



**Knab N.V.**

*(incorporated under the laws of the Netherlands with limited liability and having its statutory seat in Amsterdam, the Netherlands, and previously acting under the name Aegon Bank N.V.)*

**EUR 5,000,000,000 Covered Bond Programme**

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

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

*(incorporated under the laws of the Netherlands with limited liability and having its statutory seat in Amsterdam, the Netherlands, and previously acting under the name Aegon SB Covered Bond Company B.V.)*

This Base Prospectus has been approved by the AFM, as competent authority under the EU Prospectus Regulation. The AFM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU 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 [www.knab.nl/investors/sbcb-programme](http://www.knab.nl/investors/sbcb-programme). This Base Prospectus is issued in replacement of the base prospectus dated 11 May 2023 and any supplements thereto, and accordingly supersedes any earlier base prospectus.

**THE VALIDITY OF THE BASE PROSPECTUS WILL EXPIRE**

**This Base Prospectus shall be valid for use only by the Issuer for a period of up to 12 months after its approval by the AFM and shall expire 22 May 2025, at the latest. The obligation to supplement this Base Prospectus, in the event of significant new factors, material mistakes or material inaccuracies only, shall cease to apply upon the expiry of the validity period of this Base Prospectus.**

Under its EUR 5,000,000,000 Covered Bond Programme the Issuer may from time to time issue Covered Bonds denominated in euro. Subject as set out herein, the maximum aggregate nominal amount of the Covered Bonds from time to time outstanding under the Programme will not exceed EUR 5,000,000,000 subject to any increase as described herein.

Knab SB Covered Bond Company B.V. as CBC will guarantee the payment of scheduled interest and principal payable under the Covered Bonds pursuant to a guarantee issued under the Trust Deed. The 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 Transaction 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 one or more of the Dealers, to investors directly and directly or indirectly to any member of the Issuer Group, including to the Issuer and which Covered Bonds may therefore be retained by the Issuer. Covered Bonds may be distributed by way of a public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant Series (or Tranche thereof) 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 on Euronext Amsterdam, will be filed and delivered to Euronext Amsterdam on or before the date of each issue of such Covered Bonds.

Application may be made for the Covered Bonds to be listed on the official list of Euronext Amsterdam during the period of twelve (12) months from the date of this Base Prospectus and will also apply if so indicated in the Final Terms. In addition, Covered Bonds issued under the Programme may be listed or admitted to trading, as the case

may be, on any other stock exchange or regulated market specified in the applicable Final Terms. The Issuer may also issue unlisted Covered Bonds under the Programme. The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).

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

It is expected that each issue of a Series of Covered Bonds will, on issue, be assigned an "AAA" rating by S&P, unless otherwise specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. Each credit rating applied for in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency which is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended, the "**EU CRA Regulation**"), is included in the list of registered rating agencies published on the website of ESMA and is established in the European Union. For a discussion of the risks associated with an investment in the Covered Bonds, see the Risk Factors section herein. S&P is established in the EEA and has been registered by ESMA as credit rating agency in accordance with the EU 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, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Covered Bonds are being offered, sold or delivered only to non-U.S. persons (as defined in Regulation S) outside the U.S. in reliance on Regulation S.

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 depository 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 *Form of Covered Bonds*.

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

Capitalised terms used herein have the meaning ascribed thereto in section 21 (*Glossary of Defined Terms*).

The date of this base prospectus is 22 May 2024.

**Arranger**

**and**

**Dealer**

**Coöperatieve Rabobank U.A.**

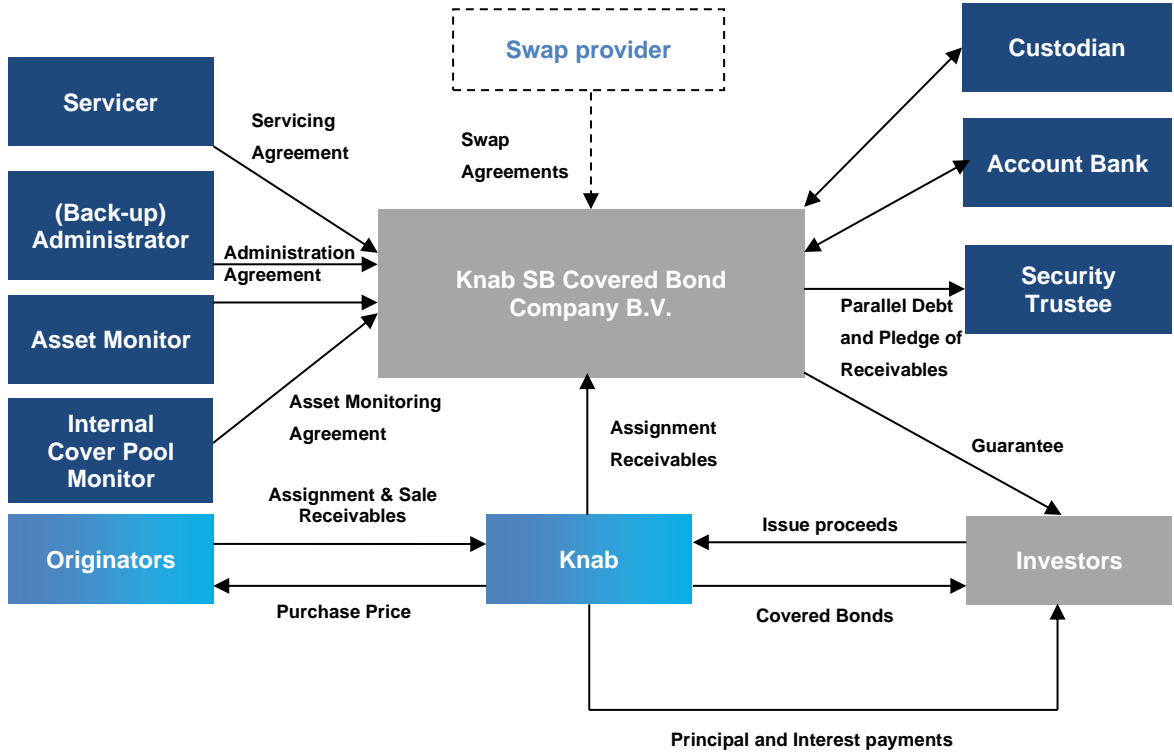
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## 2. GENERAL DESCRIPTION OF THE PROGRAMME

### 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.



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

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

### PARTIES

<b>Issuer:</b>	Knab N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ), having its statutory seat in Amsterdam, the Netherlands. The Issuer is registered in the Business Register of the Chamber of Commerce under number 30100799.
<b>Transferor:</b>	Knab.
<b>Originators:</b>	Knab, Aegon Leven and Aegon Hypotheken.
<b>Aegon Leven:</b>	Aegon Levensverzekering N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ), having its statutory seat in The Hague, the Netherlands. Aegon Leven is registered in the Business Register of the Chamber of Commerce under number 27095315.
<b>Aegon Hypotheken:</b>	Aegon Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap</i> ), having its statutory seat in The Hague, the Netherlands. Aegon Hypotheken is registered in the Business Register of the Chamber of Commerce under number 52054454.
<b>CBC:</b>	Knab SB Covered Bond Company B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its statutory seat in Amsterdam, the Netherlands. The CBC is registered in the Business Register of the Chamber of Commerce under number 82140421.
<b>Guarantor:</b>	CBC.
<b>Programme:</b>	The EUR 5,000,000,000 Covered Bond Programme of Knab guaranteed as to payments of interest and principal by the CBC.
<b>Administrator:</b>	Knab in its capacity as administrator under the Administration Agreement or its successor or successors.
<b>Back-up Administrator:</b>	Intertrust Administrative Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its statutory seat in Amsterdam, the Netherlands.
<b>Servicer:</b>	Aegon Hypotheken in its capacity as servicer in respect of the relevant Mortgage Receivables originated by it or in respect of which it has been appointed as Servicer under the Servicing Agreement or its successor or successors.
<b>Asset Monitor:</b>	PricewaterhouseCoopers Accountants N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ), having its statutory seat in Amsterdam, the Netherlands.

<b>Internal Cover Pool Monitor:</b>	Knab Internal Audit (as part of Knab).
<b>Arranger:</b>	Coöperatieve Rabobank U.A.
<b>Dealers:</b>	Coöperatieve Rabobank U.A. and any other dealer appointed from time to time.
<b>Security Trustee:</b>	Stichting Security Trustee Knab SB Covered Bond Company, incorporated under the laws of the Netherlands as a foundation ( <i>stichting</i> ) having its statutory seat in Amsterdam, the Netherlands. The Security Trustee is registered in the Business Register of the Chamber of Commerce under number 82133034.
<b>Stichting Holding:</b>	The entire issued share capital of the CBC is held by Stichting Holding Knab SB Covered Bond Company, incorporated under the laws of the Netherlands as a foundation ( <i>stichting</i> ) and registered in the Business Register of the Chamber of Commerce under number 82129681.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the CBC, Intertrust Management B.V., the sole director of the Stichting Holding and IQ EQ Structured Finance B.V., the sole director of the Security Trustee.
<b>Insurance Savings Participant:</b>	Aegon Leven.
<b>Bank Savings Participant:</b>	Knab.
<b>CBC Account Bank:</b>	BNG Bank N.V.
<b>Principal Paying Agent:</b>	Citibank, N.A., London Branch.
<b>Paying Agent:</b>	Any paying agent appointed under the Agency Agreement.
<b>Listing Agent:</b>	Coöperatieve Rabobank U.A.
<b>Registrar:</b>	Citibank, N.A., London Branch.
<b>Calculation Agent:</b>	In relation to the Covered Bonds of any Series, the institution appointed as calculation agent in relation to such Covered Bonds pursuant to the Calculation Agency Agreement (Schedule 3 to the Agency Agreement) or the Agency Agreement.
<b>Rating Agency:</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 under the Programme from time to time, which at the date of this Base Prospectus is S&P.
<b>Portfolio Swap Counterparty:</b>	Any swap counterparty under any Portfolio Swap Agreement.
<b>Interest Swap Counterparty:</b>	Any swap counterparty under any Interest Swap Agreement.
<b>Custodian:</b>	ABN AMRO Bank N.V.

