assets. If new Series are issued the Issuer may decide to provide a hedge with respect to new Series issued, in which case the CBC will increase the Total Pool Assets hedged under the Total Return Swap, if any. If the Issuer decides that no such hedge will be provided with respect to a new Series issued, an equivalent part of the Total Pool Assets will not be included in the Total Return Swap. In addition, the Issuer may agree with the CBC and the Security Trustee that Covered Bonds that are TRS Hedged Covered Bonds will no longer be hedged under the Total Return Swap and will no longer be TRS Hedged Covered Bonds.

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

The following payments will be made under each Total Return Swap entered into in respect of a Series. On the CBC Payment Date following the effective date of a Total Return Swap and on each CBC Payment Date thereafter (or such other date falling earlier than the relevant CBC Payment Date as agreed between the parties), the following payments will be made under the Total Return Swap in respect of the immediately preceding Calculation Period:

- (a) the relevant Total Return Swap Counterparty will pay to the CBC an amount equal to (i) the sum of then Net Outstanding Principal Amount of all Mortgage Receivables (other than Defaulted Receivables) plus the balance of the GIC Accounts and (without double counting) other Transferred Assets, as calculated at the first day of the related Calculation Period (the "**Total Pool Assets**") multiplied by the TRS Hedged Covered Bonds Ratio multiplied by (ii) EURIBOR for one month deposits (the "**TRS Calculation Amount**"); and
- (b) the CBC will pay to the relevant Total Return Swap Counterparty an amount equal to (i) the sum of all Interest Receipts received in respect of Mortgage Receivables during the related Calculation Period, plus (ii) the accrued interest on the GIC Accounts and the revenue proceeds from the Transferred Assets received by the CBC during the related Calculation Period, minus (iii) an amount equal to the product of the relevant swap margin (such margin as agreed by the CBC and the Total Return Swap Counterparty under the relevant Total Return Swap from time to time, subject to Rating Agency Confirmation), the Total Pool Assets and the relevant day count fraction, and minus (iv) an amount equal to the costs and fees paid by the CBC (or the Issuer on its behalf) to the Servicer during the related Calculation Period, (item (i) up to and including (iv) referred to as the "**Total Pool Income**") in each case multiplied by the TRS Hedged Covered Bonds Ratio.

For the purpose hereof:

The **"TRS Hedged Covered Bonds Ratio"** means (i) the aggregate Principal Amount Outstanding of the TRS Hedged Covered Bonds divided by (ii) the aggregate Principal Amount Outstanding of all Covered Bonds (including, for the avoidance of doubt, Covered Bonds which are no longer TRS Hedged Covered Bonds).

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

The related Calculation Period means in relation to a CBC Payment Date the Calculation Period immediately preceding such date.

## INTEREST RATE SWAPS

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

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

- (i) the interest received on the Transferred Assets and/or under the Total Return Swap and GIC Accounts, and
- (ii) the rate of interest payable by the CBC under the euro denominated Series or EURIBOR for one month deposits, as applicable,

(a) the CBC and (b) de Volksbank (where applicable with the appropriate collateralisation requirements) or a third party Eligible Swap Counterparty, provided that prior to the occurrence of an Issuer Event of Default only if de Volksbank has consented thereto, as the case may be, may, but are not obliged to, enter into Interest Rate Swaps and an Interest Rate Swap Agreement with (c) the Security Trustee in relation to each relevant Series subject to Rating Agency Confirmation if the Covered Bonds of such Series are denominated in euro.

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

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

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

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

A Swap Counterparty may have an option right to terminate the relevant Interest Rate Swap prior to its scheduled termination date. The Issuer and the CBC have undertaken in the Swap Undertaking Letter not to agree to any option to terminate an Interest Rate Swap prior to the Maturity Date of the relevant Series to which it is linked, unless the Issuer and the CBC have the right to exercise the Issuer Call specified in Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*) in respect of such Series, (provided that this undertaking will not apply if another Interest Rate Swap will automatically replace such Interest Rate Swap on termination).

## STRUCTURED SWAPS

Structured Swaps are used to hedge mismatches between EURIBOR or any other relevant reference rate and euro and the amounts guaranteed by the CBC with respect to the Covered Bonds in the following manner.

The Transferred Assets will be denominated in euro and the interest received on the Transferred Assets will be in euro and the CBC will if a Total Return Swap applies receive EURIBOR for one month deposits over the outstanding principal amount pursuant to the Total Return Swap. However, (i) the interest payable by the CBC with respect to a Series may be denominated in a currency other than euro and/or (ii) principal under a Series may be payable in a currency other than euro.

To provide a hedge against the variance between:

- (a) (i) the interest received on the Transferred Assets and/or under the Total Return Swap and GIC Accounts, and
- (ii) the euro; and
- (b) (i) the rate of interest payable by the CBC in respect of a Series; and
- (ii) the currency of a Series,

(a) the CBC and (b) de Volksbank (where applicable with the appropriate collateralisation requirements) or a third party Eligible Swap Counterparty, as the case may be, will enter into Structured Swaps and a Structured Swap Agreement with (c) the Security Trustee in relation to each relevant Series subject to Rating Agency Confirmation if the Covered Bonds of such Series are denominated in a currency other than euro.

Notwithstanding that the CBC will with respect to the TRS Hedged Covered Bonds Ratio, if higher than zero, of the Total Pool Assets receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement, the CBC has a choice to set the rate payable by it under the Structured Swap Agreement at the interest received on the Transferred Assets and/or under the Total Return Swap and GIC Accounts.

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

The following payments may be made under each Structured Swap entered into in respect of a Series:

- (a) if such Series is denominated in a currency other than euro, which means that there is an exchange of principal, on or about the date of issue of each such Series, the Issuer on behalf of the CBC may pay the proceeds of issue of such Series to the Structured Swap Counterparty and the Structured Swap Counterparty will then pay to the CBC a euro amount in respect of such proceeds (at the exchange rate specified in the relevant confirmation);
- (b) on each Interest Payment Date (or such other date falling earlier than the relevant Interest Payment Date as agreed between the parties), the Structured Swap Counterparty will pay the CBC an amount equal to the outstanding principal amount of such Series as at the preceding Interest Payment Date, multiplied by the relevant swap rate which will correspond to the rate of interest (for example the fixed or floating rate of interest) payable pursuant to the terms of such Series;
- (c) on each CBC Payment Date (or such other date as agreed between the parties), the CBC will pay to the Structured Swap Counterparty an amount equal to the euro equivalent of the then outstanding principal amount of such Series multiplied by the relevant swap rate;
- (d) if such Series is denominated in a currency other than euro, which means that there is an exchange of principal, on the date of repayment of such Series, the CBC will pay to the Structured Swap Counterparty an amount equal to the euro equivalent of the outstanding principal amount of such Series (as determined by the relevant swap confirmation) as at the preceding Interest Payment Date (or such other date falling

earlier than the relevant Interest Payment Date as agreed between the parties), and the Structured Swap Counterparty will pay the CBC an amount equal to the outstanding principal amount of such Series in the currency in which such Series is denominated.

A Swap Counterparty may have an option right to terminate the relevant Structured Swap prior to its scheduled termination date. The Issuer and the CBC have undertaken in the Swap Undertaking Letter not to agree to any option to terminate a Structured Swap prior to the Maturity Date of the relevant Series to which it is linked, unless the Issuer and the CBC have the right to exercise the Issuer Call specified in Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*) in respect of such Series (provided that this undertaking will not apply if another Structured Swap will automatically replace such Structured Swap on termination).



## 17. CASH FLOWS

- A. For as long as no Assignment Notification Event has occurred 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 Originator for its own benefit. Pursuant to the Trust Deed, the following will then apply:
- (i) all costs and expenses of the CBC, including any costs of the Security Trustee and the Stichting Holding, will be paid on behalf of the CBC by the Issuer for its own account as consideration for the CBC issuing the Guarantee and any NHG Advance Right Repayment Amount to be repaid to Stichting WEW;
  - (ii) all amounts to be paid and received, respectively by the CBC under 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 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 GIC Accounts (except for any collateral provided by a Swap Counterparty and the Reserve Fund) to the Issuer to the extent permitted by the Asset Cover Test; and
- B. If an Assignment Notification Event occurs 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 such Notice to Pay or CBC Acceleration Notice. Pursuant to the Trust Deed, the following will then apply:
- (i) if an Assignment Notification Event has occurred but no Notice to Pay or CBC Acceleration Notice has been served, all costs, expenses and all amounts to be paid and received under the Swap Agreements and the Participation Agreements will be settled on behalf of the CBC by the Issuer except that (i) Collateral Return Payments shall be made directly by the CBC to the relevant Swap Counterparty and all amounts standing to the credit of the GIC Accounts except for Swap Collateral Amounts will continue to be distributed as abovementioned and (ii) after an Assignment Notification Event only, the NHG Advance Right Repayment Amount (as deducted from the enforcement proceeds) shall be repaid by the CBC directly to Stichting WEW;
  - (ii) if a Notice to Pay has, but no 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 Participation Agreements will continue to be settled on behalf of the CBC by the Issuer except that Collateral Return Payments shall be made directly by the CBC to the relevant Swap Counterparty, but no amounts standing to the credit of the GIC Accounts will be distributed to the Issuer or the Originator as mentioned under paragraph (A)(iii) above (except that Collateral Return Payments shall continue to be made directly by the CBC to the relevant Swap Counterparty).
  - (iii) 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 Post Issuer Acceleration Notice Priority of Payments and the Insurance Savings Participation Redemption Available Amounts to the Insurance Savings Participant and the Bank Savings Participation Redemption Available Amounts to the Bank Savings Participant; or
  - (iv) 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 Insurance Savings Participation Redemption Available Amounts which will be paid to the Insurance Savings Participant and except for any Bank Savings Participation Redemption Available Amounts which will be paid to the Bank Savings Participants and except for any Swap Collateral Amounts which shall first be subject to the provisions set out in the relevant Swap Agreement.

## **Reserve Fund**

Pursuant to the Trust Deed the CBC will be required to establish the Reserve Fund on the GIC Account which shall be credited by the Issuer with an amount equal to the Reserve Fund Required Amount and the Issuer undertakes to continue to credit the Reserve Fund with such further amounts as are necessary from time to time to ensure that the amount credited to the Reserve Fund is equal to the Reserve Fund Required Amount.

After a Notice to Pay has been served on the CBC, the amounts credited to the Reserve Fund will be available on any CBC Payment Date to meet items (a) to (g) inclusive of the Post Issuer Acceleration Notice Priority of Payments and after the Covered Bonds have been fully repaid or provided for, to meet items (a) to (k) inclusive of the Post Issuer Acceleration Notice Priority of Payments and will be released accordingly.

## **Payments with respect to Covered Bonds, Interest Rate Swaps and Structured Swaps 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 Post Issuer Acceleration Notice 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 Interest Rate Swap Agreements and Structured 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 an Interest Rate Swap or Structured Swap 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 items (f) and (g) of the Post Issuer Acceleration Notice 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 GIC Accounts in accordance with item (h) of the Post Issuer Acceleration Notice Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced.

For the purposes hereof:

**"Principal Available Amount"** means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Principal Receipts received during the previous Calculation Period;
- (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 Calculation Period;
- (iv) any amount required to be transferred to the GIC Accounts in accordance with item (h) of the Post Issuer Acceleration Notice 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 Relevant Documents (other than the Participation Agreements 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) except for any payments in respect of principal received under the Structured Swap Agreements that have been (or will, on the relevant CBC Payment Date, be) applied towards payment of a Series of Covered Bonds;
- (vi) any amounts received in the preceding Calculation Period 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 a higher ranking item than payment of the relevant Series of Covered Bonds or the relevant Swap Agreement in the Post Issuer Acceleration Notice 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 Calculation Period;
- (ii) other net income of the CBC including all amounts of interest received on the GIC Accounts and the Substitution Assets in the preceding Calculation Period;
- (iii) all amounts in respect of interest received or to be received by the CBC under the Interest Rate Swap Agreements, the Structured Swap Agreements and the Total Return 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 Interest Rate Swap Agreements or the Structured 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) following the service on the CBC of a Notice to Pay, any amounts in the Reserve Fund 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; and
- (vi) any amounts to the extent not relating to principal, reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement prior to the relevant CBC Payment Date;
- (vii) any Excess Swap Replacement Amounts as shall be standing to the credit of the Swap Replacement Ledger on the relevant CBC Payment Date; and
- (viii) any other amounts standing to the credit of the GIC Accounts, to the extent not relating to principal, not excluded by virtue of (i) to (vi) above and not relating to Swap Replacement Amounts as have been credited to the Swap Replacement Ledger (other than Excess Swap Replacement Amounts);

less

- (ix) on the first CBC Payment Date of each year, an amount equal to 10% 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 Insurance Savings Participation Increase and Initial Insurance Savings Participation pursuant to any Insurance Savings Participation Agreement and any amounts received as Bank Savings Participation Increase and Initial Bank Savings Participation pursuant to any Bank Savings Participation Agreements.

**"Reserve Fund Required Amount"** means:

- (a) until the occurrence of a Reserve Fund Trigger Event: an amount equal to the Liquidity Reserve Required Amount; and

- (b) following the occurrence of a Reserve Fund Trigger Event: an amount equal to the higher of:
- I. the Liquidity Reserve Required Amount; and
  - II. the Reserve Fund Trigger Required Amount.

**"Reserve Fund Trigger Required Amount"** means an amount equal to (i) (A) the aggregate of the Scheduled Interest due on the Interest Payment Dates for each Series falling in the next following three CBC Payment Periods, or (B) if an Interest Rate Swap and/or a Structured Swap 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 for such Series shall equal the amount payable by the CBC (or the Issuer on its behalf) pursuant to such Interest Rate Swap and/or Structured Swap 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, as calculated on each Calculation Date, plus (ii) in respect of the items specified in paragraphs (a) to (d) of the Post Issuer Acceleration Notice Priority of Payments, the greater of (a) the anticipated aggregate amount payable in the next three following CBC Payment Periods and (b) one quarter of the anticipated aggregate annual amount payable, all as calculated on each relevant Calculation Date.

**"Reserve Fund Trigger Event"** means if any of credit ratings of the Issuer falls below (i) both F1 (short-term) and A- (long-term) by Fitch or (ii) Prime-1 (short-term) (cr) by Moody's.

**"Liquidity Reserve Required Amount"** an amount equal to the amount which is at such time required to be maintained by the CBC to ensure compliance with Article 40k of the Decree after taking into account any amounts standing to the credit of the GIC Account, as permitted to be taken into account pursuant to Article 40k of the Decree and any other amounts (whether held or generated and) permitted to be taken into account pursuant to Article 40k of the Decree, (in each case all as calculated on each relevant Calculation Date for the relevant period prescribed by Article 40k of the Decree).

**"Interest Receipts"** means:

- (i) interest and fees and other amounts received by the CBC in respect of the Mortgage Receivables, 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.

### **Cash Collection Arrangements**

All payments made by the Borrowers are paid into the Collection Foundation Accounts maintained by the Collection Foundation with the Foundation Account Providers. 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 Originator is entitled *vis-à-vis* the Collection Foundation.

The Collection Foundation is set up as a passive bankruptcy remote entity. The objects clause of the Collection Foundation is limited to collecting, managing and distributing amounts received on the Collection Foundation Accounts to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement. Upon receipt of such amounts, the Collection Foundation will distribute to the Issuer or, after an Assignment Notification Event or a Notice to Pay, 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 Agreement. Pursuant to the Receivables Proceeds Distribution Agreement, de Volksbank as Foundation Administrator and, after an insolvency event relating to de Volksbank, a new foundation administrator appointed for such purpose, respectively, will perform such payment transaction services on behalf of the Collection Foundation.

The Receivables Proceeds Distribution Agreement provides that upon the occurrence of a Collection Foundation Trigger Event, the Collection Foundation and de Volksbank (in all their respective capacities) will within thirty (30) calendar days after de Volksbank has ceased to have the Collection Foundation Trigger Required Ratings or, with respect to S&P only (only to the extent S&P assigns a rating to any of the notes issued by any of the SPVs) the later of (a) thirty (30) calendar days have elapsed since de Volksbank has ceased to have the Collection Foundation Trigger Required Rating or (b) if, on or before the 30th calendar day after de Volksbank ceases to have the Collection Foundation Trigger Required Ratings, de Volksbank has submitted a written proposal for a remedy to S&P (only to the extent S&P assigns a rating to any of the notes issued by any of the SPVs), sixty (60) calendar days have elapsed since de Volksbank has ceased to have the Collection Foundation Trigger Required Ratings, (i) have one of the Collection Foundation Trigger Commingling Remedial Actions in place or (ii) will procure that either:

- (i) (a) all amounts standing to the credit of the Collection Foundation Accounts held with de Volksbank as Foundation Account Provider will be immediately transferred to the Rabobank Existing Account or the relevant Collection Foundation Eligible Counterparty Account, and (b) de Volksbank will procure and where required the Collection Foundation will undertake its best efforts that direct debits shall no longer be made to the Collection Foundation Accounts held with de Volksbank and Borrowers no longer pay any amount into such accounts and (c) where required, de Volksbank and the Collection Foundation will assist that Borrowers are informed that further payments in discharge of their obligations under the relevant Mortgage Receivables can no longer be made on the Collection Foundation Accounts held with de Volksbank as Foundation Account Provider, and that payments under the relevant Mortgage Receivables have to be made into the Rabobank Existing Account and/or Collection Foundation Eligible Counterparty Account, as applicable; or
- (ii) (a) the Collection Foundation Accounts held with de Volksbank as former Foundation Account Providers will be transferred to Rabobank or a Collection Foundation Eligible Counterparty (as the case may be) or closed and new Collection Foundation Accounts with the same numbers will be opened with Rabobank and/or a Collection Foundation Eligible Counterparty (as the case may be) as the only Foundation Account Provider(s) and (b) all amounts standing to the credit of the Collection Foundation Accounts held with de Volksbank as Foundation Account Providers will be immediately transferred with or to such Collection Foundation Accounts;

If at any time (whether before or after occurrence of a Collection Foundation Trigger Event) Rabobank as Foundation Account Provider is assigned a rating below the Collection Foundation Trigger Required Ratings, the Foundation Administrator on behalf of the Collection Foundation will as soon as reasonably possible, but at least within thirty (30) calendar days, (i) ensure that payments to be made by Rabobank as Foundation Account Provider in respect of amounts received on the Collection Foundation Accounts relating to the Mortgage Receivables will be fully guaranteed pursuant to an unconditional and irrevocable guarantee which complies with the criteria of S&P and Fitch (only to the extent S&P or Fitch assigns a rating to any of the notes issued by any of the SPVs) and Moody's, if applicable, or transfer the Collection Foundation Accounts to a new account provider, provided that such guarantor or new account provider shall be a Collection Foundation Eligible Counterparty, or (ii) implement any other actions acceptable at that time to S&P (only to the extent S&P assigns a rating to any of the notes issued by any of the SPVs) and provided Fitch (only to the extent Fitch assigns a rating to any of the notes issued by any of the SPVs) and Moody's are notified of such other action. In case of a transfer to an alternative bank as referred to under (i) above, the Collection Foundation shall enter into a pledge agreement and create a right of pledge over such bank account in favour of the CBC, the Previous Transaction SPVs, the Security Trustee and the Previous Transaction Security Trustees separately upon terms substantially the same as the Collection Foundation Accounts Pledge Agreement.

Prior to a Collection Foundation Trigger Event and subject to the Originator being obliged to pay the proceeds of the Mortgage Receivables to the CBC, the Collection Foundation has undertaken to distribute all amounts of principal, interest and prepayment penalties received by the Collection Foundation in respect of the Mortgage Receivables and paid to the relevant Collection Foundation Account on the same day as these are received. Following a Collection Foundation Trigger Event, subject to the Originator being obliged to pay the proceeds of the

Mortgage Receivables to the CBC, the Collection Foundation has undertaken to transfer all amounts received by the Collection Foundation in respect of the Mortgage Receivables and paid to the relevant Collection Foundation Account to the GIC Account ultimately the 5th business day following receipt.

**"Collection Foundation Eligible Counterparty Account"** means a bank account with an Eligible Counterparty in the name of the Collection Foundation including the bank accounts in the name of the Collection Foundation if such accounts have been transferred to such Eligible Counterparty as Foundation Account Provider in accordance with the Receivables Proceeds Distribution Agreement;

**"Collection Foundation Trigger Commingling Remedial Actions"** means any of the following actions taken with respect to all transactions rated by the relevant Rating Agencies entered into by the Previous Transaction SPV's and Security Trustees and the CBC (i) with respect to a transaction where a Commingling Financial Collateral Agreement is entered into, sufficient collateral being posted or any of the alternative mitigant measures being taken under the Commingling Financial Collateral Agreements or otherwise in accordance with the relevant transaction agreements or (ii) with respect to a transaction where commingling risk may be mitigated through a reserve fund or reserve account, sufficient funds being posted on the reserve fund or reserve account to mitigate any commingling risks or otherwise in accordance with the relevant transaction agreements, or (iii) an amount equal to the collateral amount referred to in items (i) and (ii) above being guaranteed by a Collection Foundation Eligible Counterparty, or (iv) that direct debits from borrower accounts in respect of mortgage receivables will solely be made directly to the accounts of the CBC or the relevant Previous Transaction SPV or Security Trustee or the relevant Previous Transaction Security Trustee, as the case may be, and the borrowers that do not pay by means of direct debits are directed to pay to the accounts of the Issuer or the relevant Previous Transaction SPV or Security Trustee or the relevant Previous Transaction Security Trustee, as applicable, and/or amounts not paid by means of direct debits are directed to be paid to the accounts of the CBC or the relevant Previous Transaction SPV or Security Trustee or the relevant Previous Transaction Security Trustee, as applicable;

**"Collection Foundation Trigger Event"** means the event that (i) de Volksbank ceases to have the Collection Foundation Trigger Required Ratings and (ii) none of the Collection Foundation Trigger Commingling Remedial Actions are in place;

**"Collection Foundation Trigger Required Ratings"** means (i) in respect of Fitch (only to the extent Fitch assigns a rating to any of the notes issued by any of the SPVs or under the Relevant Documents), either (x) a long-term issuer default rating of at least "A" by Fitch or (y) a short-term issuer default rating of at least "F1" by Fitch and (ii) in respect of Moody's (only to the extent Moody's assigns a rating to any of the notes issued by any of the SPVs or under the Relevant Documents), a rating of its unsecured, unsubordinated and unguaranteed debt obligations of at least "Baa1" by Moody's and (iii) in respect of S&P (only to the extent S&P assigns a rating to any of the notes issued by any of the SPVs or under the Relevant Documents), (x) a rating of its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least "BBB" by S&P and (y) a rating of its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least "A2" by S&P;

**"Rabobank Existing Account"** means the bank account with Rabobank in its capacity as Foundation Account Provider.

## POST ISSUER ACCELERATION NOTICE 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 its ordinary course of its business, which may be paid on each day by the CBC) will pursuant to the Trust Deed be applied or reserved (in respect of the immediately following CBC Payment Period (which, for the avoidance of doubt, in this priority of payments commences on such CBC Payment Date)), as the case may be, in the following order of priority (the "**Post Issuer 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 (i) 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 and (ii) any (remaining) NHG Advance Right Repayment Amount required to be repaid to Stichting WEW which could not be repaid from the amounts deducted from the enforcement proceeds of the relevant Mortgage Loan;
- (b) *second*, in or towards satisfaction of taxes owing by the CBC to any tax authority accrued and unpaid (to the extent such amounts cannot be paid out of item (ix) of the Interest Available Amount);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of any remuneration and any costs, charges, liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of:
  - any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately following CBC Payment Period under the provisions of the Servicing Agreement;
  - any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately following CBC Payment Period under the provisions of the Administration Agreement;
  - amounts (if any) due and payable to the GIC Provider (including costs) pursuant to the terms of the GIC;
  - any amounts (including costs and expenses) due and payable to the Directors; and
  - any amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (l) below) pursuant to the terms of the Asset Monitor Appointment Agreement;
- (e) *fifth*, in or towards satisfaction of any amounts due and payable to any Total Return Swap Counterparty (including any termination payment due and payable by the CBC under a Total Return Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) pursuant to the terms of the relevant Total Return Swap Agreement;
- (f) *sixth*, in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of:
  - (i) to each Interest Rate Swap Counterparty, all amounts (including any termination payment due and payable by the CBC under the relevant Interest Rate Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Interest Rate Swap Agreement;
  - (ii) to each Structured Swap Counterparty, all amounts (including any termination payment due and payable by the CBC under the relevant Structured Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) other than in respect of principal, then due to it or becoming due and payable to it in the immediately following CBC Payment Period under the relevant Structured Swap Agreement; and
  - (iii) 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 each Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be paid in the relevant CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series or (ii) are scheduled to be paid in the immediately succeeding CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series but the Issuer 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,

provided that if the amount available for distribution under this paragraph (f) is insufficient to pay all amounts listed in this paragraph (f), but would be sufficient to pay all amounts listed in this paragraph (f) other than the Series of Covered Bonds to which a Swap Agreement is connected to the extent these are expected to be paid from the amount payable under the connected Swap Agreement or from the amounts reserved for payment of such Series (the excluded amounts), then the amount available for distribution under this paragraph (f) will be applied first to pay or provide for all amounts listed in this paragraph (f) other than the such excluded amounts and second, for the remainder, to pay or provide for such excluded amounts *pro rata* and *pari passu*;

- (g) *seventh*, in or towards satisfaction or to be reserved for payment, *pro rata* and *pari passu* according to the respective amounts owing thereto:
  - (i) of amounts in respect of principal then due and payable or as will become due and payable in the immediately following CBC Payment Period to each Structured Swap Counterparty under the relevant Structured Swap Agreement;
  - (ii) of 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 each Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be payable in the relevant CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series or (ii) are scheduled to be payable in the immediately succeeding CBC Payment Period from the amounts received (or to be received) under the relevant Swap Agreement connected to such Series but the Issuer 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;

provided that if the amount available for distribution under this paragraph (g) is insufficient to pay all amounts listed in this paragraph (g), but would be sufficient to pay all amounts listed in this paragraph (g) other than the Series of Covered Bonds to which a Swap Agreement is connected to the extent these are expected to be paid from the amount payable under the connected Swap Agreement or from the amounts reserved for payment of such Series (the excluded amounts), then the amount available for distribution under this paragraph (g) will be applied first to pay or provide for all amounts listed in this paragraph (g) other than the such excluded amounts and second, for the remainder, to pay or provide for such excluded amounts *pro rata* and *pari passu*;

- (h) *eighth*, to deposit the remaining moneys in the GIC Accounts for application on the next following the CBC Payment Date in accordance with the priority of payments described in paragraphs (a) to (g) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series);
- (i) *ninth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amount due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (j) *tenth*, in or towards satisfaction of any indemnity amount due to the Originator pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement; and
- (k) *eleventh*, thereafter any remaining moneys will be paid to the Issuer.