## **THE COVERED BONDS**

**Programme size:** Up to EUR 5,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

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

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

Each Tranche of Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Covered Bond or, if so indicated in the applicable Final Terms, a Permanent Global Covered Bond. Each 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 also be deposited on or around the relevant Issue Date (i) with Euroclear Nederland, (ii) with a common depository for Euroclear and/or Clearstream, Luxembourg or (iii) with (a depository for) any other agreed clearing system. A Temporary Global Covered Bond will be exchangeable as described therein for a Permanent Global Covered Bond.

A 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 Form of Covered Bonds below. Any interest in a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear 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 *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.

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

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

<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 set forth in the applicable Final Terms and on redemption and will be calculated on the basis of such Day Count Fraction as set forth in the applicable Final Terms.
<b>Floating Rate Covered Bonds:</b>	Floating Rate Covered Bonds means Covered Bonds which will bear interest either at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in euro governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, (the " <b>ISDA</b> "), Inc., and as amended and updated as of the Issue Date of the first Tranche of Covered Bonds of the relevant Series) or 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 of the relevant Series) as specified in the applicable Final Terms or 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(s) (as specified in the applicable Final Terms). If the Reference Rate has been discontinued or another Benchmark Event or, in case of Compounded Daily €STR, an €STR Index Cessation Event has occurred, the Rate of Interest on the Covered Bonds may be determined for the relevant period by reference to a substitute, alternative or successor rate, in accordance with the fallback provisions set out in Condition 5(c) in case of a Reference Rate other than Compounded Daily €STR or in Condition 5(d) in case of Compounded Daily €STR, applicable to such Covered Bonds. If the Issuer is unable to or otherwise does not determine a substitute, alternative or successor rate in accordance with Condition 5(c) or Condition 5(d), as applicable, the Rate of Interest 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 up to the Maturity Date. Interest on Floating Rate Covered Bonds in respect of each Interest Period will be payable on such Interest Payment Dates, and will be calculated on the basis of such day count fraction, as set forth in the applicable Final Terms.
<b>Zero Coupon Covered Bonds:</b>	Zero Coupon Covered Bonds are Covered Bonds which will not bear interest except in case of a late payment.



<b>Redemption:</b>	The applicable Final Terms will indicate that (a) the relevant Covered Bonds cannot be redeemed prior to their stated maturity (other than following specified events, if applicable, or for taxation reasons or following an Issuer Event of Default or a CBC Event of Default) or (b) such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the applicable Final Terms or (c) such Covered Bonds will be redeemable at the option of the Covered Bondholder upon giving notice to the Issuer, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the applicable Final Terms.
<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, subject to a maximum maturity (i.e. the Extended Due for Payment Date) for each Series of forty-eight (48) years.
<b>Maturity Date:</b>	In respect of a Series, the date on which the Covered Bonds of such Series are expected to be redeemed at their Principal Amount Outstanding, as specified in the relevant Final Terms, which date falls no more than forty-seven (47) years after the Issue Date of such Series. Each Series is due by the Issuer on its respective Maturity Date.
<b>Extended Due for Payment Date:</b>	The final maturity date which falls one (1) year after the Maturity Date of such Series.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Covered Bonds 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 in accordance with and subject to the 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 or indemnify an investor in any other way for any withholding or deduction in respect of tax or duties.
<b>FATCA Withholding:</b>	Payments in respect of the Covered Bonds might be subject to any withholding or deduction required pursuant to an agreement described in section 1471(b) of the 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. Any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid on the Covered Bonds with respect to any such withholding or deduction.
<b>Method of Payment:</b>	For as long as the Covered Bonds are represented by a Global Covered Bond, payments of principal and interest will be made (i) by giro transfer in euro to Euroclear Nederland or, as the case may be, (ii) in euro to the Principal Paying Agent for the credit of the respective accounts of the Covered Bondholders

through Euroclear and Clearstream, Luxembourg 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.

**Listing:** Application may be made for the Covered Bonds to be listed on the official list of Euronext Amsterdam during the period of twelve (12) months from the date of this Base Prospectus, which listing will apply for Covered Bonds if so indicated in the applicable Final Terms. In addition, Covered Bonds issued under the Programme may be listed or admitted to trading, as the case may be, on any other stock exchange or regulated market specified in the applicable Final Terms. The Issuer may also issue unlisted Covered Bonds under the Programme.

**Selling Restrictions:** There are selling restrictions in relation to the United States, the European Economic Area (including France, Italy, Belgium 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 *Subscription and Sale* below.

#### **SECURITY FOR THE COVERED BONDS**

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

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

**Parallel Debt Agreement:** The CBC and the Security Trustee have entered into the Parallel Debt Agreement for the benefit of the Covered Bondholders and the other Secured Creditors 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 Creditors, 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.

**Guarantee 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  
AND THE MORTGAGE  
RECEIVABLES**

**Guarantee Support  
Agreement:**

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

**Mortgage Receivables:**

Under the Guarantee Support Agreement, the Transferor may assign Mortgage Receivables and the Beneficiary Rights of the Transferor to the CBC, subject to the fulfilment of certain conditions. See *Guarantee Support Agreement* above.

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

**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 in the relevant Savings Mortgage Receivables and Savings Investment Mortgage Receivables equal to the amounts of Savings Premium and Savings Investment Premium paid by the relevant Borrower to the Insurance Savings Participant in respect of a Savings Insurance Policy and a Savings Investment Insurance Policy, respectively. 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 and Savings Investment Premium on the Savings Insurance Policies and the Savings Investment Insurance Policies, respectively. In return, the Insurance Savings Participant is entitled to receive the Insurance Savings Participation Redemption Available Amount from the CBC. See further section 15 (*Participation Agreements*) below.

**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 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. In return, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available

Amount from the CBC. See further section 15 (*Participation Agreements*) below.

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

**Back-up Administration Agreement:** Under the terms of the Back-up Administration Agreement, the Back-up Administrator is appointed as substitute administrator to perform certain administration, calculation and cash management services for the CBC on a day-to-day basis, in accordance with and subject to the provisions of the Administration Agreement and the provisions of the Back-up Administration Agreement under the condition precedent (*opschortende voorwaarde*), that the appointment of Knab (or its successor(s)) as Administrator under the Administration Agreement has been terminated.

**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, any other related security and other collateral, if applicable; (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies. The Servicer is permitted to sub-contract its servicing role to an affiliate of the Issuer or any third party, provided that the Servicer shall continue to be liable as if no such delegation had taken place.

**Custody Agreement:** The CBC and the Custodian have entered into a Custody Agreement on the Programme Date, under which the Custodian has been appointed to provide custody services in relation to Substitution Assets, if Substitution Assets are transferred to the CBC.

**CBC Account Agreement:** The CBC and the CBC Account Bank have entered into a CBC Account Agreement on the Programme Date, under which the CBC Account Bank agrees to pay a guaranteed rate of interest on the CBC Transaction Accounts Funds or such other interest rate as may be agreed between the CBC Account Bank and the CBC.

In the event that the interest rate in respect of any of the CBC Transaction Accounts is less than zero, such amount will be payable by the CBC to the CBC Account Bank.

**CBC Account:** The CBC shall maintain with the CBC Account Bank the CBC Account (and any additional or replacement accounts) to which all amounts to be received in respect of the Transferred Assets and other amounts by the CBC are to be paid.

**Reserve Account:** The CBC shall maintain with the CBC Account Bank the Reserve Account to which the Reserve Account Required Amount will be credited.

**Portfolio Swap Agreements:** There may be certain mismatches between the interest to be received on the Transferred Assets and the CBC Transaction Accounts and the amounts

payable under the Covered Bonds. In order to mitigate certain mismatches, the CBC may enter into appropriate hedging arrangements subject to Rating Agency Confirmation with respect to one or more Series or all Series of Covered Bonds whereby revenue scheduled to be received on all Transferred Assets multiplied by the Portfolio Swap Fraction is exchanged for a fixed or floating rate of interest on one or more Series or all Series of Covered Bonds or any rate of interest payable under an Interest Rate Swap in respect of one or more Series of Covered Bonds. The Portfolio Swap Fraction is calculated by dividing the Principal Amount Outstanding of the relevant Series of Covered Bond by the Principal Amount Outstanding of all outstanding Covered Bonds.