## 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 Insurance Savings Participants and the Bank Savings Participants shall be entitled (which shall be equal to the Participation in each of the Savings Mortgage Receivables to which the 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 (i) 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 and (ii) any (remaining) NHG Advance Right Repayment Amount required to be repaid to Stichting WEW which could not be repaid from the amounts deducted from the enforcement proceeds of the relevant Mortgage Loan;
- (b) *second*, in or towards satisfaction of taxes owing by the CBC to any tax authority accrued and unpaid (to the extent such amounts cannot be paid out of item (ix) of the Interest Available Amount);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any remuneration and any costs, charges, liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of:
  - any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement;
  - any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement;
  - amounts (if any) due and payable to the GIC Provider (including costs) pursuant to the terms of the GIC; and
  - amounts (including costs and expenses) due to the Directors;
- (e) *fifth*, in or towards satisfaction of any amounts due and payable to any Total Return Swap Counterparty (including any termination payment due and payable by the CBC under a Total Return Swap Agreement, to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) pursuant to the terms of the relevant Total Return Swap Agreement;
- (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 Interest Rate Swap Counterparties under the relevant Swap Agreements (including any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts);
- (g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts owing thereto, of any amounts due and payable:
  - to the Structured Swap Counterparties under the Structured Swap Agreements (including any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts); and
  - to the Covered Bondholders *pro rata* and *pari passu* in respect of interest and principal due and payable on each Series in accordance with the Guarantee;

- (h) *eighth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any Excluded Swap Termination Amounts due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement; and
- (i) *ninth*, thereafter any remaining moneys will be paid to the Issuer.

## GIC ACCOUNTS AND SWAP REPLACEMENT LEDGER

### GIC Account

Pursuant to the terms of the GIC entered into on the Programme Date between the CBC, Coöperatieve Rabobank U.A. as GIC Provider and the Security Trustee, the CBC will maintain, with the GIC Provider, the GIC 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.

If the deposit rating or the unsecured, unsubordinated and unguaranteed debt obligations, as the case may be, of the GIC Provider cease to be rated the GIC Provider Required Ratings, then within thirty (30) calendar days of such occurrence either:

- the GIC Account will be closed and new accounts opened under the terms of a new GIC substantially on the same terms as the GIC opened with a financial institution which is rated at least the GIC Provider Required Ratings; or
- the GIC Provider will obtain a guarantee of its obligations under the GIC on terms acceptable to the Security Trustee, acting reasonably, from a financial institution which is rated at least the GIC Provider Required Ratings,

unless, (i) in case the GIC Provider is downgraded by Moody's, a Rating Agency Confirmation in respect of Moody's is available that the then current rating of the Covered Bonds will not be adversely affected as a result of the rating of the GIC Provider falling below the GIC Provider Required Ratings (or the reason for this having occurred) within fifteen (15) calendar days of such downgrade, and/or, as applicable, (ii) in case the GIC Provider is downgraded by Fitch, a Rating Agency Confirmation in respect of Fitch is available that the then current rating of the Covered Bonds will not be adversely affected as a result of the rating of the GIC Provider falling below the GIC Provider Required Ratings (or the reason for this having occurred) within fifteen (15) calendar days of such downgrade, in case of (i) and/or (ii) the GIC Accounts will continue to be held by the current GIC Account Provider. If any of the confirmation is given as set out above, reference to the "**GIC Provider Required Ratings**" shall instead be deemed to be the relevant rating of the GIC Provider at the time of such confirmations, but the original rating shall be reinstated if the relevant rating of the GIC Provider is subsequently upgraded to the original level.

Pursuant to the GIC, the GIC Provider has agreed to pay interest on the GIC Funds at the rate determined in accordance with the GIC.

The CBC and the GIC Provider 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 GIC Provider (provided that the Security Trustee has consented in writing). Any such additional accounts will be kept separate from the GIC Account to which it is connected. The CBC may only transfer amounts from such additional accounts to the relevant GIC Account to which it is connected and any amount to be transferred to such additional accounts may only be transferred from the relevant GIC Account.

In the event the CBC is obliged to open any other accounts than the GIC Account, the GIC Provider will, on the instructions of the CBC, open such new accounts under the terms of this GIC in the name of the CBC.

### Swap Replacement Ledger

The CBC shall maintain the Swap Replacement Ledger to which the Swap Replacement Amounts shall be credited. 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 Total Return Swap, Interest Rate Swap or Structured Swap, 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 Total Return Swap, any Interest Rate Swap or any Structured Swap, 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 Total Return Swap, any Interest Rate Swap or any Structured Swap has been replaced, any Excess Swap Replacement Amounts debited to the Swap Replacement Ledger under paragraphs (i) or (ii) above 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.

**Foreign Currency Accounts**

If an Assignment Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served, and the Issuer has any Covered Bonds denominated in a currency other than euro outstanding or issues such Covered Bonds at any time thereafter, the Administrator shall, on behalf of the CBC, establish and maintain an account in that currency and, unless otherwise specified in the Relevant Documents, all amounts received by the CBC in that currency shall be promptly deposited into such account.

## 18. DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been approved by the AFM or filed with it shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the Issuer's publicly available financial statements for the year ended 31 December 2020 and the independent auditor's report thereon (set forth on pages 127 up to and including 190 (financial statements) and pages 195 up to and including 202 (independent auditor's report) of its 2020 annual report (English translation)), which can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2020.pdf>;
- (b) the Issuer's publicly available financial statements for the year ended 31 December 2021 and the independent auditor's report thereon (set forth on pages 145 up to and including 210 (financial statements) and pages 215 up to and including 223 (independent auditor's report) of its 2021 annual report (English translation)), which can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2021.pdf>;
- (c) the Issuer's publicly available condensed consolidated interim financial statements for the period ended 30 June 2022 and the independent auditor's review report thereon (set forth on pages 32 to 44 (interim financial statements) and page 45 to 46 (independent auditor's review report) of its interim financial report first half of 2022 (English translation)), which can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-Interim-Financial-Report-2022.pdf>;
- (d) the responsibility statement in respect of the consolidated and company financial statements of the Issuer issued by the Executive Board as set forth on page 124 of its 2020 annual report (English translation) and as set forth on page 142 of its 2021 annual report (English translation), which can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2020.pdf> and <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2021.pdf>;
- (e) the responsibility statement in respect of the condensed consolidated interim financial statements for the period ended 30 June 2022 of the Issuer issued by the Executive Board as set forth on page 31 of its 2022 interim financial report (English translation), which can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-Interim-Financial-Report-2022.pdf>;
- (f) the Issuer's articles of association as per the date of approval of this Base Prospectus (in the original Dutch language version as well as in English translation), which can also be obtained from: <https://www.devolksbank.nl/assets/files/Statuten-de-Volksbank-N.V.pdf> and <https://www.devolksbank.nl/assets/files/Articles-of-Association-of-de-Volksbank-N.V.PDF>;
- (g) chapter 3 (*Risk Management*) set forth on pages 45 up to and including 124 of the Issuer's 2020 annual report (English translation) and Chapter 4 (*Risk Management*) as set forth on pages 57 up to and including 142 of the Issuer's 2021 annual report (English translation), which can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2020.pdf> and <https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2021.pdf>;
- (h) a full year financial report regarding the Issuer's 2020 annual results, which can be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/De-Volksbank-Full-year-financial-report-2020.pdf> and <https://www.devolksbank.nl/assets/files/jaarcijfers/Press-release-2020-Shared-value-developments.pdf> respectively;
- (i) a (i) full year financial report and a (ii) press release published by the Issuer on 11 February 2022 regarding the Issuer's 2021 annual results, which can be respectively obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/De-Volksbank-Full-Year-Financial-Report-2021.pdf> and <https://www.devolksbank.nl/assets/files/jaarcijfers/Press-release-Full-year-results-2021.pdf>;
- (j) the Issuer's publicly available Integrated Annual Review 2021 for the year ended 31 December 2021, which

can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/De-Volksbank-Integrated-Annual-Review-2021.pdf>;

- (k) the Issuer's publicly available Environmental, Social and Governance Report 2021 for the year ended 31 December 2021, which can also be obtained from: <https://www.devolksbank.nl/assets/files/jaarcijfers/De-Volksbank-Environmental-Social-and-Governance-Report-2021.pdf>;
- (l) the CBC's annual report for the year 2020, which can also be obtained from: <https://www.devolksbank.nl/assets/files/Investor-Relations/Debt-informatie/Covered-Bonds/Volks-Covered-Bond-Company-Annual-Report-2020.pdf>;
- (m) the CBC's annual report for the year 2021, which can be obtained from: <https://www.devolksbank.nl/assets/files/Investor-Relations/Debt-informatie/Covered-Bonds/Volks-Covered-Bond-Company-Annual-Report-2021.pdf>;
- (n) a press release published by the Issuer on 12 February 2021 regarding the Issuer's strategy for the period 2021-2025, which can also be obtained from: <https://www.devolksbank.nl/assets/files/Persberichten-algemeen/Press-release-De-Volksbank-Strategic-Plan-2021-2025.pdf>; and
- (o) a press release published by the Issuer on 21 April 2021 regarding the decisions of the general meeting of shareholders held on 21 April 2021, which can also be obtained from: <https://www.devolksbank.nl/assets/files/Persberichten-algemeen/Press-release-shareholdersmeeting-de-Volksbank-of-21-April-2021.pdf>.

These documents can be obtained without charge at the offices of the Issuer (Croeselaan 1, 3521 BJ Utrecht, the Netherlands, de Volksbank Investor relations, tel: +31 30 2914246/ +31 30 2914807, [jacob.bosscha@devolksbank.nl](mailto:jacob.bosscha@devolksbank.nl) and [davey.hak@devolksbank.nl](mailto:davey.hak@devolksbank.nl)) and the Agent (Banque Internationale à Luxembourg SA, 69 Route d'Esch, L-2953 Luxembourg, Luxembourg, Transaction Execution Group, tel: +352 4590 1), each as set out at the end of this Base Prospectus. In addition all these documents and the Base Prospectus are available on the Issuer's website at <https://www.devolksbank.nl/en/investor-relations/debt-information/covered-bond-programme>.

The non-incorporated parts of the documents mentioned above are either not relevant for the investor or covered elsewhere in this Base Prospectus.

Any information contained in or accessible through any website, including [www.devolksbank.nl](http://www.devolksbank.nl), does not form a part of the Base Prospectus, 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.

## 19. GENERAL INFORMATION

1. The (i) establishment of the Programme has been duly authorised by a resolution of the Board of Directors dated 4 December 2007 and (ii) the issue of Covered Bonds under the Programme from time to time and the update of the Programme has been duly authorised by resolutions of the Executive Committee dated 13 December 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 Relevant Documents.

The issuing of the Guarantee has been duly authorised by resolutions of the board of managing directors of the CBC dated 7 December 2007. The update and amendment of the Programme were authorised by the CBC by a resolution of the board of managing directors of the CBC dated 15 December 2022.

2. Application may be made for Covered Bonds issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange 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 Luxembourg Stock Exchange will be delivered to the Luxembourg Stock Exchange on or before the date of issue. Covered Bonds issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms or be unlisted.
3. Ernst & Young Accountants LLP is the independent auditor of de Volksbank N.V. Ernst & Young Accountants LLP is registered at the Chamber of Commerce of Rotterdam in the Netherlands under number 24432944. The register accountants of Ernst & Young Accountants LLP are members of the (*Koninklijke Nederlandse Beroepsorganisatie van Accountants* - the Royal Netherlands Institute of Chartered Accountants). The NBA is the professional body for accountants in the Netherlands. Ernst & Young Accountants LLP has given and has not withdrawn their written consent to the issue of this Base Prospectus with their reports included herein in the form and context in which it appears.
4. Copies of the documents listed below 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.dev Volksbank.nl>. Any information contained in or accessible through any website, including [www.dev Volksbank.nl](https://www.dev Volksbank.nl), does not form a part of the Base Prospectus, 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.
  - (i) the articles of association of the Issuer, the Security Trustee and the CBC;
  - (ii) the Pledge Agreements;
  - (iii) the Swap Agreements;
  - (iv) the Administration Agreement;
  - (v) the Servicing Agreement;
  - (vi) the Deposit Agreement;
  - (vii) the GIC;
  - (viii) the Trust Deed;
  - (ix) the Parallel Debt Agreement;
  - (x) the Agency Agreement;
  - (xi) the Guarantee Support Agreement;
  - (xii) the Beneficiary Waiver Agreements;
  - (xiii) the Insurance Savings Participation Agreements;
  - (xiv) the Bank Savings Participation Agreements;
  - (xv) the Asset Monitoring Agreement;
  - (xvi) the Asset Monitor Appointment Agreement;
  - (xvii) the Management Agreements; and
  - (xviii) the Master Definitions Agreement.
5. The audited annual financial statements of the CBC prepared annually will be made available, free of charge, at the specified offices of the CBC.

6. A copy of the CBC's articles of association is available, free of charge, at the office of the CBC.
7. A copy of the Final Terms will be made available on <https://www.devолksbank.nl/en/investor-relations/debt-information/covered-bond-programme>.
8. 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.
9. A monthly report on the Covered Bonds under this Programme will be published on and can be obtained at: [www.devолksbank.nl](http://www.devолksbank.nl). Any information contained in or accessible through any website, including [www.devолksbank.nl](http://www.devолksbank.nl), does not form a part of the Base Prospectus, 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.
10. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), other than as described in section 0 (*The Issuer*) of this Base Prospectus in the paragraph '*Legal proceedings*', in the twelve (12) months preceding the date of this Base Prospectus which may have, or have had in the recent past significant effects on the Issuer and/or the de Volksbank Group's financial position or profitability.
11. Up to the date of this Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2021, which is the date of its last published audited financial statements.
12. Up to the date of this Base Prospectus, there has been no significant change in the financial position and the financial performance of the Issuer and/or the de Volksbank Group since 30 June 2022, which is the end of the last financial period for which financial information has been published to the date of this Base Prospectus.
13. 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 and/or a benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable 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.



## 20. GLOSSARY OF DEFINED TERMS

"2022 Amendment Date"	means 12 September 2022.
"403-guarantee"	means a guarantee as referred to in Article 2:403 of the Dutch Civil Code.
"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.
"Adjusted Aggregate Asset Amount"	has the meaning ascribed thereto in the section 15 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
"Adjusted Current Balance"	has the meaning ascribed thereto in the section 15 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
"Adjusted Required Redemption Amount"	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Sale or Refinancing of Selected Assets</i> ' of this Base Prospectus.
"Administration Agreement"	means the administration agreement dated the Programme Date entered into between the CBC, the Security Trustee and de Volksbank, as amended, restated and transferred on 30 April 2014 from de Volksbank to the Administrator, as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
"Administrator"	means Intertrust Administrative Services B.V.
"AFM"	means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> ).
"Agency Agreement"	means the agency agreement dated the Programme Date entered into between the Issuer, the CBC, the Security Trustee and the Principal Paying Agents and the Registrar, as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time
"Agent"	means NautaDutilh N.V.
"AML"	means anti-money laundering laws.
"AML Directive"	means Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.
"AML Regulation"	means Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006.
"Amortisation Test"	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Amortisation Test</i> ' of this Base Prospectus.
"Amortisation Test Aggregate Asset Amount"	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Amortisation Test</i> ' of this Base Prospectus.

<b>"Annuity Mortgage Loan"</b>	means a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity.
<b>"Arranger"</b>	means Rabobank.
<b>"Arrears of Interest"</b>	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.
<b>"Asset Cover Report"</b>	means the asset cover report prepared each month by the Administrator for the CBC which includes the relevant calculations in respect of the Asset Cover Test.
<b>"Asset Cover Test"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
<b>"Asset Monitor Appointment Agreement"</b>	means the asset monitor appointment agreement dated the Programme Date entered into between the Asset Monitor, the Issuer, the Administrator, the CBC and the Security Trustee as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>"Asset Monitor Report"</b>	means the asset monitor report prepared by the Asset Monitor for the CBC which includes the results of the tests in relation to which the Asset Monitor carried out procedures in accordance with the Asset Monitor Appointment Agreement.
<b>"Asset Monitor"</b>	means Ernst & Young Accountants LLP or such other person as may from time to time be appointed as asset monitor pursuant to the Asset Monitoring Agreement.
<b>"Asset Monitoring Agreement"</b>	means the asset monitoring agreement dated the Programme Date entered into between the Issuer, the Administrator, the CBC and the Security Trustee as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>"Asset Percentage"</b>	means 88.5% or such other percentage figure as is determined from time to time in accordance with the Asset Monitoring Agreement.
<b>"Assignment Notification Event"</b>	means any of the events specified as such in section 9 ( <i>Guarantee Support</i> ) under ' <i>Transfers</i> ' of this Base Prospectus.
<b>"Audit Committee"</b>	means the audit committee of the Issuer.
<b>"Audit Director"</b>	means the director of the Audit Committee;
<b>"Banking Code"</b>	means the revised banking code ( <i>Code Banken</i> ) published by the Dutch Banking Association in October 2014 and effective as of 1 January 2015.
<b>"Bank Mortgages"</b>	means Mortgages that not only secure the loan granted by the Originator 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 Originator.
<b>"Bank Pledges"</b>	means rights of pledge granted in favour of the Originator, which secure the same debts as the Bank Mortgages.
<b>"Bank Savings Account"</b>	means, in respect of a Bank Savings Mortgage Loan a, blocked savings account in the name of a Borrower held with the Bank Savings Participant.
<b>"Bank Savings Deposit"</b>	means in relation to a Bank Savings Mortgage Loan the balance standing to the

credit of the Bank Savings Account.

<b>"Bank Savings Mortgage Loan"</b>	means a Mortgage Loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis.
<b>"Bank Savings Mortgage Receivables"</b>	means any and all rights of the Originator against any Borrower under or in connection with any Bank Savings Mortgage Loans (including but not limited to any and all claims of the Originator on the Borrower as a result of the Mortgage Loans being terminated, dissolved or declared null and void).
<b>"Bank Savings Participant"</b>	means de Volksbank.
<b>"Bank Savings Participation"</b>	means, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of the relevant Bank Savings Mortgage Receivable increased during each month by each Bank Savings Participation Increase.
<b>"Bank Savings Participation Agreement"</b>	means the bank savings participation agreement dated the Programme Date entered into between the CBC, the Security Trustee and the Bank Savings Participant, as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>"Bank Savings Participation Increase"</b>	has the meaning ascribed thereto in section 13 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>"Bank Savings Participation Redemption Available Amount"</b>	has the meaning ascribed thereto in section 13 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>"Bank Security Rights"</b>	means Bank Pledges and Bank Mortgages jointly.
<b>"Basel Committee"</b>	means the Basel Committee on Banking Supervision.
<b>"Basel III Reforms"</b>	means the Basel III reforms as published on 7 December 2017.
<b>"Base Prospectus"</b>	means this base prospectus dated 15 December 2022.
<b>"Basis Point Duration"</b>	means the percentage change in net present value of a financial asset due to the change of one basis point in the relevant interest rate.
<b>"Bearer Covered Bonds"</b>	means the Covered Bonds issued in bearer form.
<b>"Benchmark Event"</b>	has the meaning ascribed thereto in Condition 5(c) ( <i>Replacement Reference Rate</i> ).
<b>"Benchmarks Regulation"</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
<b>"Beneficiary Rights"</b>	means all claims which the Originator has or will have as beneficiary vis-à-vis an Insurance Company in respect of the relevant Insurance Policy under which the Originator has been appointed as first beneficiary ( <i>begunstigde</i> ) in connection with a Mortgage Receivable.
<b>"Beneficiary Waiver"</b>	means the beneficiary waiver agreement dated the Programme Date and entered

<b>"Agreement"</b>	into between the Originator, the Insurance Savings Participant, the Issuer, the CBC and the Security Trustee, as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time and any other beneficiary waiver agreement to be entered into with any other insurance savings company substantially in the Agreed Form, as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"BIL"</b>	means Banque Internationale à Luxembourg S.A.
<b>"Board of Directors"</b>	means the board of directors of the Issuer.
<b>"Borrower"</b>	means the debtors, including any jointly and severally liable co-debtors, of the Mortgage Receivables.
<b>"Borrower Insurance Pledge"</b>	means a right of pledge ( <i>pandrecht</i> ) on the rights of the relevant Borrower/insured against (i) the Insurance Savings Participant under the relevant Savings Insurance Policy securing the relevant Insurance Savings Mortgage Receivable or (ii) the relevant Life Insurance Company under the relevant Life Insurance Policy securing the relevant Mortgage Receivable.
<b>"Borrower Insurance Proceeds Instruction"</b>	means an instruction ( <i>opdracht</i> ) and power of attorney ( <i>volmacht</i> ) by a beneficiary to the relevant Life Insurance Company or the Insurance Savings Participant to pay under certain conditions any insurance proceeds to the Originator in full or partial satisfaction of the same debt for which the relevant Borrower Insurance Pledge was created.
<b>"Borrower Pledge"</b>	means a right of pledge ( <i>pandrecht</i> ) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge.
<b>"Borrower Securities Pledges"</b>	means a right of pledge ( <i>pandrecht</i> ) on the securities of the relevant Borrower in respect of the Investment-based Mortgage Loans.
<b>"Breach of Amortisation Test"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Amortisation Test</i> ' of this Base Prospectus.
<b>"Breach of Asset Cover Test"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
<b>"Breach of Portfolio Test"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Portfolio Tests</i> ' of this Base Prospectus.
<b>"BRRD"</b>	means 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.
<b>"Business Day"</b>	means (i) a day on which banks are generally open for business in Amsterdam and London, provided that such day is also a day on which TARGET 2 or any successor thereto is operating credit or transfer instructions in respect of payments in euro, or (ii), if used in or by reference to Condition 5 ( <i>Interest</i> ), such day as determined in accordance with Condition 5 ( <i>Interest</i> ) and the applicable Final Terms.
<b>"Calculation Agency Agreement"</b>	means a calculation agency agreement in the form, or substantially in the form, as attached to the Agency Agreement.
<b>"Calculation Agent"</b>	means, in relation to the Covered Bonds of any Series, the institution appointed as calculation agent in relation to such Covered Bonds pursuant to the relevant Calculation Agency Agreement or the Agency Agreement.

<b>"Calculation Amount"</b>	has the meaning ascribed thereto in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, the Specified Denomination.
<b>"Calculation Date"</b>	has the meaning ascribed thereto in Condition 10(b) ( <i>CBC Events of Default</i> ).
<b>"Calculation Period"</b>	has the meaning ascribed thereto in Condition 10(b) ( <i>CBC Events of Default</i> ).
<b>"Cap"</b>	means the maximum interest rate that may apply to a Floating Rate Covered Bond.
<b>"CB Regulations"</b>	means the Dutch covered bonds legislation effective as of 8 July 2022 and which implements the Covered Bond Directive in the Netherlands, which is set out in the covered bond directive implementation law ( <i>Implementatiewet richtlijn gedekte obligaties</i> ) dated 15 December 2021 and the Decree, as amended from time to time.
<b>"CBC"</b>	means Volks Covered Bond Company B.V.
<b>"CBC Acceleration Notice"</b>	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.
<b>"CBC Event of Default"</b>	has the meaning ascribed thereto in Condition 10(b) ( <i>CBC Events of Default</i> ).
<b>"CBC Payment Date"</b>	has the meaning ascribed thereto in Condition 10(b) ( <i>CBC Events of Default</i> ).
<b>"CBC Payment Period"</b>	means each period from (and including) a CBC Payment Date to (but excluding) the next CBC Payment Date.
<b>"CBC Relevant Documents"</b>	means (i) the Guarantee Support Agreement, (ii) the Servicing Agreement, (iii) the Administration Agreement, (iv) any Insurance Savings Participation Agreement, (v) any Bank Savings Participation Agreement, (vi) any Swap Agreement, (vii) the Asset Monitor Appointment Agreement; (viii) the GIC and (ix) in respect of the GIC Accounts.
<b>"CET1"</b>	means Common Tier Equity 1.
<b>"Clearstream, Luxembourg"</b>	means Clearstream Banking, société anonyme.
<b>"Code"</b>	means the Dutch Corporate Governance Code.
<b>"Code of Conduct"</b>	means the code of conduct for mortgage loans ( <i>Gedragscode Hypothecaire Financieringen</i> ).
<b>"Collar"</b>	means the structure in which both a Cap and a Floor apply to a Floating Rate Covered Bond.
<b>"Collateral Return Payments"</b>	means any payments or deliveries to be made in respect of the return of any Swap Collateral Amounts by the CBC to the relevant Swap Counterparty.
<b>"Collection Foundation"</b>	means Stichting Hypotheken Incasso.
<b>"Compounded Daily €STR"</b>	has the meaning ascribed thereto in Condition 5(b)(ii)(c) ( <i>Screen Rate Determination for Floating Rate Covered Bonds referencing Compounded Daily €STR</i> ).