**Interest Swap Agreement:** In addition to Portfolio Swap Agreements and in order to mitigate certain mismatches, the CBC may enter into appropriate hedging arrangements subject to Rating Agency Confirmation whereby a certain fixed or floating rate is exchanged for a specific rate on one or more Series or all Series of Covered Bonds.

**Management Agreements:** Each of the CBC, the Security Trustee and the Stichting Holding have entered into a Management Agreement, under which the relevant Director will undertake 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, the Transferor, the Servicer and the Agent have entered into the Deposit Agreement, pursuant to which the Transferor and/or Servicer will deposit personal data with respect to 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 and, in respect of Mortgage Receivables originated by Aegon Leven or Aegon Hypotheken, upon the occurrence of both an Assignment Notification Event and an Originator Assignment Notification Event in respect of Aegon Leven or Aegon Hypotheken, respectively.

**Sale or Refinancing of Selected Transferred Assets:** The Asset Monitoring Agreement provides that the CBC shall sell or refinance Selected Transferred Assets following the service of a Notice to Pay on the CBC and an Issuer Acceleration Notice on the Issuer, but prior to the service of a CBC Acceleration Notice, if on any date the 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 CBC shall first offer all the Selected Transferred Assets for sale to the Transferor and the relevant Originator or any third party within the Originator Group appointed by the relevant Originator after the occurrence of an Issuer Event of Default. If, for whatever reason, the Transferor or the relevant Originator informs the CBC, within a period of twenty (20) Business Days after the CBC has made such offer, that it (or any third party within the Originator Group appointed by the relevant Originator) will not repurchase the Selected Transferred Assets, or if the Transferor or the relevant Originator or any third party within the Originator Group appointed by the relevant Originator fails to inform the CBC, within a period of twenty (20) Business Days after the CBC has made such offer, that it (or any third party within the Originator Group appointed by the relevant Originator) wishes to repurchase the Selected Transferred Assets, then the Selected Transferred Assets shall be offered for sale by the CBC to a third party or third parties.

If the CBC receives, after each of the Transferor and the relevant Originator or any third party within the Originator Group appointed by the relevant Originator has refused the offer for sale of all Selected Transferred Assets, an offer from

a third party to purchase the Selected Transferred Assets, the CBC will notify the Transferor and the relevant Originator of such offer and, within five (5) Business Days after such notice, the Transferor, the relevant Originator or any third party within the Originator Group appointed by the relevant Originator has the right to match the offer to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party and, if the Transferor, the relevant Originator or any third party within the Originator Group appointed by the relevant Originator offers to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party, the CBC shall accept such offer of the Transferor, the relevant Originator or such third party within the Originator Group appointed by the relevant Originator.

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

If, on the date falling six (6) months before the first Extended Due for Payment Date of any Series outstanding, such sale or refinancing is insufficient to redeem the relevant Series of Covered Bonds in full, then the CBC will (i) offer the Selected Transferred Assets for sale for the best terms reasonably available, including but not limited to the best price reasonably available, or (ii) seek to refinance the Selected Transferred Assets 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 amount to redeem the relevant Series of Covered Bonds in full.

See further section 16 (*Asset Monitoring - Sale or Refinancing of Selected Assets*).

## **OTHER**

### **Rating:**

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

### **Transaction Documents:**

The Programme Agreement, the Master Definitions Agreement, the Pledge Agreements, the Swap Agreements (if any), the Administration Agreement, the Back-up Administration Agreement, the Servicing Agreement, the CBC Account Agreement, the Trust Deed, the Parallel Debt Agreement, the Agency Agreement, any Calculation Agency Agreement (if any), the Guarantee Support Agreement, the Asset Monitoring Agreement, the Asset Monitor Appointment Agreement, the Management Agreements, the Custody Agreement, the Deposit Agreement, the Insurance Savings Participation Agreement and the Bank Savings Participation Agreement.

### **Governing Law:**

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

### **Risk factors:**

There are certain factors which may affect the ability of the Issuer and/or the CBC to fulfil its obligations under the Covered Bonds issued under the Programme or the Guarantee, respectively, that are specific to the Issuer, the Covered Bonds 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 3 (*Risk Factors*) and include, among others, the fact that the Issuer's and/or the CBC's results and the performance of the Covered Bonds can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change, (iv) changes in fiscal laws, (v) standard banking risks including changes in interest and foreign exchange rates, (vi) operational, credit, market, liquidity, legal risk and (vii) certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks and other risks associated with Covered Bonds issued under the Programme, which include the following factors set out below per category:

**Risk factors regarding the Issuer**

- A. Risks related to the Issuer's financial situation and position;
- B. Risks related to the Issuer's business activities and industry; and
- C. Legal and regulatory risks regarding the Issuer.

**Risk factors regarding the Covered Bonds**

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

**Risk factors related to the Guarantor and the Guarantee**

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

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

**Risk factors related to Swaps**

<b>Business Day:</b>	A reference to a day on which banks are generally open for business in Amsterdam and London, provided that such day is also a day on which T2 or any successor or replacement for that system is operating credit or transfer instructions in respect of payments in euro, or, 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>Regulated Covered Bonds:</b>	The Issuer and the Covered Bonds (including those issued prior to 8 July 2022) 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.
<b>Compliance with Article 129 CRR:</b>	The Covered Bonds are in the list of covered bonds that may use the label European Covered Bonds (Premium) and are compliant with Article 129 CRR.

<b>Compliance CB Regulations:</b>	The Covered Bonds issued under the Programme comply with the CB Regulations.
<b>Primary Cover Assets CB Regulations:</b>	The primary cover assets ( <i>primaire dekkingsactiva</i> ) 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.
<b>Extended Due for Payment Date:</b>	The Extended Due for Payment Date is the date falling one (1) year after the Maturity Date, as specified in the applicable Final Terms.
<b>European Covered Bond (Premium) label:</b>	Yes.

#### OVERVIEW OF RATING THRESHOLDS

The following overview of rating thresholds does not purport to be complete and is qualified in all respects by the remainder of this Base Prospectus and the Transaction Documents. A specific rating or period in the following overview shall be deemed a reference to such other rating or period as may be determined to be applicable or agreed from time to time by the Rating Agency.

Transaction Party	Rating thresholds S&P	Consequence if below rating thresholds	Section in Base Prospectus
<b>CBC Account Bank</b>	The Long-Term Issuer Credit Rating falls below 'BBB' or such other lower rating(s) as may be agreed by the Security Trustee, the CBC and the Issuer and which is based on the criteria of S&P as would be sufficient to maintain the then current rating(s) of the Covered Bonds.	Replacement CBC Account Bank or obtain a guarantee from a financial institution with Requisite Credit Rating.	Section 18 ( <i>Cash Flows</i> ) under ' <i>CBC Transaction Accounts, Swap Replacement Ledger and Custody</i> '.
<b>Issuer</b>	The Long-Term Issuer Credit Rating falls below 'A'.	Requirement to credit the Reserve Account with an amount equal to the higher of: (i) the Mandatory Liquidity Required Amount; and (ii) the Reserve Trigger Required Amount.	Section 18 ( <i>Cash Flows</i> ).
<b>Issuer</b>	The Long-Term Issuer Credit Rating falls below 'BBB'.	Item "α" (part of item "A" of the definition of Adjusted Aggregate Asset Amount) will be increased.	Section 16 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> '.
<b>Swap Counterparties</b>	The minimum rating specified in the relevant swap agreement.	Replacement of relevant swap provider or other remedy, subject to applicable rating criteria.	Section 17 ( <i>Swaps</i> ).
<b>Custodian</b>	The Long-Term Issuer Credit Rating falls below 'BBB' or such other lower rating(s) as may be agreed by the Security Trustee, the CBC and the Issuer and which is based on the criteria of S&P as would be sufficient to maintain the then current rating(s) of the Covered Bonds.	Replacement Custodian or obtain a guarantee from a financial institution with Requisite Credit Rating.	-





### 3. RISK FACTORS

*Each of the Issuer and the CBC believes that the following factors may affect its ability to fulfil its 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 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 and each risk factor has been placed in the category deemed most appropriate by the Issuer and the CBC, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.*

*The Issuer and the CBC believe that the factors described below represent the material risks inherent to investing in the Covered Bonds, but the inability of the Issuer or the CBC to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons and the Issuer nor the CBC represent 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 and/or the CBC, or that the Issuer and/or the CBC at the date hereof 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 review the entire Base Prospectus, and should form their own views before making an investment decision with respect to the Covered Bonds.*

*Before making an investment decision with respect to any Covered Bonds, prospective investors should form their own opinions, consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Covered Bonds and consider such an investment decision in the light of the prospective investor's personal circumstances.*

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

##### **A. RISKS RELATED TO THE ISSUER'S FINANCIAL SITUATION AND POSITION**

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

The capital and credit markets have from time to time been experiencing volatility and disruption in recent years. Adverse capital market conditions may affect the availability and cost of borrowed funds, thereby impacting the Issuer's ability to support or grow its businesses.

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

In the event that current resources do not satisfy its needs or need to be refinanced, the Issuer may need to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of maturing debt that needs to be refinanced, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of

its long- or short-term financial prospects. Similarly, the Issuer's access to funds may be limited if regulatory authorities or rating agencies take negative actions against it. If the Issuer's internal sources of liquidity prove to be insufficient, there is a risk that external funding sources might not be available, or available at unfavourable terms.

Disruptions, uncertainty or volatility in the capital and credit markets, such as experienced in the recent past, may also limit the Issuer's access to capital required to operate its business. Such market conditions may in the future limit the Issuer's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital requirements. This could force the Issuer to (1) delay raising capital, (2) reduce, cancel or postpone interest payments on its outstanding securities, (3) issue capital of different types or under different terms than the Issuer would otherwise, or (4) incur a higher cost of capital than in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

## **2. The risk that the operations of the Issuer may be affected by developments concerning the transition of the Issuer to BAWAG Group AG**

As of 4 July 2023, the Issuer forms part of the a.s.r. group and its operations are interdependent on and may be affected by developments concerning the a.s.r. group, such as (i) capital contributions (*kapitaalstortingen*) and dividend payments, (ii) strategic decisions, (iii) credit ratings of a.s.r. or entities within the a.s.r. group, (iv) passing on of costs incurred or set-off within the a.s.r. group (such as, but not limited to, IT costs, human resources costs and costs for administrative support and facilities) and (v) several services the Issuer relies on being outsourced to entities within the a.s.r. group. Any adverse developments within the a.s.r. group may have a material effect on the financial position or result from operations of the Issuer as a result of such interdependencies.

In this respect, it is noted that prior to 4 July 2023, the Issuer formed part of the Aegon group. In October 2022, Aegon N.V. and a.s.r. reached an agreement to combine the Aegon Nederland business, including the Issuer, with a.s.r.'s business to create a leading Dutch insurance company (the "**ASR Transaction**"). On 1 October 2023, Aegon Nederland N.V. (as disappearing entity) merged with ASR Nederland N.V. (as acquiring entity). In view of the ASR Transaction, the Issuer has been working on the disentanglement from the Aegon group with the aim of the Issuer being able to act on a stand-alone basis as much as possible, and where applicable as part of Aegon Nederland business, as of 4 July 2023. To the extent it was not possible or desirable to disentangle certain services and/or systems from Aegon group as of 4 July 2023, the Issuer has continued to use such services and/or systems under transfer services agreements entered into until the date agreed upon in such agreements, but ultimately up to 3 years as of 4 July 2023 (subject to the BAWAG Transaction).

However, on 1 February 2024 it was announced that a.s.r. and BAWAG Group AG reached an agreement on the takeover of the Issuer by BAWAG Group AG. The transaction is envisaged to be finalised in the second half of 2024. The envisaged transaction is subject to satisfaction or waiver (to the extent applicable and legally permitted) of the customary conditions precedent, including receipt of the necessary approvals by the European Central Bank and the Dutch Central Bank as well as compliance of the consultation procedure with the relevant works councils (the "**BAWAG Transaction**"). The intention is that the Issuer's brand, the products and the focus on self-employed customers will remain. In addition to the acquisition of the Issuer, an agreement was reached to transfer the management of the servicing of the mortgage receivables on the Issuer's balance sheet from a.s.r. to BAWAG Group AG in due course after the finalisation of the transaction.

In view of the BAWAG Transaction, the Issuer will be working on the disentanglement from the a.s.r. group (in parallel to the disentanglement with respect to the ASR Transaction). To the extent it will not be possible or desirable to disentangle certain services and/or systems from Aegon and/or a.s.r. group, it is envisaged that the Issuer will continue to use such services and/or systems under new transfer services agreements to be entered into until the date agreed upon in such agreements or under new services agreements. Other than in respect of services that will fall under new services agreements, it is expected that the

complete disentanglement and the integration into BAWAG Group AG will be completed within the years following the finalisation of the transaction. There is a risk that the Issuer does not correctly identify all services and/or systems to be disentangled and/or integrated and/or that the completion of the disentanglement and integration takes longer, be more difficult and require bigger teams of employees and managers than originally expected. This could lead to disruptions in the Issuer's business and have a material adverse effect on the Issuer's operations. See for a description of the risk related to the Issuer's relationship with a.s.r. group entities from a counterparty risk perspective, risk factor *'Because the Issuer does business with many counterparties, the inability of these counterparties to meet their financial obligations could have a material adverse effect on its results of operations.'*

After the transition of the Issuer into BAWAG Group AG, the Issuer's operations will become interdependent on and may be affected by developments concerning BAWAG Group AG and its role and position therein. At the date of this Base Prospectus, the consequences of the transition to BAWAG Group AG and the effects thereof on the Issuer remain unclear. However, these future interdependencies of the Issuer within the BAWAG group may affect the Issuer in the same way as the current interdependencies between the Issuer and a.s.r. group may affect the Issuer (see above) and may have a material effect on the financial position or result from operations of the Issuer.

See for a description of the Issuer, a.s.r. group and the envisaged transition of the Issuer to BAWAG Group AG also section 5 (*Knab N.V.*) and section 6 (*ASR Nederland N.V.*).

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

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets, credit spread changes and the occurrence of credit defaults. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts including from time to time macro hedges for parts of its business, either directly as a counterparty or as a credit support provider to affiliate counterparties.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding its assets, liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. Poorly designed strategies or improperly executed transactions could actually increase its risks and losses. Hedging instruments used by the Issuer to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses such as credit value adjustment risks or unexpected profit and loss effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, the Issuer's hedging strategies involve transaction costs and other costs, and if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. It is possible that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, perhaps significant, after taking into account the Issuer's hedging strategies. Further, the nature and timing of the Issuer's hedging transactions could actually increase its risk and losses. The Issuer's hedging strategies and the derivatives that the Issuer uses and may use may not adequately mitigate or offset the targeted risks, and its hedging transactions may result in losses.

The Issuer's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of the Issuer may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with it and/or other parties, affecting the Issuer's overall

ability to hedge its risks and adversely affecting its business, financial condition, results of operations, liquidity and/or prospects.

**4. Turbulence and volatility in the financial markets and economy generally have affected the Issuer, and may continue to do so**

The Issuer's results of operations, solvency, liquidity and its profitability are impacted by conditions in the capital markets and the economy generally. The capital markets and the economy could be adversely affected by a number of reasons, such as political events and trends, natural and man-made disasters (such as floods, hurricanes, riots, acts of war, fires, explosions and pandemics) but also volatility in interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate and private equity valuations, government spending, inflation, and terrorism. Concerns over the slow economic recovery or economic downturn, the European sovereign debt crisis, the ability of certain countries to remain in the Eurozone, unemployment, the availability and cost of credit, inflation levels, energy costs and geopolitical issues all have contributed to increased volatility and diminished expectations for the economy and the markets in recent years. In addition, shareholders' equity, solvency and the Issuer's net result may be significantly impacted by turbulence and volatility in the worldwide financial markets and the economy generally.

These conditions have generally resulted in greater volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. In addition, prices for many types of asset-backed securities and other structured products have deteriorated. These concerns have since expanded to include a broad range of fixed income securities, including those rated investment grade and especially the sovereign debt of some EEA countries and the United States, the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. Although certain of such conditions have improved in recent years, as a result of these and other factors, sovereign governments across the globe, including the Netherlands, have also experienced budgetary and other financial difficulties, which have resulted in austerity measures, downgrades in credit ratings by credit agencies, planned or implemented bail-out measures and, on occasion, civil unrest. As a result, the market for fixed income instruments has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default. These and other factors have resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also been experiencing heightened volatility and turmoil, with issuers that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and market upheavals, including extreme levels of volatility, have had and may continue to have an adverse effect on the Issuer's revenues and results of operations.

The conditions described above, could lead to reduced consumer confidence, which in turn could have an adverse effect on the Issuer's revenues and results of operations, including through an increase of lapses or surrenders of policies and withdrawal of client deposits that the Issuer has among other things originated via internet banking. In addition, in an economic downturn scenario characterised by higher unemployment, higher levels of inflation, lower household income, lower corporate earnings, higher corporate and private debt defaults, lower business investments, and lower consumer spending, the demand for banking products is usually adversely affected and the Issuer's reserves and provisions typically would increase, resulting in overall lower earnings.

In many cases, the markets for investments and instruments have been and remain highly illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgment and other factors, and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. The Issuer continues to monitor its exposures, however there can be no assurances that it will not experience further negative impacts to its shareholders' equity or profit and loss accounts in future periods, which may have an adverse effect on the financial position or results of operations of the Issuer.

In addition, there are currently further geopolitical risks around Russia's invasion of the Ukraine and the conflict between Israel and Hamas. Although the Issuer does not have any direct exposure in Russia or the Ukraine or Israel, recent and future developments could indirectly have a material adverse effect on the Issuer's business and financial condition. The conflict in the Ukraine has led to supply disruptions and volatility of prices for a number of commodities, such as oil and gas as well as agricultural products. This has led to strong price increases for these commodities and subsequently for products of which prices are linked to these commodities. Clients of the Issuer may be adversely affected by these strong price increases which could lead to financial distress for these clients. This may have a material effect on the financial position or result from operations of the Issuer and the Issuer may see arrears and loan losses go up.