<b>"Compounded SOFR"</b>	<b>Daily</b>	has the meaning ascribed thereto in Condition 5(b)(ii)(d) ( <i>Screen Rate Determination for Floating Rate Covered Bonds referencing Compounded Daily SOFR</i> ).
<b>"Compounded SONIA"</b>	<b>Daily</b>	has the meaning ascribed thereto in Condition 5(b)(ii)(f) ( <i>Screen Rate Determination for Floating Rate Covered Bonds referencing SONIA</i> ).
<b>"COVID-19"</b>		means the coronavirus disease 2019.
<b>"Collection Foundation Accounts"</b>		means the bank accounts designated as such in the Receivables Proceeds Distribution Agreement.
<b>"Collection Foundation Accounts Pledge"</b>		means the collection foundation account pledge agreement between, among others, the CBC, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees and de Volksbank dated 19 December 2011 as the same may be amended, restated, supplemented or otherwise modified from time to time or, the pledge agreement or pledge agreements entered into by one or more of the aforementioned parties in replacement of the relevant collection foundation accounts pledge agreement or collection foundation accounts pledge agreements in force at that time, and/or in addition to the existing collection foundation accounts pledge agreements in force at that time.
<b>"Conditions"</b>		means in respect of a Series or Tranche the Terms and Conditions as supplemented, amended and/or disappplied by the relevant Final Terms.
<b>"Convertibility Event"</b>		means the (indirect or direct) determination by the national government of the country in the currency of which the Covered Bonds were issued, that such currency is substituted by another currency.
<b>"Couponholder"</b>		means the holder of a Coupon.
<b>"Coupons"</b>		means the coupons appertaining to the Covered Bonds.
<b>"Covered Bondholders"</b>		means the holders for the time being of the Covered Bonds.
<b>"Covered Bond Directive"</b>		means 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/EU.
<b>"Covered Bonds"</b>		means the covered bonds issued or to be issued under the Programme.
<b>"CRA Regulation"</b>		means Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended)
<b>"CRD"</b>		means the CRR and CRD IV Directive.
<b>"CRD IV Directive"</b>		means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
<b>"CRR"</b>		means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 and as amended by Regulation (EU) 2019/2160 of the European Parliament and of the Council of 29 November 2019 as regards exposures in the form of covered bonds.
<b>"Current Balance"</b>		means in relation to an Eligible Receivable at any date, the aggregate (without

double counting) of the 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.

"Custodian"	means a custodian appointed pursuant to the Custody Agreement.
"Custody Agreement"	means a custody agreement in relation to Substitution Assets to be entered into between the CBC and a Custodian.
"DDPA"	means Dutch Data Protection Authority ( <i>Autoriteit Persoonsgegevens</i> ).
"Dealer(s)"	means Rabobank and/or any other dealer appointed to the Programme or for a particular Tranche of Covered Bonds pursuant to the Programme Agreement.
"Decree"	means the covered bond directive implementation decree ( <i>Implementatiebesluit richtlijn gedekte obligaties</i> ) dated 24 May 2022, as amended from time to time and/or as applicable, the articles of <i>Besluit prudentiële regels</i> implemented pursuant to such implementation decree.
"Defaulted Receivable"	<p>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 Originator as irrecoverable for accounting purposes in accordance with the Originator's general accounting practices) in respect of which:</p> <ul style="list-style-type: none"><li>(i) a declaration has been made by the Originator that such Mortgage Receivable is irrecoverable;</li><li>(ii) legal proceedings have been commenced for its recovery;</li><li>(iii) the related Borrower is declared bankrupt (<i>failliet verklaard</i>) or has been granted a suspension of payments (<i>surseance van betaling</i>) or debt rescheduling arrangement (<i>schuldsaneringsregeling</i>) or equivalent or analogous events or proceedings have occurred in relation to the relevant Borrower; or</li><li>(iv) the relevant Borrower has not paid (including, without limitation, payments made by third parties on behalf of the Borrower) by the end of the Calculation Period 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.</li></ul>
"Definitive Covered Bonds"	means Covered Bonds in definitive form in respect of any Series of Covered Bonds.
"Delivery Event"	means the event that Euroclear Nederland has been closed for business for a continuous period of fourteen (14) 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 that a Permanent Global Covered Bond may be delivered ( <i>uitgeleverd</i> ) pursuant to the Dutch Securities Giro Transfer Act ( <i>Wet giraal effectenverkeer</i> ).
"Deposit Agreement"	means the deposit agreement dated the Programme Date and entered into between the Originator, the CBC, the Security Trustee and the former agent on and entered into with the Agent on 20 December 2018, as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
"Deposit Amount"	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under 'Asset Cover Test' of this Base Prospectus.

<b>"Deposit Guarantee Scheme"</b>	means the Dutch Deposit Guarantee Scheme ( <i>Depositogarantiestelsel</i> ).
<b>"Determination Period"</b>	has the meaning ascribed thereto in Condition 5(a) ( <i>Interest on Fixed Rate Covered Bonds</i> ).
<b>"de Volksbank"</b>	means de Volksbank N.V.
<b>"de Volksbank Group"</b>	means the Issuer and/or any member of the group formed by de Volksbank N.V. and its subsidiaries ( <i>dochtermaatschappijen</i> ).
<b>"de Volksbank Internal Audit"</b>	means the internal audit department of the Issuer.
<b>"Directors"</b>	means Intertrust Management B.V. with respect to the CBC, IQ EQ Structured Finance B.V. with respect to the Security Trustee and Intertrust (Netherlands) B.V. with respect to the Stichting Holding, and their respective successor(s).
<b>"DNB"</b>	means the Dutch Central Bank ( <i>De Nederlandsche Bank N.V.</i> ).
<b>"DORA"</b>	means the proposal for a regulation of the European Parliament and of the Council on digital operational resilience for the financial sector.
<b>"Due for Payment"</b>	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 (2) 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).
<b>"Dutch Civil Code"</b>	means the Dutch Civil Code ( <i>Burgerlijk Wetboek</i> ) as amended from time to time.
<b>"Earliest Maturing Covered Bonds"</b>	means at any time the relevant Series of the Covered Bonds 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).
<b>"Early Redemption Amount"</b>	has the meaning ascribed thereto in Condition 7(e) ( <i>Early Redemption Amounts</i> ).
<b>"EBA"</b>	means the European Banking Authority.
<b>"ECB"</b>	means the European Central Bank.
<b>"EEA"</b>	means the European Economic Area.
<b>"Eligibility Criteria"</b>	means the eligibility criteria set out in section 9 ( <i>Guarantee Support</i> ) under ' <i>Eligibility Criteria</i> ' of this Base Prospectus.
<b>"Eligible Assets"</b>	means Eligible Collateral and Eligible Receivables.
<b>"Eligible Collateral"</b>	means euro denominated cash and/or Substitution Assets.
<b>"Eligible Receivable"</b>	means a mortgage receivable or a mortgage loan to which it relates which complies with the Eligibility Criteria as at the relevant Transfer Date.
<b>"Eligible Swap Counterparty"</b>	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 or counterparty risk assessment as determined by Moody's, as the case may be, are rated equal to or higher than:

- (a) in the case of a Total Return Swap, A2 (long-term) (cr) and Prime-1 (short-term) (cr) or, if no short-term rating is available, A1 (long-term) (cr) by Moody's and either A- (long-term) or F1 (short-term) by Fitch;
- (b) in the case of a Structured Swap, A2 (long-term) (cr) and Prime-1 (short-term) (cr) or, if no short-term rating is available, A1 (long-term) (cr) by Moody's and either A- (long-term) or F1 (short-term) by Fitch; and
- (c) in the case of an Interest Rate Swap, A2 (long-term) (cr) and Prime-1 (short-term) (cr) or, if no short-term rating is available, A1 (long-term) (cr) by Moody's and either A- (long-term) or F1 (short-term) by Fitch,

or such other rating as may be approved by the Rating Agencies to maintain the then current rating of the Covered Bonds.

"EMIR"	means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.
"EMMI"	means the European Money Markets Institute.
"EMU"	means the Economic and Monetary Union.
"ESG"	means environmental, social and governance.
"ESG Factors"	means environmental, social and governance factors.
"ESMA"	means the European Securities and Markets Authority.
"€STR"	means the euro short-term rate.
"€STR Reference Rate"	means, in respect of any TARGET Settlement Day, a reference rate equal to €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 <a href="http://www.ecb.europa.eu">http://www.ecb.europa.eu</a> , or any successor website officially designated by the ECB (the " <b>ECB's Website</b> ") (in each case, on or before 9:00 a.m., Central European Time, on the TARGET Settlement Day immediately following such TARGET Settlement Day).
"EU"	means the European Union.
"EU Banking Reforms"	means the banking reform package including amendments to the CRD Directive (Directive (EU) 2019/878), the CRR (Regulation (EU) 2019/876), the BRRD (Directive (EU) 2019/879) and the SRM (Regulation (EU) 2019/877).
"EU MiFID II"	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.
"EU PRIIPs Regulation"	means Regulation (EU) 1286/2014 of the European Parliament and the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.
"EURIBOR"	means the Euro-zone inter-bank offered rate.
"EUR", "euro" and "€"	means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the EU Treaty.
"Euroclear"	means Euroclear Bank SA/NV or its successor or successors as operator of the

	Euroclear System.
"Euroclear Nederland"	means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
"Eurosysteem"	means the central banking system for the euro.
"Eurozone"	means the region comprised of the Member States that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended.
"EU Taxonomy Regulation"	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector.
"EU Treaty"	means the treaty on the functioning of the European Union, as amended.
"EUWA"	means the European Union (Withdrawal) Act 2018.
"Excess Credit Enhancement"	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
"Excess Proceeds"	means all moneys 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.
"Excess Swap Replacement Amounts"	means, in case of replacement of a Total Return Swap, an Interest Rate Swap or a Structured Swap, the amount by which the Swap Replacement Amount received by the CBC in connection with the Swap Agreement that is replaced exceeds the amounts debited to the Swap Replacement Ledger in respect of the replacement of such transaction.
"Exchange Date"	means the date, not earlier than forty (40) days (nor (if the Temporary Global Covered Bond has been deposited with Euroclear Nederland) more than ninety (90) days) after the issue date of the Covered Bonds (or the "restricted period" within the meaning of U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D)(7)) on which interest in the Temporary Global Covered Bonds will be exchangeable for interests in the Permanent Global Covered Bonds.
"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 fourteen (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.
"Exchange Notice"	has the meaning ascribed thereto in Condition 4(a) ( <i>Redenomination</i> ).
"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.
"Executive Board"	means the executive board of the Issuer, consisting of statutory members.