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

Changes in prevailing interest rates may negatively affect the Issuer's business, including the level of net interest revenue the Issuer earns, and the levels of deposits and the demand for loans. In a period of changing interest rates, interest expense may increase and interest credited to accountholders may change at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue of the Issuer. Changes in interest rates may further negatively affect the value of the Issuer's assets and its ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings and capital, as well as the Issuer's regulatory solvency position. A sustained increase in the inflation rate in the Issuer's principal markets may also negatively affect its business, financial condition and results of operations. Among others, a sustained increase in the inflation rate may result in an increase in nominal market interest rates. A failure to accurately anticipate higher inflation and factor it into the Issuer's product pricing assumptions may result in mispricing of its products, which could materially and adversely impact the results of operations of the Issuer. Also, concerns regarding negative interest rates and the low level of interest rates generally may negatively impact the Issuer's net interest income, which may have an adverse impact on its profitability. Negative interest rates impact the Issuer in a few ways. The income out of the investment portfolio will be negatively impacted by negative interest rates. Furthermore, the results of the operations of the Issuer are affected by its management of interest rates sensitivity. The composition of the Issuer's assets and liabilities, and any gap position resulting from that composition, causes the operation's 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 sustained low (or negative) interest rate changes. 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.

**6. Downgrades of the Issuer's credit ratings could have an adverse impact on its operations and net results and the rating of the Covered Bonds**

The Issuer's credit rating is important to its ability to raise capital through the issuance of debt instruments and to the cost of such financing. In the event of a downgrade of the Issuer's credit ratings the cost of issuing debt instruments will increase, having an adverse effect on net results. Certain institutional investors may also be obliged to withdraw their deposits or investments in such debt instruments from the Issuer following a downgrade, which could have an adverse effect on its liquidity. The Issuer has solicited credit ratings from S&P. S&P reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. In addition, other rating agencies may seek to rate the Issuer on an unsolicited basis and if such unsolicited ratings are lower than comparable ratings granted by S&P, such unsolicited ratings could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. The decision to withdraw a rating or continue with an unsolicited rating remains with the relevant rating agency. On 5 February 2024, S&P has revised its Long-Term Issuer Credit Rating of the Issuer from 'A-' (Stable) to 'BBB+' (Negative) and affirmed the Short-Term Issuer Credit Rating of 'A-2'. S&P updated its view after the announced sale to BAWAG Group AG. S&P is of the view that the Issuer will face uncertain business prospects after completion of the BAWAG Transaction, given that the Issuer relies primarily on a.s.r. group entities to originate mortgage loans.

The Long-Term Issuer Credit Rating is also part of S&P's analysis of the credit rating of the Covered Bonds. Pursuant to S&P's methodology, the starting point of such analysis is the Long-Term Issuer Credit Rating and, at the date of this Base Prospectus in respect of the Issuer, the credit rating of the Covered Bonds can be uplifted from such starting point with nine credit rating notches to a maximum credit rating of AAA as a result of S&P's resolution regime analysis, jurisdictional support analysis and the collateral support analysis in respect of the Issuer. As at the date of this Base Prospectus, an impact on the credit rating of the Covered Bonds as a result of such Issuer's downgrade by S&P is currently not expected on the basis of the current Long-Term Issuer Credit Rating and the analysis of S&P.

However, it is noted that as a result of the BAWAG Transaction, the Issuer will form part of BAWAG Group AG. BAWAG Group AG has a credit rating from Moody's (and no S&P rating), which could have a negative effect on the S&P credit ratings of the Issuer which subsequently could result in material adverse effect on the Issuer's results of operations, financial conditions and liquidity and could also negatively impact the rating of the Covered Bonds. (see also "*The risk that the operations of the Issuer may be affected by developments concerning the transition of the Issuer to the BAWAG Group AG*" and section 5 (*Knab N.V.*) and section 7 (*Credit Ratings*)).

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

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

#### **7. The Issuer may be unable to retain key personnel to the business**

As a financial services enterprise with a decentralised management structure, the Issuer relies to a considerable extent on the quality of management. The success of the Issuer's operations is dependent, among other things, on the Issuer's ability to attract and retain highly qualified professional personnel. The Issuer's ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions, compensation packages offered by companies competing for the same talent. Especially with respect to the capital management, financial risk management and IT departments as well as specific functions, requiring in depth knowledge, the Issuer sees that it is challenging to attract and retain highly qualified professional personnel. This may affect the competitiveness of the Issuer within the markets in which it operates, and may ultimately have an adverse effect on its financial position.

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

The Issuer has developed risk management policies and procedures and the Issuer expects to continue to do so in the future. Nonetheless, the Issuer's policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. The methods the Issuer uses to manage, estimate and measure risk are partly based on historic market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than expected on the basis of historic experience. For instance, these methods may not accurately predict the losses seen in the stressed conditions in recent periods, and may also not adequately cater for circumstances arising due to the government interventions, stimulus and/or austerity packages, which increase the difficulty of evaluating risks. In order to mitigate these risks, the Issuer engages in stress testing and scenario analysis. However, these procedures will never be able to cover all potential future outcomes, which may ultimately have an adverse effect on the Issuer's position. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to the Issuer. Such information may not always be correct, updated or correctly evaluated.

**9. Because the Issuer is continuously developing new financial products and entering into financial transactions, it might be faced with legal claims, advocate groups and negative publicity that could have an adverse effect on its operations and net result if clients' expectations are not met**

The Issuer develops financial products whereby it takes into account the internal product approval requirements, compliance procedures and the applicable laws and regulations. When new financial products are brought to the market, communication and marketing aims to present a balanced view of the product (however there is a focus on potential advantages for the customers). If the Issuer enters into financial transactions and such products or transactions do not generate the expected profit for the Issuer's clients, or result in a loss, or otherwise do not meet expectations, customers may file misselling claims against the Issuer. Misselling claims are claims from customers who allege that they have received misleading advice or other information from either the Issuer or its internal or external advisors (even though the Issuer does not always have full control over the external advisors). Customer protection regulations as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might influence client expectations and may lead to complaints from customers. Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with (see risk factor *The Issuer's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to such business, other well-known companies or the financial services industry in general*). While a considerable amount of time and money has been invested in reviewing and assessing historic sales and "know your customer" practices, and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and/or regulatory changes resulting from such issues could have a material adverse effect on the Issuer's reputation, operations and net result.

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

**1. The Issuer faces substantial competitive pressures which could adversely affect the Issuer's results of operations**

There is substantial competition in the Netherlands for the types of consumer banking and other products and services the Issuer provides. Customer loyalty and retention can be influenced by a number of factors, including relative service levels, the prices and attributes of products and services, and actions taken by competitors. If the Issuer is not able to match or compete with the products and services offered by the Issuer's competitors, it could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. Competition could also increase due to new entrants in the markets that may have new operating models that are not burdened by potentially costly legacy operations. In addition thereto, new technologies are transforming the banking industry and are changing



the way banking services are provided. New technologies include, but are not limited to, communication channels, robotization, artificial intelligence, data analytics and blockchain. They are also changing the way banks manage their businesses and the skills they need in their workforces. Furthermore, the new technologies are influencing customer demands. Technology makes it easier to move into new markets. This increases competition, not just among peers, but also from new competitors and disruptors. Inability to - quickly enough - adapt to and apply these new technologies may impact the Issuer's competitive position, its ability to maintain profitability and adversely affect the Issuer's future financial condition and results of operations.

Increasing competition in these or any of its other markets may significantly impact its results if the Issuer is unable to match the products and services offered by its competitors. Over time, the banking and insurance industries in the Netherlands have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in the Issuer's competitors gaining greater access to capital and liquidity, expanding their ranges of products and services, or gaining geographic diversity.

The Issuer may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices and may harm the Issuer's ability to maintain or increase profitability.

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

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

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

With respect to collateralised transactions, the Issuer's credit risk may be exacerbated when the collateral held by the Issuer cannot be realised, or is liquidated at prices not sufficient to recover the full amount of the relevant secured loan or secured derivative.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Issuer's counterparties could also have a negative impact on its income and risk weighting, leading to increased capital requirements.

While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The Issuer's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to the Issuer, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the recent financial crisis. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims for the improper exercise of its rights under such contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

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

### **3. Operational risks are inherent in the Issuer's business**

The Issuer defines operational risk as the risk of losses arising from inadequate or failing internal processes and controls, people and systems, or external events. The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequately trained or skilled personnel, IT failures, inadequate supervision on outsourcing partners, inadequate or failed internal control processes, modelling and systems, regulatory breaches, human errors, employee misconduct, internal or external fraud, or from external events that interrupt normal business operations. Operational risks with heightened attention are currently process risk, HR risk (see also: "*The Issuer may be unable to retain key personnel to the business*"), IT risk and third party risk management.

The Issuer further depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer's computer systems and networks may be at or near the end of their useful lives or may not be capable of processing, storing or transmitting information as expected. Certain of the Issuer's computer systems and networks may also have insufficient recovery capabilities in the event of a malfunction or loss of data. IT risk remains elevated because of the complexity of the existing IT infrastructure. The Issuer's IT department intends to replace the core banking system and re-design the IT architecture towards a forward-leaning and highly configurable technology stack. The Issuer expects to see further considerable progress in 2024 in improving in this area. In addition, the Issuer's security department continues to work on integrating all security measures into a single platform so as to ensure correlation, faster response times, and an instant overview of IT system properties when required. Finally, the Issuer's security and privacy departments are defining a roadmap to obtain ISO 27001 (security) and ISO 27701 (privacy) certifications in order to keep abreast of industry best practices. If the events are not or not effectively incorporated these events can potentially result in financial loss, harm to the Issuer's reputation, hinder its operational effectiveness and adversely affect its financial condition.

Cyber risk is predominantly determined by the risk of malicious outside forces using public networks to attack the Issuer's systems, but also includes inside threats, both malicious and accidental. In recent years this risk has increased sharply due to a number of developments in how information systems are used by companies such as the Issuer, but also by society in general. Threats have increased as hackers get more organised and employ more sophisticated techniques. At the same time companies increasingly unlock information systems through the internet to customers and business partners expanding the attack surface hackers can exploit. Furthermore, the nature of the Issuer's business increasingly becomes more data driven.

Outsourcing risk remains an area of attention. The Issuer operates as a relatively small organization with various outsourced activities. Outsourcing occurs when the Issuer asks a third party to perform activities that would normally be undertaken by the Issuer itself, now or in the future. The Issuer has a significant number of third-party providers. The Issuer's reliance on third-party providers does not discharge the Issuer of its responsibilities and requirements. Despite many mitigating measures being currently in place, any failure or negligence by such third-party providers in carrying out their contractual duties may eventually result in the Issuer being subjected to liability and litigation. Any litigation relating to such

matters could be costly, expensive and time-consuming, whilst the outcome of such litigation is uncertain. Moreover, any publicity arising from such litigation, could adversely affect the Issuer's reputation and distribution of its products. As a result, the Issuer's ability to conduct its business might be adversely affected.

The Issuer also faces the risk that the design and operating effectiveness of its controls and procedures to prevent such events prove to be inadequate or are circumvented. Furthermore, widespread outbreaks of communicable diseases may impact the health of the Issuer's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business. Unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and the Issuer's operations may be subject to losses resulting from such disruptions. Losses can result from destruction or impairment of property, financial assets, trading positions, the payment of insurance and pension benefits to employees and the loss of key personnel. Strategically, the Issuer runs the risk of miss-selling of its products either directly or through financial intermediaries, the risk of mispricing of products or the risk that strategic changes in the business model or important change projects are not started or completed in time. If the Issuer's business continuity plans are not able to be implemented or do not take such events into account, the Issuer's financial condition could be adversely affected.

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

**4. Market conditions may increase the risk of loans being impaired and may have impact on the level and volatility of expected credit loss provisions. The Issuer is exposed to the risk of declining property values on the collateral supporting residential and commercial real estate lending**

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

Economic and other factors could lead to further contraction in the residential mortgage and commercial lending market (including, without limitation, small and medium enterprise lending) and to further decreases in residential and commercial property prices which could generate substantial increases in impairment losses.

Unfavourable market conditions can furthermore have an impact on the level and volatility of the IFRS 9 expected credit loss provisions. Since provisioning based on IFRS 9 is forward looking, the level of the expected credit loss not only depends on the performance of the underlying loans but also on the underlying macro-economic variables.

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

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

- 1) decrease the estimated fair value of certain fixed income securities the Issuer holds in its investment portfolios resulting in:
  - reduced levels of unrealised capital gains available to it which could negatively impact its solvency position and net income; and/or
  - a decrease of collateral values, which could for example lead to a requirement of the Issuer to post additional collateral or repay (part of) the corresponding loan or instrument for which collateral is posted.

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

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

- 1) result in impairment charges to equity securities that the Issuer may hold in any investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income and negatively impact its solvency position; and/or
- 2) negatively impact the ability of the Issuer's asset management activities to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations.

#### **6. The Issuer's business is primarily concentrated in the Netherlands**

The Issuer generates most of its interest and fee income in the Netherlands and therefore is particularly exposed to the economic, political and social conditions in the Netherlands. Any deterioration of or a difficult economic environment in the Netherlands could negatively affect the demand for the Issuer's products and services. Any changes in the political environment or the tax regime in the Netherlands could also negatively affect the business of the Issuer, particularly those which affect the mortgage market.

### **C. LEGAL AND REGULATORY RISKS REGARDING THE ISSUER**

#### **1. The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing its business and the Issuer's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to such business, other well-known companies or the financial services industry in general**

The Issuer is subject to detailed banking, asset management and other financial services laws and government regulation in the Netherlands. Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, solvency, capital adequacy and permitted investments, ethical issues, anti-money laundering, anti-terrorism measures, privacy, record keeping, product and sale suitability, and marketing and sales practices, and the Issuer's own internal governance practices. Banking, and other financial services laws, regulations and policies currently governing the Issuer may also change at any time and in ways which have an adverse effect on its business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. Also, bank regulators and other supervisory authorities continue to scrutinise the financial services industry and its activities under regulations governing such matters as anti-money laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures. Regulation is becoming increasingly more extensive and complex and regulators are applying increased scrutiny on the industries in which the Issuer operates, often requiring additional resources from the Issuer. These regulations can serve to limit the Issuer's activities, including through its net capital, customer protection and market conduct requirements, and restrictions on businesses in which the Issuer can operate or invest. If the Issuer fails to address, or appears to fail to address, appropriately any of these matters, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against the Issuer or subject it to enforcement actions, fines and penalties.

In light of current conditions in the global financial markets and the global economy, regulators have increased their focus on the regulation of the financial services industry. Governmental and regulatory authorities in the EU, the Netherlands and elsewhere are implementing measures to increase regulatory control in their respective financial markets and financial services sectors, including in the areas of prudential rules, capital requirements, executive compensation, crisis and contingency management, bank

and financial transaction taxes and financial reporting.

Further, the International Accounting Standards Board has proposed certain amendments to several IFRS standards, which changes could also have a material impact on the Issuer's reported results and financial condition.

The Issuer cannot predict whether or when future legislative or regulatory actions may be taken, or what impact, if any, actions taken to date or in the future could have on its business, financial condition, results of operations, capital, liquidity and/or prospects.

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

The Issuer is involved in litigation on account of its normal business operations. Adverse publicity, regulatory actions or litigation with respect to the business of the Issuer, other well-known companies or the financial services industry in general, may have significant effects on the Issuer and/or Knab Group's financial position or profitability.

## 2. Risks of certain European and global regulatory developments impacting the Issuer

The Issuer conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, and policies in the Netherlands. The timing and form of future changes in regulations are unpredictable and beyond the control of the Issuer, and changes made could materially adversely affect the Issuer's business. 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.

The following changes in laws and regulations, among others, form a material risk for its financial position, credit rating and results of operations and prospects.

### *Basel IV/CRD IV*

Regulatory requirements with respect to capital adequacy and liquidity, as proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**") and being implemented in the European Union through, among others, the CRD IV Directive and the CRR, as these are amended from time to time. These requirements are subject to ongoing change, and are expected to become more stringent. This is especially due to the implementation and entry into force of the changes to CRD IV included in the EU banking package adopted in May 2019 (the "**EU Banking Reforms**") and the finalised Basel III reforms as published on 7 December 2017 (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 capital and liquidity, and will impact the Issuer's day-to-day business. Notable changes that will affect the Issuer's business include changes to the requirements for the risk-weighting of mortgages under the Standardised Approach. The Issuer expects that due to the Basel III Reforms, its risk-weighted assets will increase to a limited extent and that its CET1 capital ratio will be (adversely) affected to a limited extent, as the Issuer applies the Standardised Approach. As the impact of the Basel III Reforms is still subject (in part) to further implementation in EU or national laws, the exact impact of these changes to the applicable

prudential regime is yet to be fully determined by the Issuer. The Issuer will closely monitor the further implementation of the Basel III Reforms. The European Commission published on 27 October 2021 the proposals to implement Basel III Reforms in the EU. On 31 October 2022, the European Council published its proposal to implement the Basel III Reforms in the EU and a provisional agreement on the implementation of the Basel III Reforms was reached on 27 June 2023. It follows from these proposals that the Basel III Reforms will likely be implemented as of January 2025.

In addition to evolving minimum ('pillar 1') capital requirements and capital buffer requirements, the regulatory capital framework applicable to the Issuer also allows for competent authorities to introduce additional ('pillar 2') capital requirements to be maintained by an institution relating to elements of risks which are not fully captured by the additional own funds requirements or to address macro-prudential requirements. DNB sets overall (capital) limits, based on its periodic supervisory review and evaluation process (SREP). Any increase in these pillar 1 and 2 requirements and/or capital buffer requirements may require the Issuer to increase its capital position, which could have a material adverse effect on the Issuer's business, financial position and results of operations.

#### *AML Directive/AML Regulation*

Rules on anti-money laundering and prevention of terrorism financing, as laid down in, among others, Directive 2015/849/EU (as amended, the "**AML Directive**") and accompanying Regulation (EU) No 2015/847 (as amended, the "**AML Regulation**"), apply to the Issuer. In addition, on 8 May 2024, DNB published a policy document for a new anti-money laundering approach. This more risk-based approach gives financial institutions practical guidance in fulfilling their role as gatekeepers to protect the sector from financial economic crime, while at the same time helping to ensure that overly stringent controls do not lead to the unnecessary denial of services to customers. The Issuer is currently in the process to fully implement this new approach. However, future amendments to the anti-money laundering related legislation could adversely affect the Issuer's financial position, credit rating and results of operations and prospects.