<b>"Executive Committee"</b>	means the executive committee of the Issuer, consisting of statutory and non-statutory members.
<b>"Extended Due for Payment Date"</b>	means, subject to Condition 7(c) ( <i>Redemption at the option of the Issuer (Issuer Call)</i> ), the date falling one (1) year after the Maturity Date, as specified as such in the applicable Final Terms.
<b>"Extension Date"</b>	means in respect of a Series of Covered Bonds the date on which the Guaranteed Final Redemption Amount is Due for Payment.
<b>"Extraordinary Resolution"</b>	has the meaning ascribed thereto in Condition 15 ( <i>Meetings of Covered Bondholders, modification and waiver</i> ).
<b>"FATCA"</b>	means sections 1471 through 1474 of the US IR Code.
<b>"FATCA Withholding"</b>	means any withholding under FATCA or otherwise imposed pursuant to any regulations or agreements thereunder, official interpretation thereof, or any law implementing an intergovernmental agreement thereto.
<b>"FCA"</b>	means the Financial Conduct Authority.
<b>"Final Redemption Amount"</b>	means the final redemption amount specified in, or determined in the manner specified in, the applicable Final Terms in euro on the Maturity Date.
<b>"Final Terms"</b>	means any duly completed final terms in the form as set out in section 0 ( <i>Covered Bonds</i> ) of this Base Prospectus.
<b>"First Regulatory Current Balance Amount"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) of this Base Prospectus.
<b>"Fitch"</b>	means Fitch Ratings Ireland Limited.
<b>"Fixed Rate Covered Bonds"</b>	means a Covered Bond on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).
<b>"Floating Rate Covered Bonds"</b>	means Covered Bonds which will bear interest either at (i) a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer, being EURIBOR, €STR or another benchmark.
<b>"Floor"</b>	means a minimum interest rate that may apply to Floating Rate Covered Bonds.
<b>"Foundation Account Providers"</b>	means de Volksbank and Rabobank.
<b>"FSMA"</b>	means the United Kingdom Financial Services and Markets Act 2000.
<b>"Further Advance"</b>	means, in relation to a Mortgage Receivable, a new mortgage loan or a further advance to be made to a Borrower by the Originator, whether or not under the relevant Mortgage Loan, which is only secured by the Mortgage which also secures

	the Mortgage Receivable.
<b>"GDP"</b>	means Dutch gross domestic product.
<b>"GDPR"</b>	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
<b>"GIC"</b>	means the guaranteed investment contract dated the Programme Date and entered into between the CBC, the GIC Provider and the Security Trustee, as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"GIC Account"</b>	means the bank account designated as such in the GIC.
<b>"GIC Accounts"</b>	means the GIC Account, any foreign currency account and any additional or replacement accounts, including any Additional Accounts and any Other GIC Accounts, opened in the name of the CBC.
<b>"GIC Funds"</b>	means, on any day, the balance standing to the credit of the GIC Accounts as at the opening of business on such day.
<b>"GIC Margin"</b>	means a guaranteed rate of interest determined by reference to €STR less a margin of 0.065%.
<b>"GIC Provider"</b>	means Rabobank in its capacity as gic provider under the GIC or its successor or successors.
<b>"GIC Provider Required Ratings"</b>	means a rating equal to or higher than Prime-1 (short-term) by Moody's and either F1 (short-term) or A- (long-term) by Fitch.
<b>"Global Covered Bonds"</b>	means any Temporary Global Covered Bond, any Permanent Global Covered Bond in NGN-form, any Permanent Global Covered Bond and/or Permanent Global Covered Bond in NGN-form.
<b>"Guarantee"</b>	means the irrevocable and independent undertaking issued pursuant to the Trust Deed by the CBC to pay the Guaranteed Amounts when the same becomes Due for Payment.
<b>"Guarantee Support Agreement"</b>	means the guarantee support agreement dated the Programme Date and entered into between de Volksbank in its capacity as Issuer and Originator, the CBC and the Security Trustee, as the same may be amended and/or restated and/or supplemented and/or novated or otherwise modified from time to time.
<b>"Guaranteed Amounts"</b>	means, in respect of a Series: <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul>

<b>"Guaranteed Final Redemption Amount"</b>	has the meaning ascribed thereto in Condition 3 ( <i>The Guarantee</i> ) of this Base Prospectus.
<b>"Guarantor"</b>	means the CBC.
<b>"IBORs"</b>	means interbank offered rates.
<b>"ICSDs"</b>	means one of the International Central Securities Depositories.
<b>"IDD"</b>	means Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution.
<b>"IFRS"</b>	means the relevant International Financial Reporting Standards set by the IFRS Foundation and the International Accounting Standards Board.
<b>"Index"</b>	means a generally accepted index of increases or decreases, as the case may be, of house prices issued by the Dutch land registry ( <i>Dienst van het Kadaster en de Openbare Registers</i> ), the Statistics Netherlands (CBS) or a similar issuer of indexes, in relation to residential properties in the Netherlands.
<b>"Indexed Valuation"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
<b>"Initial Bank Savings Participation"</b>	has the meaning ascribed thereto in section 13 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>"Initial Insurance Savings Participation"</b>	has the meaning ascribed thereto in section 13 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>"Insurance Companies"</b>	means the Life Insurance Companies and the Insurance Savings Participant.
<b>"Insurance Policies"</b>	means the Life Insurance Policies and the Savings Insurance Policies.
<b>"Insurance Savings Mortgage Loan"</b>	means a Mortgage Loan to which a Savings Insurance Policy is connected.
<b>"Insurance Savings Mortgage Receivables"</b>	means any and all rights of the Originator against any Borrower under or in connection with any Insurance Savings Mortgage Loans (including but not limited to any and all claims of the Originator on the Borrower as a result of the Mortgage Loans being terminated, dissolved or declared null and void).
<b>"Insurance Savings Participant"</b>	means SRLEV N.V., a public limited liability company (naamloze vennootschap) organised under Dutch law and established in Alkmaar, the Netherlands and any other savings insurance company offering Savings Insurance Policies which are connected to Insurance Savings Mortgage Loans.
<b>"Insurance Savings Participation Agreement"</b>	means the insurance savings participation agreement dated the Programme Date and entered into between the CBC, the Security Trustee and the Insurance Savings Participant, as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"Insurance Savings Participation Increase"</b>	has the meaning ascribed thereto in section 13 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>"Insurance Savings Participation Redemption Available"</b>	has the meaning ascribed thereto in section 13 ( <i>Participation Agreements</i> ) of this Base Prospectus.

**Amount"**

**"Interest Available Amount"** has the meaning ascribed thereto in section 17 (*Cash flows*) of this Base Prospectus.

**"Interest Calculation Period"** has the meaning ascribed thereto in Condition 5(a) (*Interest on Fixed Rate Covered Bonds*).

**"Interest Commencement Date"** means, in relation to any interest-bearing Covered Bond, the date specified in the applicable Final Terms for the relevant period, from which such Covered Bond bears interest or, if no such date is specified therein, the Issue Date or in respect of the period from and after the Maturity Date, the Maturity Date.

**"Interest Determination Date"** means, in relation to a Covered Bond, such date or dates as are indicated in the applicable Final Terms as Interest Determination Date.

**"Interest Payment Date"** means, in relation to any Fixed Rate Covered Bond, such date or dates as are indicated in the applicable Final Terms and, in relation to any Floating Rate Covered Bond or Index Linked Interest Covered Bond, either (a) the 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, the Interest Commencement Date; or (b) such date or dates as are indicated in the applicable Final Terms.

**"Interest Rate Swap Agreement"** means a 1992 (Multicurrency Cross Border) or 2002 ISDA Master Agreement together with the relevant schedule, confirmation(s) and, if applicable, credit support annex entered into between an Interest Rate Swap Counterparty, the CBC and the Security Trustee.

**"Interest Rate Swap Counterparty"** means a Swap Counterparty acting in such capacity pursuant to an Interest Rate Swap Agreement or its successor or successors.

**"Interest Rate Swap"** means an interest rate swap transaction entered into between an Interest Rate Swap Counterparty, the CBC and the Security Trustee, governed by an Interest Rate Swap Agreement.

**"Interest Receipts"** means:

- (i) interest and fees and other amounts received by the CBC in respect of the Mortgage Receivables, 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 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.

**"Interest-only Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity.

**"Internal Cover Pool Monitor"** means de Volksbank Internal Audit (as part of de Volksbank) acting, pursuant to the Asset Monitoring Agreement, as internal cover pool monitor for the purpose of Article 40n of the Decree, *inter alia*, to monitor on an annual basis compliance with Articles 3:33b and 3:33ba of the Wft and Articles 40e up to and including 40m of the Decree (excluding Articles 40g and 40k of the Decree) (which expression shall include such other person as may be appointed from time to time as Internal Cover

Pool Monitor pursuant to the Asset Monitoring Agreement).

<b>"Investment Account"</b>	means an ' <i>SNS Rendementrekening</i> '.
<b>"Investment Alternative"</b>	means, in respect of a Savings Plus Mortgage Loan originated by de Volksbank, the (part of) the Savings Premium invested at the option of a Borrower in certain investment funds of SNS Beleggingsfondsen N.V.
<b>"Investment-based Mortgage Loan"</b>	means a mortgage loan or part thereof in respect of which the Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by applying amounts in certain investment funds ( <i>beleggingsondernemingen</i> ).
<b>"Investment Firm"</b>	means a bank or investment firm ( <i>beleggingsonderneming</i> ) offering a range of investments or securities.
<b>"Investment Funds"</b>	means certain investment funds of SNS Beleggingsfondsen N.V.
<b>"Investor Report"</b>	means 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, <i>inter alia</i> , the CBC and the Security Trustee two (2) Business Days prior to the immediately succeeding CBC Payment Date.
<b>"Investor's Currency"</b>	means the principal denominated currency or currency unit of an investor's financial activities.
<b>"ISDA"</b>	means the International Swaps and Derivatives Association, Inc.
<b>"ISDA Definitions"</b>	means the 2006 ISDA Definitions published by ISDA or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA.
<b>"Issue Date"</b>	means, in relation to any Covered Bond, the date of issue and settlement of such Covered Bond pursuant to the relevant Covered Bond Purchase Agreement or any other relevant agreement between the Issuer, the CBC and the relevant Dealer(s) and as specified in the relevant Final Terms.
<b>"Issuer"</b>	means de Volksbank.
<b>"Issuer Acceleration Notice"</b>	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.
<b>"Issuer Event of Default"</b>	means any of the events specified as such in Condition 10(a) ( <i>Issuer Events of Default</i> ).
<b>"KiFiD"</b>	means Complaint Institute for Financial Services ( <i>Klachteninstituut Financiële Dienstverlening</i> ).
<b>"Land Registry"</b>	the relevant Dutch land registry ( <i>het Kadaster</i> ) where the ownership of the relevant Mortgaged Assets together with the Mortgages thereon are registered.
<b>"Life Insurance Companies"</b>	means any insurance companies with which the Borrowers have entered into Life Insurance Policies in connection with any Mortgage Loans.
<b>"Life Insurance Policies"</b>	means any life insurance policies and combined risk and capital insurance policies ( <i>gecombineerde risico- en kapitaalverzekeringen</i> ) taken out by any Borrower with a Life Insurance Company in connection with any Mortgage Loans.

<b>"Life Mortgage Loan"</b>	means a mortgage loan or part thereof in respect of which the Borrower is not required to repay until maturity, but instead pays on a monthly basis a premium to the Insurance Company.
<b>"Linear Mortgage Loan"</b>	means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity.
<b>"Liquidity Reserve Required Amount"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>"Listing Agent"</b>	means BIL, or its successor or successors, and in respect of any other stock exchange, such entity appointed as listing agent.
<b>"LRE"</b>	means leverage ratio exposure.
<b>"Loan Parts"</b>	means one or more loan parts ( <i>leningdelen</i> ) of which a mortgage loan consists.
<b>"LTV Cut-Off Percentage"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) of this Base Prospectus.
<b>"Management Agreements"</b>	means the management agreement entered into by each of the CBC, the Security Trustee and Stichting Holding with the relevant Director.
<b>"Margin"</b>	means the relevant margin (if any) relating to a floating rate as specified in the applicable Final Terms as being the Margin.
<b>"Master Definitions Agreement"</b>	means the master definitions agreement dated the Programme Date and entered into between, among others, the Issuer, the Originator, the CBC, the Security Trustee and the Arranger, as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"Maturity Date"</b>	means, subject to Condition 7(c) ( <i>Redemption at the option of the Issuer (Issuer Call)</i> ), in respect of a Series of Covered Bonds, the relevant Interest Payment Date which falls no more than forty (40) 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 the Conditions, as specified in the relevant Final Terms.
<b>"Maximum Redemption Amount"</b>	means the maximum redemption amount as specified in the applicable Final Terms.
<b>"Member States"</b>	means the Member States of the European Union.
<b>"Minimum Redemption Amount"</b>	means the minimum redemption amount as specified in the applicable Final Terms.
<b>"Moody's"</b>	means Moody's France SAS.
<b>"Mortgage"</b>	means a mortgage right ( <i>hypotheekrecht</i> ) securing the relevant Mortgage Receivable.
<b>"Mortgage Loan"</b>	means the mortgage loans entered into by the Originator and the relevant Borrowers as evidenced by the relevant loan agreements, which may consist of one or more loan parts ( <i>leningdelen</i> ), as set forth in the relevant list of mortgage loans attached to the relevant deed of assignment and pledge, to the extent the relating mortgage receivable is not retransferred, sold or otherwise disposed of by the CBC.