#### *Benchmarks Regulation and IBOR reforms*

Under the Benchmarks Regulation new requirements apply with respect to the provision of a wide range of benchmarks (such as the Reference Rate (as defined below)), the contribution of input data to a benchmark and the use of a benchmark within the European Union. 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. In this context, it should also be noted that the interbank offered rates ("**IBORs**") are currently subject to reforms and that a transitioning to 'risk-free rates' is expected and already taking place for certain IBORs. There remains however some uncertainty in relation to the timing and manner of implementation of such reforms and the transition. The Issuer runs the risk that it is not able to timely amend its contracts to address the Benchmarks Regulation and the IBOR reforms and switch from the use of unauthorised benchmarks to authorised benchmarks or from IBORs to risk free rates, respectively, 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 position and the Issuer's compliance with the Benchmarks Regulation. For the impact of the Benchmarks Regulation and IBOR reforms on the Covered Bonds, see the risk factors: '*Benchmark reforms may cause benchmarks used in respect of the Covered Bonds to be materially amended or discontinued*', '*Future discontinuance of EURIBOR or other interest rate benchmarks may affect the value or payment of interest under the Covered Bonds*' and '*There is a risk that the Rate Determination Agent may be considered an 'administrator' under the Benchmarks Regulation*'.

#### *PSD II*

Payment services regulations laid down in Directive (EU) 2015/2366 (as amended, "**PSD II**") imposed additional requirements on the Issuer with respect to its payment services and supports the emergence of new payment service providers and the development of innovative mobile and internet payments in

Europe. Key elements of the PSD II that may 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 results in more or intensified competition for banks 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 banks in practice strike the right balance between ease of use and risk (such as with respect to customer data). These factors could lead to a loss of market share (Third Party Access) and to increased costs (security requirements). In 2022, the European Commission concluded the targeted consultation on the revised PSD II, following which the European Commission published its report on the application and impact of PSD II on 2 February 2023. On 28 June 2023, the European Commission proposed legislative amendments to PSD II, consisting of a directive and regulation, that may have an impact on the payments business of the Issuer. The precise impact and expected time of entry into force remain unclear at this time. At this time, the Issuer can (therefore) not predict the actions that need to be taken by it to incorporate these revisions in its payment services, the timelines and costs associated therewith and otherwise the impact these revisions or actions may have on its future business and results of operation.

#### *EMIR*

The Issuer's derivative activities remain subject to significant reform as a result of Regulation (EU) No 648/2012 (as amended, "**EMIR**"). EMIR already requires the Issuer to centrally clear certain OTC-derivatives and report its derivative contracts to a trade repository. It furthermore requires the Issuer to exchange variation and initial margin with certain of its counterparties, which group of counterparties will be extended in the near future. This will lead to an increased margining obligation for the Issuer. Furthermore, the central clearing of OTC derivatives with central counterparties established in the UK is subject to ongoing developments and uncertainties, due to, inter alia, the proposal for an amendment of EMIR published on 7 December 2022 (informally referred to as 'EMIR 3.0'). In this respect, EMIR 3.0 among others includes the obligation on financial counterparties (such as banks) to keep an active account at an EU-based CCP and clear at least a portion of certain transactions (including interest rate derivatives denominated in Euro) through such active account. The proposal for EMIR 3.0 is subject to change and its date of entry into force is not yet clear. A related uncertainty is that the EU's equivalence decision for the UK's supervisory framework for central counterparties and that the recognition of certain UK central counterparties used by the Issuer will not be extended beyond 30 June 2025. There may be costs, risks and inefficiencies associated with the aforementioned developments and uncertainties surrounding those. The Issuer runs the risk that it will not be able to have the necessary contractual documentation, operational process or other necessities timely in place in order to be able to trade or continue trading in derivatives with the relevant counterparties. It may also lead to additional compliance costs for the Issuer.

#### *DORA*

Regulation (EU) 2022/2554 on digital operational resilience for the financial sector, (as amended, "**DORA**") entered into force on 16 January 2023 and will become applicable on 17 January 2025. DORA introduced a new, uniform and comprehensive framework on the digital operational resilience of credit institutions, insurers, fund managers and certain other regulated financial institutions in the EU. All institutions in scope of DORA, which includes the Issuer, will have to put in place sufficient safeguards to protect their business operations and activities against cyber and other ICT risks. DORA introduces requirements for such institutions on governance, ICT risk management, incident reporting, resilience testing and contracting with ICT services providers. 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 (e.g. DORA extends to all contracts with ICT services, not only contracts that are considered outsourcing). Consequently, the Issuer will likely be required to perform a gap analysis and implement any of DORA's additional or different requirements before DORA becomes applicable, and ensure compliance with these requirements after the date thereof. 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 may result in administrative and/or criminal enforcement and/or reputational damage. The Issuer is currently working on the implementation of DORA within its organisation and expects to finalise this by January 2025.

### *IFRS*

The Issuer's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) - including International Accounting Standards (IAS) and Interpretations - as adopted by the European Union (hereafter EU). The IFRS guidelines are periodically revised or expanded. 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 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 its capital ratios.

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

The Issuer is subject to increasing sustainability regulations, such as Regulation (EU) 2019/2088 from 10 March 2021 relating to disclosures and Regulation (EU) 2020/852 (partially) (the "**EU Taxonomy Regulation**") from 1 January 2022 relating to a framework to facilitate sustainable investment. These regulations require the Issuer to include information at entity level 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 have published guidance with regard to management of climate risks, which credit institutions such as the Issuer are expected to incorporate in their risk management framework. As the Issuer is in the course of implementing these regulations and expects to have to implement more sustainability-related regulations, this has and will give rise to additional compliance costs and expenses.

Further amendments relating to sustainability that have been implemented in, amongst others, EU MiFID II, the AIFMD and the Benchmarks Regulation have an impact on product development and advice, know your customer (KYC), risk management, solvency requirements and the disclosures of financial products:

- Under the MIFID II delegated acts (Commission Delegated Regulation (EU) 2021/1253 and Commission Delegated Directive (EU) 2021/1269), the Knab Group is required to integrate sustainability considerations into the suitability assessment and product governance obligations.
- The AIFMD delegated acts (Commission Delegated Regulation (EU) 2021/1255 and Delegated Regulation (EU) 231/2013) require management companies within the Knab Group to integrate sustainability risks in the management of funds, to include a consideration of any conflicts that may arise as a result of the integration of sustainability risks in their conflicts of interest procedures, to take into account: (i) sustainability risks; and (ii) if relevant, the principal adverse impacts of investment decisions on sustainability factors, as part of the due diligence in the selection and ongoing monitoring of investments; and to capture details of procedures to manage sustainability risks in the risk management process.
- The Benchmarks Regulation introduced two categories of climate benchmarks and further specified ESG disclosure requirements.

Further European sustainability legislation is currently being developed such as the CSRD, which entered into force on 5 January 2023 and the proposal for the CSDDD, which is approved by the European Parliament on 24 April 2024 and is expected to enter into force in the course of 2024, with the new requirements then starting to apply in the course of 2026. Based on a provisional agreement reached between the European Parliament and Council in December 2023, the financial sector seems to become subject to the CSDDD but only to a limited extent, i.e. in relation to their own operations and upstream supply chain. There will be a review clause for a possible future inclusion of the financial downstream sector.

The CSRD requires the Knab Group to disclose information in its annual report on the way it operates and manages social and environmental challenges and on the basis of the ESRS. Reporting under the CSRD requires the Knab Group to formulate long-term ESG targets and policy and to conduct due diligence for its own operations and supply chain. Further transparency rules are introduced on division of roles and responsibilities for ESG targets among others. Reports and strategic plans that must be disclosed by the Knab Group under the CSRD must be made available in electronic form. The ESRS, which are currently being further developed, require the Knab Group to disclose detailed information on environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and



bribery and on diversity. The Knab Group will have to report across four reporting areas: governance, strategy, impact, risk and opportunity management, metrics and targets that are divided into three topics to disclose information from an environmental, social and governance perspective. In addition, there are sector agnostic, sector specific and company specific disclosure requirements to consider by the Knab Group.

The proposal for the CSDDD contains requirements for companies, their subsidiaries and their value chains relating to identifying, ending, preventing, mitigating and accounting for negative human rights and environmental impacts.

As many of the sustainability regulations are still in the midst of their development, the full impact thereof on the Issuer is currently unclear. As a result of these legislative initiatives, the Issuer will be required to provide additional disclosure to stakeholders on ESG matters, which may demand substantial resources and divert management attention from other tasks. In addition, DNB and the ECB continuously publish further guidance with regard to the abovementioned 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. For example, 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. As the Issuer will have to implement any new regulations and guidance, and expects to have to implement more sustainability related regulations and guidance in the future, this will give rise to additional compliance costs and expenses.

As described above, the sustainability regulations or failure to comply with the sustainability regulations could therefore have a material adverse impact on the Issuer's business, reputation and revenues.