<b>"Mortgage Receivable"</b>	means any and all rights of the Originator (and after the transfer to the CBC, of the CBC) against any Borrower under or in connection with any Mortgage Loans (including but not limited to any and all claims of the Originator on the Borrower as a result of the Mortgage Loans being terminated, dissolved or declared null and void).
<b>"Mortgaged Asset"</b>	means (i) a real property ( <i>onroerende zaak</i> ), (ii) an apartment right ( <i>appartementsrecht</i> ), (iii) a long lease ( <i>erfpacht</i> ), which is subject to a Mortgage.
<b>"MREL"</b>	means minimum requirement for own funds and eligible liabilities.
<b>"Net Outstanding Principal Amount"</b>	means in relation to a Mortgage Receivable, at any date, the Outstanding Principal Amount of such Mortgage Receivable less, if it is a Savings Mortgage Receivable subject to a Participation, an amount equal to the Participation on such date.
<b>"Net Proceeds"</b>	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.
<b>"New Currency"</b>	has the meaning ascribed thereto in Condition 4(a) ( <i>Redenomination</i> ).
<b>"New Originator"</b>	means any subsidiary of de Volksbank which at the option of the Issuer accedes to, amongst other things, the Programme Agreement as an Originator in accordance with the Programme Agreement.
<b>"NGN-form"</b>	means the new global note form.
<b>"NGN Temporary Global Covered Bond"</b>	means each Temporary Global Covered Bond which is intended to be issued in NGN-form.
<b>"NHG Advance Right"</b>	has the meaning ascribed thereto in section 0 ( <i>NHG Guarantee Programme</i> ) of this Base Prospectus.
<b>"NHG Advance Right Repayment Amount"</b>	means such amount required to be repaid to Stichting WEW pursuant to the NHG Conditions in connection with a previously received cash payment under the NHG Advance Right.
<b>"NHG Conditions"</b>	means the terms and conditions ( <i>voorwaarden en normen</i> ) of the NHG Guarantee as set by Stichting WEW and as amended from time to time.
<b>"NHG Guarantee"</b>	means a guarantee ( <i>borgtocht</i> ) under the NHG Conditions granted by Stichting WEW.
<b>"NHG Mortgage Loan"</b>	means a Mortgage Loan or Loan Part that has the benefit of an NHG Guarantee.
<b>"NHG Mortgage Receivable"</b>	means the Mortgage Receivable resulting from an NHG Mortgage Loan.
<b>"NLFI"</b>	means the NL Financial Investments ( <i>Stichting administratiekantoor beheer financiële instellingen</i> ).
<b>"Notice to Pay"</b>	means the notice from the Security Trustee in writing to the CBC to pay pursuant to

	the Guarantee.
<b>"Notification"</b>	means a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.
<b>"NPV"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Portfolio Tests</i> ' of this Base Prospectus.
<b>"Old Currency"</b>	has the meaning ascribed thereto in Condition 4(a) ( <i>Redenomination</i> ).
<b>"Optional Redemption Amount"</b>	means the optional redemption amount(s) (if any) of the Covered Bonds as specified in the applicable Final Terms.
<b>"Optional Redemption Date"</b>	means the optional redemption date as specified in the applicable Final Terms.
<b>"Original Market Value"</b>	means in relation to any Mortgaged Asset means either (as applicable) (i) the market value or (ii) the foreclosure value ( <i>executiewaarde</i> ) given to that Mortgaged Asset by the valuation addressed to the Originator that transferred the relevant Mortgage Receivable to the CBC, divided by 0.88.
<b>"Originator"</b>	means de Volksbank N.V.
<b>"Other Claims"</b>	means any claim the Originator has against the Borrower, other than a Mortgage Receivable, which is secured by the same Mortgage and/or Borrower Pledge.
<b>"Outstanding Principal Amount"</b>	means in respect of a Mortgage Receivable, on any date the (then remaining) aggregate principal sum ( <i>hoofdsom</i> ) due by the relevant Borrower under the relevant Mortgage Receivable, including any Further Advance, and after the foreclosure of the relevant Mortgage Receivable resulting in a loss being realised, zero.
<b>"Parallel Debt"</b>	has the meaning ascribed thereto in section 7 ( <i>Asset Backed Guarantee</i> ) under ' <i>Security</i> ' of this Base Prospectus.
<b>"Parallel Debt Agreement"</b>	means the parallel debt agreement dated the Programme Date entered into between, <i>inter alia</i> , the CBC, the Security Trustee and the Secured Parties (other than the Covered Bondholders), as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"Participants"</b>	means the Bank Savings Participant and the Insurance Savings Participant.
<b>"Participation Agreement"</b>	means any of the Bank Savings Participation Agreement or the Insurance Savings Participation Agreement.
<b>"Participation Fraction"</b>	means, 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.
<b>"Participation"</b>	means, in respect of each Insurance Savings Mortgage Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation.
<b>"Paying Agents"</b>	means the Principal Paying Agent and any paying agent appointed under the Agency Agreement.
<b>"Permanent Global"</b>	means a permanent global covered bond in respect of a Series without interest

<b>Covered Bond"</b>	coupons attached.
<b>"Pledge Agreements"</b>	means the Security Trustee Receivables Pledge Agreement, the Security Trustee Rights Pledge Agreement and any other agreement pursuant to which security is granted to the Security Trustee on any Transferred Assets other than the Mortgage Receivables and the Beneficiary Rights relating thereto.
<b>"Portfolio Tests"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) under ' <i>Portfolio Tests</i> ' of this Base Prospectus.
<b>"Post CBC Acceleration Notice Priority of Payments"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>"Post Issuer Acceleration Notice Priority of Payments"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>"Previous Transaction Security Trustees"</b>	means Stichting Security Trustee PEARL Mortgage Backed Securities 1, Stichting Security Trustee Lowland Mortgage Backed Securities 5, Stichting Security Trustee Lowland Mortgage Backed Securities 6 and Stichting Security Trustee Woonhuishypotheek B.V. and, at any time from the date hereof, any additional security trustee relating to an additional special purpose vehicle to which mortgage receivables are pledged or assigned and has acceded to the relevant Receivables Proceeds Distribution Agreement.
<b>"Previous Transaction SPV's"</b>	means PEARL Mortgage Backed Securities 1 B.V., Lowland Mortgage Backed Securities 5 B.V., Lowland Mortgage Backed Securities 6 B.V.; and Woonhuishypotheek B.V. and, at any time from the date hereof, any additional special purpose vehicle to which a seller has assigned mortgage receivables and has acceded to the relevant Receivables Proceeds Distribution Agreement.
<b>"Principal Amount Outstanding"</b>	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 Paying Agent on or prior to that date.
<b>"Principal Available Amount"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>"Principal Paying Agent"</b>	means Banque Internationale à Luxembourg S.A.
<b>"Principal Receipts"</b>	means: <ul style="list-style-type: none"> <li>(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;</li> <li>(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</li> <li>(iii) any amounts received as Insurance Savings Participation Increase and Initial Insurance Savings Participation pursuant to any Insurance Savings Participation Agreement and any amounts received as Bank Savings Participation Increase and Initial Bank Savings Participation pursuant to any Bank Savings Participation Agreement.</li> </ul>

<b>"Priority of Payments"</b>	means the Post Issuer Acceleration Notice Priority of Payments and the Post CBC Acceleration Notice Priority of Payments.
<b>"Programme"</b>	means the € 15,000,000,000 Covered Bond Programme of the Issuer.
<b>"Programme Agreement"</b>	means the programme agreement dated the Programme Date, entered into between, <i>inter alia</i> , the Issuer, the Security Trustee, the CBC and the Dealer(s) as the same may be further amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>"Programme Date"</b>	means 13 December 2007.
<b>"Programme Resolution"</b>	has the meaning ascribed thereto in Condition 15 ( <i>Meetings of Covered Bondholders, modification and waiver</i> ).
<b>"Prospectus Regulation"</b>	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71 and includes any commission delegated regulation thereunder.
<b>"PSD II"</b>	means Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC.
<b>"Qualifying Interest"</b>	means a directly or indirectly held interest – either individually or jointly as part of a collaborating group ( <i>samenwerkende groep</i> ) – that enables the holder of such interest to exercise a decisive influence on the decisions that can determine the activities of the entity in which the interest is held.
<b>"Rabobank"</b>	means Coöperatieve Rabobank U.A.
<b>"Rate of Interest"</b>	means the rate of interest payable from time to time in respect of the Floating Rate Covered Bonds.
<b>"Rating Agencies"</b>	means any rating agency (or its successor) who, at the request of the Issuer assigns, and for as long as it assigns, one or more ratings to the Covered Bonds under the Programme from time to time, which at the date of this Base Prospectus includes Fitch and Moody's.
<b>"Rating Agency Confirmation"</b>	<p>means, with respect to a matter which requires Rating Agency Confirmation under the Relevant 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:</p> <ul style="list-style-type: none"> <li>(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 "<b>confirmation</b>");</li> <li>(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 "<b>indication</b>");</li> <li>(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:</li> </ul>

- (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 fourteen (14) 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.

<b>"Receiptholders"</b>	means the holder of a Receipt.
<b>"Receipts"</b>	means any principal receipts appertaining to the Covered Bonds of any Series or, as the context may require, a specific number thereof and includes any replacement Receipts issued pursuant to Condition 11 ( <i>Replacement of Covered Bonds, Coupons and Talons</i> ).
<b>"Receivables Proceeds Distribution Agreement"</b>	means the receivables proceeds distribution agreement between, among others, the CBC, the Security Trustee and de Volksbank dated 19 December 2011 and as the same may be amended, restated, supplemented or otherwise modified from time to time.
<b>"Record Date"</b>	means, in relation to Registered Covered Bonds, the close of business of the Business Day prior to the due date on which payments of principal, interest (if any) and other amounts will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount.
<b>"Redeemed Covered Bonds"</b>	means, in case of a partial redemption, the Covered Bonds to be redeemed.
<b>"RegioBank"</b>	means the former RegioBank N.V.
<b>"Register"</b>	means the register kept by the Registrar and in which the details, transfers and amendments in relation to the Registered Covered Bonds are registered by the Registrar in accordance with the Agency Agreement.
<b>"Registered Covered Bonds"</b>	means the Covered Bonds in registered form.
<b>"Registered Covered Bonds Deed"</b>	means a deed of issuance of Registered Covered Bonds.
<b>"Registrar"</b>	means de Volksbank.
<b>"Regulated Status"</b>	means the status of the Programme and/or Covered Bonds issued thereunder of being compliant with the requirements for the legal covered bonds as set out in the CB Regulations.
<b>"Regulation S"</b>	means the Regulation S under the Securities Act.
<b>"Regulatory Cut-Off Percentage"</b>	means 80% for all Mortgage Receivables, or such other percentage as may be required from time to time under the CB Regulations.
<b>"Relevant Documents"</b>	means the Master Definitions Agreement, the Programme Agreement, the Pledge Agreements, the Swap Agreements, the Deposit Agreement, the Administration Agreement, the Servicing Agreement, the GIC, the Trust Deed, the Parallel Debt Agreement, the Agency Agreement, the Guarantee Support Agreement, the Receivables Proceeds Distribution Agreement, the Collection Foundation Account Pledge Agreement, any Deed of Assignment and Pledge, any Deed of Assignment,

	Re-assignment, Pledge and Release, any Beneficiary Waiver Agreement, any Insurance Savings Participation Agreement, any Bank Savings Participation Agreement, the Asset Monitoring Agreement, any Calculation Agency Agreement, any Asset Monitor Appointment Agreement, the Management Agreements and any other documents relating to transaction envisaged in the above mentioned documents.
<b>"Relevant Screen Page"</b>	means, where applicable in relation to the Covered Bonds of any Series, the Relevant Page specified in the applicable Final Terms.
<b>"Replacement Reference Rate"</b>	has the meaning ascribed thereto in Condition 5(c) ( <i>Replacement Reference Rate</i> ).
<b>"Representations and Warranties"</b>	means the representations and warranties given by the Originator as set out in Schedule 1 ( <i>Representations and Warranties</i> ) to the Guarantee Support Agreement.
<b>"Required Redemption Amount"</b>	means in respect of a Series, the amount calculated as follows: the aggregate Principal Amount Outstanding of such Series x $(1+(0.005 \times (\text{days to the Extended Due for Payment Date of such Series}/365)))$ .
<b>"Reserve Fund"</b>	means the reserve fund the CBC is required to establish on the GIC Account.
<b>"Reserve Fund Required Amount"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>"Reserve Fund Trigger Event"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>"Reserve Fund Trigger Required Amount"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>"Resolution Authority"</b>	means the SRB, the ECB, DNB or such other regulatory authority or governmental body having the power to impose resolution measures. For the avoidance of doubt, in case of certain measures pursuant to Part 6 of the Wft, the Resolution Authority is the Dutch Minister of Finance.
<b>"RWA"</b>	means risk-weighted assets.
<b>"S&amp;P"</b>	means S&P Global Ratings, a division of S&P Global.
<b>"Savings Alternative"</b>	means the alternative under a Savings Insurance Policy related to a Savings Plus Mortgage Loan whereby the Savings Premium is deposited by the Insurance Savings Participant in a savings account held with de Volksbank.
<b>"Savings Insurance Policy"</b>	means the combined risk and capital policy ( <i>gecombineerde risico- en kapitaalverzekering</i> ) taken by a Borrower with an Insurance Savings Participant in connection with any Insurance Savings Mortgage Loan.
<b>"Savings Mortgage Loan"</b>	means a mortgage loan 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 Insurance Savings Participant under a Savings Insurance Policy.
<b>"Savings Mortgage Receivable"</b>	means Bank Savings Mortgage Receivables and Insurance Savings Mortgage Receivables.
<b>"Savings Plus Mortgage Loan"</b>	means, in respect of de Volksbank, a " <i>Spaarhypotheek Plus</i> " to which a Savings Insurance Policy is connected which provides for the Savings Alternative and the

Investment Alternative.

<b>"Savings Premium"</b>	means, in relation to any Insurance Savings Mortgage Receivables which are subject to an Insurance Savings Participation, the savings part of the premium, due by the relevant Borrower to the Insurance Savings Participant on the basis of the Savings Insurance Policy, which is calculated in such a way that the Insurance Savings Mortgage Loan can be redeemed in full with the insurance proceeds at maturity.
<b>"Savings Switch"</b>	means, with regard to a Savings Insurance Policy in connection with the Savings Plus Mortgage Loans, that on each interest rate reset date the Borrower can (i) switch whole or part of the premia accumulated in the relevant Savings Insurance Policy with the Savings Alternative into the Investment Alternative.
<b>"Scheduled Interest"</b>	means, in respect of a Series, any amount of scheduled interest payable (i) under the Covered Bonds as specified in Condition 5 ( <i>Interest</i> ) (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 ( <i>Taxation</i> )), 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) ( <i>The Guarantee</i> ).
<b>"Scheduled Interest Receipts"</b>	has the meaning ascribed thereto in section 17 ( <i>Cash flows</i> ) of this Base Prospectus.
<b>"Scheduled Payment Dates"</b>	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 ( <i>Interest</i> ) or Condition 3(b) ( <i>The Guarantee</i> ), as the case may be, or (ii) in the case of Scheduled Principal, Condition 7(a) ( <i>Redemption at Maturity</i> ).
<b>"Scheduled Principal"</b>	means, in respect of a Series, any amount of scheduled principal payable under the Covered Bonds as specified in Condition 7(a) ( <i>Redemption at Maturity</i> ) (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 ( <i>Taxation</i> )), 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.
<b>"Second Regulatory Current Balance Amount"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) of this Base Prospectus.
<b>"Secured Parties"</b>	means (a) the Covered Bondholders, (b) the Directors, (c) the Administrator, (d) the Servicer, (e) the Paying Agents, (f) the Calculation Agent, (g) the Registrar, (h) each Swap Counterparty, (i) any Insurance Savings Participant, (j) any Bank Savings Participant and (k) the Asset Monitor.
<b>"Securities Act"</b>	means the U.S. Securities Act of 1933, as amended.
<b>"Security"</b>	means the rights of pledge granted pursuant to the Pledge Agreements and any other security for the obligations of the CBC in favour of the Security Trustee for the benefit of the Secured Parties.

<b>"Security Trustee"</b>	means Stichting Security Trustee Volks Covered Bond Company.
<b>"Security Trustee Pledge Notification Events"</b>	means any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) one of those events specified in Clause 6.1 of either of the Pledge Agreements.
<b>"Security Trustee Receivables Pledge Agreement"</b>	means the pledge agreement dated the Programme Date and entered between by the CBC and the Security Trustee, as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"Security Trustee Rights Pledge Agreement"</b>	means the pledge agreement dated the Programme Date and entered into by the CBC and the Security Trustee, as the same may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"Security Trustee's Director"</b>	means IQ EQ Structured Finance B.V. and/or such other person(s) who may be appointed as director(s) ( <i>bestuurder</i> ) of the Security Trustee from time to time.
<b>"Selected Mortgage Receivables"</b>	means Mortgage Receivables to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitoring Agreement.
<b>"Series"</b>	means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds expressed to be consolidated and form a single series with the Covered Bonds of the original Tranche and the terms of which are identical (save for the Issue Date and/or the Interest Commencement Date but including as to whether or not the Covered Bonds are listed).
<b>"Servicer"</b>	means de Volksbank in its capacity as servicer, in respect of Mortgage Receivables transferred to the CBC or its successor or successors and any other Servicer which has acceded to the Programme as Servicer.
<b>"Servicing Agreement"</b>	means the servicing agreement dated the Programme Date and entered into between the CBC, the Servicer and the Security Trustee, as amended, supplemented, restated or otherwise modified from time to time.
<b>"SME"</b>	means small and medium enterprises.
<b>"SNS Beleggersgiro"</b>	means Stichting SNS Beleggersgiro.
<b>"SOFR"</b>	means Secured Overnight Financing Rate.
<b>"SONIA"</b>	means Sterling Over Night Index Average.
<b>"Solvency II"</b>	means European Parliament legislative resolution of 22 April 2009 on the amended proposal for a directive of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance.
<b>"Specified Currency"</b>	has the meaning ascribed to such term in the applicable Final Terms.
<b>"Specified Denomination"</b>	means the denomination of the Covered Bonds specified as such in the applicable Final Terms.
<b>"Specified Interest Payment Date"</b>	means the specified interest payment date as specified in the applicable Final Terms.
<b>"SRB"</b>	means, the European Single Resolution Board.
<b>"SREP"</b>	means Supervisory Review and Evaluation Process.



<b>"SRM"</b>	means the single resolution mechanism established by the SRM Regulation.
<b>"SRM Regulation"</b>	means 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.
<b>"SSM"</b>	means Single Supervisory Mechanism.
<b>"SSM SREP"</b>	means SSM Supervisory Review and Evaluation Process.
<b>"Stabilising Manager"</b>	means the appointed stabilising manager in connection with the relevant issue of Covered Bonds.
<b>"Stichting Holding"</b>	means Stichting Holding Volks Covered Bond Company.
<b>"Stichting WEW"</b>	means Stichting Waarborgfonds Eigen Woningen (WEW).
<b>"Structured Swap Agreement"</b>	means a 1992 (Multicurrency-Cross Border) or 2002 ISDA Master Agreement together with the relevant schedule, confirmation(s) and, if applicable, credit support annex entered into between a Structured Swap Counterparty, the CBC and the Security Trustee.
<b>"Structured Swap Counterparty"</b>	means a Swap Counterparty acting in such capacity pursuant to a Structured Swap Agreement or its successor or successors.
<b>"Structured Swap Rate"</b>	means the currency exchange rate set out in any Structured Swap Agreement.
<b>"Structured Swaps"</b>	means cross-currency swap transactions entered into between a Structured Swap Counterparty, the CBC and the Security Trustee, governed by the Structured Swap Agreements.
<b>"Substituted Debtor"</b>	means any directly or indirectly wholly owned subsidiary of the Issuer which replaces or substitutes the Issuer as principal debtor in respect of the Covered Bonds and the relative Coupons subject to and in accordance with Condition 17 ( <i>Substitution of the Issuer</i> ).
<b>"Substitution Assets"</b>	means the classes of assets denominated in euro from time to time eligible under Article 129(1)(a)-(g) (but excluding (d)) of the CRR and/or the CB Regulations to collateralise covered bonds provided that the aggregate value of such eligible assets, at any time, shall not exceed in aggregate an amount equal to 20 per cent., or such other percentage as required from time to time to comply with the CB Regulations, of the aggregate nominal value of the Transferred Assets at such time.
<b>"Substitution Assets Amount"</b>	has the meaning ascribed thereto in section 15 ( <i>Asset Monitoring</i> ) of this Base Prospectus.
<b>"Supervisory Board"</b>	means the supervisory board of the Issuer.
<b>"Swap Agreements"</b>	means any Total Return Swap Agreement(s), any Interest Rate Swap Agreement(s) and any Structured Swap Agreement(s).
<b>"Swap Collateral Amounts"</b>	means all amounts to be provided by a Swap Counterparty pursuant as collateral to the relevant Swap Agreement.

<b>"Swap Counterparty"</b>	means all Total Return Swap Counterparties, all Interest Rate Swap Counterparties and all Structured Swap Counterparties
<b>"Swap Replacement Amounts"</b>	means either (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 Total Return Swap, any Interest Rate Swap or any Structured Swap or (b) those amounts received from any Swap Counterparty in respect of any Total Return Swap, any Interest Rate Swap or any Structured Swap which has terminated for any reason.
<b>"Swap Replacement Ledger"</b>	means the swap replacement ledger held by the CBC in relation to the Swap Replacements Amounts.
<b>"Swaps"</b>	means the Interest Rate Swaps, the Total Return Swap and the Structured Swaps together.
<b>"Swap Undertaking Letter"</b>	means a letter dated the Programme Date as amended and restated from time to time pursuant to which the relevant Swap Counterparty, the Security Trustee and the CBC agree that the Swap Counterparty shall enter into (or procure an Eligible Swap Counterparty to enter into) Structured Swaps in the Approved Form in case the Covered Bonds of any Series are denominated in a currency other than Euro and may enter into Structured Swaps and Interest Rate Swaps in the Approved Form in case the Covered Bonds of any Series are denominated in Euro currency.
<b>"Talons"</b>	means, if indicated in the Final Terms, talons for further Coupons.
<b>"TARGET2"</b>	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.
<b>"TARGET Settlement Day"</b>	means any day on which TARGET2 is open for the settlement of payments in Euro.
<b>"Tax Event"</b>	means any (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) change in tax law, in both cases after the date of the relevant Swap Agreement, due to which the relevant Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the CBC additional amounts for or on account of tax.
<b>"Tax Jurisdiction"</b>	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>"Temporary Global Covered Bond"</b>	means a temporary global covered bond in respect of a Series of Covered Bonds without interest coupons attached.
<b>"Terms and Conditions"</b>	means the terms and conditions set forth in section 0 ( <i>Covered Bonds</i> ) of the Base Prospectus.
<b>"Total Pool Assets"</b>	has the meaning ascribed to it in the relevant Total Return Swap Confirmation.
<b>"Total Return Swap"</b>	means a total return swap transaction entered into between a Total Return Swap Counterparty, the CBC and the Security Trustee, governed by a Total Return Swap Agreement.
<b>"Total Return Swap Agreement"</b>	means a 1992 (Multicurrency-Cross Border) or 2002 ISDA Master Agreement together with the relevant schedule, confirmation(s) and, if applicable, credit support annex entered into between a Total Return Swap Counterparty, the CBC and the

	Security Trustee.
<b>"Total Return Swap Counterparty"</b>	means a Swap Counterparty acting in such capacity pursuant to a Total Return Swap Agreement or its successor or successors.
<b>"Tranche"</b>	means a tranche of a Series.
<b>"Transfer Date"</b>	means the date of transfer of any Eligible Assets to the CBC in accordance with the Guarantee Support Agreement.
<b>"Transferred Assets"</b>	means the Mortgage Receivables and the Transferred Collateral.
<b>"Transferred Collateral"</b>	means any Eligible Collateral transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not retransferred, sold or otherwise disposed, or agreed to be disposed, of by the CBC.
<b>"TRS Calculation Amount"</b>	has the meaning ascribed thereto in section 16 ( <i>Swaps</i> ) of this Base Prospectus.
<b>"Trust Deed"</b>	means the trust deed dated the Programme Date and entered into between the Issuer, the Security Trustee, the CBC and Stichting Holding, as the same has been and may be amended, restated, novated, supplemented or otherwise modified from time to time.
<b>"UK"</b>	means the United Kingdom;
<b>"UK CRA Regulation"</b>	means Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018
<b>"UK PRIIPs Regulation"</b>	means Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK MiFIR Product Governance Rules"</b>	means the FCA Handbook Product Intervention and Product Governance Sourcebook.
<b>"UK Prospectus Regulation"</b>	means Regulation (EU) 2017/1129 as it forms part of the laws of the United Kingdom by virtue of the EUWA.
<b>"US IR Code"</b>	means U.S. Internal Revenue Code of 1986.
<b>"Weighted Average SOFR"</b>	has the meaning ascribed thereto in 5(b)(ii)(e) ( <i>Screen Rate Determination For Floating Rate Covered Bonds referencing Weighted Average SOFR</i> ).
<b>"Wft"</b>	means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ).
<b>"Wge"</b>	means the Dutch Securities Giro Transfer Act ( <i>Wet giraal effectenverkeer</i> ).
<b>"Zero Coupon Covered Bonds"</b>	means Covered Bonds, which will not bear interest except in the case of late payment.

## REGISTERED OFFICES

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