#### *EBA Guidelines on Loan Origination and Monitoring*

On 29 May 2020, the European Banking Authority (the "**EBA**") published guidelines on loan origination and monitoring (the "**EBA Guidelines**"). These EBA Guidelines apply as from 30 June 2021, with implementation deadlines reaching up to July 2024. The EBA Guidelines specify the internal governance arrangements for granting and monitoring of credit facilities throughout their lifecycle. These EBA Guidelines introduce requirements for borrowers' creditworthiness assessment and bring together the EBA's prudential and consumer protection objectives. The EBA Guidelines aim to ensure that institutions have robust and prudent standards for credit risk taking, management and monitoring, and that newly originated loans are of high credit quality. These EBA Guidelines also aim to ensure that the institutions' practices are aligned with consumer protection rules and AML requirements. To the best of their knowledge, the Issuer, the Originators and the Servicer comply with the EBA Guidelines, but as these guidelines are relatively new, the insights may change over time.

With respect to valuation, the EBA Guidelines prohibit the use of a model based valuation report like a WOZ Value Statement as a sole means of undertaking the review of the property valuation. Aegon Hypotheken and Aegon Leven changed their policies to comply with these rules (see also Section 13 *Origination & Servicing of the Mortgage Loans* below).

The abovementioned changes in law are indicative examples of a substantial stream of new laws and regulations financial institutions (including the Issuer) will face in the next four to five years.

In general, new regulations are to be expected in the field of capital and liquidity requirements (such as further implementation of the EU Banking Reforms and the Basel III Reforms), sustainability (such as the SFDR and the CSRD), anti-money laundering laws (including the EBA's central database for anti-money laundering and counter-terrorist financing known as EuReCa) and digital finance (including the DORA), the NIS2 and MiCA.

### **3. Risk related to the Wft, BRRD and SRM**

The BRRD and the SRM Regulation set out a common European recovery and resolution framework applicable to banks and certain investment firms, group entities (including financial institutions subject to

consolidated supervision) and (to a limited extent) branches of equivalent non-EEA banks and investment firms. In connection therewith, the SRM and BRRD recognize and enable the application of the recovery and resolution framework both on the level of an individual entity as well as on a group level.

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

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

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

On 18 April 2023, the European Commission published its proposal for the reform of the banking crisis management and deposit insurance framework. Within this proposal, the European Commission specifically focused on strengthening crisis management for medium-sized and smaller banks. Key directives, including the BRRD, are set for revisions. One of the proposal's components is aimed at expanding the utilisation of the Deposit Guarantee Scheme during a bank's resolution process. This aims to better protect depositors from losses and minimise the risk for using taxpayers' money. It remains a key principle that the bank's internal loss absorption (the capital eligible for a 'bail-in') is used first. The proposal is currently under consideration by the European Parliament and the Council. The impact of the proposed amendments on the Issuer are to be assessed, but may ultimately have a material adverse effect on the Issuer's results of operations and financial condition.

In addition to the BRRD and SRM Regulation, the Wft (*Wet op het financieel toezicht*) enables the Dutch Minister of Finance to intervene with a bank or parent undertaking thereof established in the Netherlands, such as the Issuer, if the Minister of Finance is of the view that the stability of the financial system is in serious and immediate danger due to the situation that the bank is in. These powers among others consist of the expropriation of assets and/or liabilities (*onteigening van 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 holders of such debt instruments and the credit rating attached to debt instruments then outstanding and could result in losses to the holders of such debt instruments, 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 above) to the SRM and the BRRD or the Wft, which may add to these effects.

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

**4. The 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 Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*, the "**Deposit Guarantee Scheme**"), from which compensation may become payable to customers of financial institutions in the event such financial institution is unable to pay, or unlikely to pay, claims against it. 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 July 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. Consequently, the ultimate costs to the industry of payments which may become due under the Deposit Guarantee Scheme remain uncertain but they may be significant and the associated costs to the Issuer may have a material adverse effect on its results of operations and financial condition.

In November 2015, the European Commission proposed to set up a European deposit insurance scheme ("**EDIS**") for bank deposits in the euro area. EDIS is considered to be the third pillar of and would complete the EU's banking union. The EDIS proposal builds on the system of national deposit guarantee schemes governed by Directive 2014/49/EU (as amended, "**Recast DGS Directive**"). The scheme would develop in different stages and the contributions of EDIS will progressively increase over time. The new model intends to achieve 'cost-neutrality' for the banking sector when switching to EDIS. At this time, however, it is not yet clear if, when and in what form EDIS will come into effect and how this may affect the Issuer's costs in having to contribute to compensation schemes like EDIS.

**5. A breach of data privacy and security obligations may disrupt the Issuer's business, damage the Issuer's reputation and adversely affect financial conditions and results of operations**

The Issuer is subject to laws and regulations protecting the privacy and security of personal information. The Issuer is also subject to contractual restrictions with respect to the information of its clients and business partners. The Issuer, and numerous of its systems, employees and business partners have access to, and routinely process, the personal information of consumers. The Issuer relies on various processes and controls to protect the confidentiality of personal information and other confidential information that is accessible to, or in the possession of, the Issuer, its systems, employees and business partners. It is possible that an employee, business partner or system of the Issuer could, intentionally or unintentionally, inappropriately disclose or misuse personal or confidential information. The Issuer's data or data in its possession could also be the subject of a cybersecurity attack. If the Issuer fails to maintain adequate controls or if the Issuer or its business partners fail to comply with policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of personal information or other confidential information could occur. Such control inadequacies or non-compliance could materially damage the Issuer's reputation or lead to civil or criminal penalties, which in turn could have a material adverse effect on the Issuer's business, financial condition and results of operations. In addition, the Issuer analyses personal information and customer data to better manage its business, subject to applicable laws and regulations and other restrictions. It is possible that additional regulatory or other

restrictions regarding the use of such techniques may be imposed. Additional privacy and security obligations may also be imposed. Such limitations could have material impacts on the Issuer's business, financial conditions and/or results of operations.

**6. Risk that servicing and administration of the Mortgage Loans cannot be outsourced to a licensed entity**

If the Servicing Agreement is terminated, the CBC will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the CBC will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the CBC has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a licence itself, the CBC will have to terminate its activities and settle (*afwikkelen*) its existing agreements, which could result in losses to the Covered Bondholders.

**RISK FACTORS REGARDING THE COVERED BONDS**

**A. RISKS RELATED TO THE NATURE OF THE COVERED BONDS**

**1. The Covered Bonds will be 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), any other entity or person, in whatever capacity acting (other than as Issuer), including, without limitation, the Transferor, the Originators, any Swap Counterparty, the Servicer, the Administrator, the Back-up Administrator, the Directors, any Paying Agents, the Registrar, any Calculation Agent, the Arranger, any Dealer, the CBC Account Bank, the Security Trustee, the Insurance Savings Participant, the Bank Savings Participant, the Custodian, the Listing Agent and the Rating Agency. Furthermore, none of the Originators, the Swap Counterparties, the Servicer, the Administrator, the Back-up Administrator, the Directors, the Paying Agents, the Registrar, the Calculation Agent, the Arranger, the Dealer, the CBC Account Bank, the Security Trustee, the Insurance Savings Participant, the Bank Savings Participant, the Custodian, the Listing Agent and the Rating Agency, nor any other person in whatever capacity acting (other than the Issuer), will accept any liability whatsoever to Covered Bondholders in respect of any failure by the Issuer to pay any amounts due under the Covered Bonds. An investment in the Covered Bonds involves the risk that subsequent changes in the creditworthiness of the Issuer may adversely affect the payments made under the relevant Covered Bonds. This may lead to losses under the Covered Bonds.

**2. Risks related to conflict of interest**

If the Issuer or any other member of the Issuer Group holds Covered Bonds, it will be able to exercise the voting rights in respect of such Covered Bonds and in doing so, may take into account factors specific to it. In case the Issuer holds Covered Bonds it may, *inter alia*, take into account its different roles in the transaction, including, for example, its role as Transferor, when exercising its voting rights with respect to such Covered Bonds. If members of the Issuer Group would exercise their voting rights in full, this could conflict with the interests of other Covered Bondholders. In view hereof, the voting rights of any member of the Issuer Group are limited as follows, however, not fully excluded. In case a member of the Issuer Group, including, for the avoidance of doubt, the Issuer, holds Covered Bonds, (a) such member of the Issuer Group cannot exercise its voting rights in respect of such Covered Bonds, (b) such Covered Bonds shall not be taken into account for the quorum in a meeting, and (c) such Covered Bonds shall not be taken into account for the required majority of passing any resolution in a meeting, except that no such limitations as set forth in (a), (b) and (c) apply if (i) all Covered Bonds outstanding at such time are held by one or more members of the Issuer Group, or (ii) a meeting is convened for one or more specific Series of Covered Bonds in which all Covered Bonds of such Series are held by one or more members of the Issuer Group, as further described in Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*). As the voting rights of any members of the Issuer Group holding Covered Bonds are not fully excluded, there remains a risk that such members of the Issuer Group will exercise its voting rights in respect of the Covered Bonds held by it and, in doing so, may take into account factors specific to it,

including its relationship with the Issuer. This may conflict with the interest of other Covered Bondholders and may lead to losses under the Covered Bonds.

Furthermore, although it is likely that the Issuer will issue Covered Bonds to members of the Issuer Group (including itself) in line with the prevailing market conditions at such time, there is no guarantee by the Issuer that such Covered Bonds will be issued in line with market conditions prevailing at such time of issue. The Issuer may take into account factors specific to it (or such member of the Issuer Group) when setting such conditions and in case the Issuer is not also the purchaser of the Covered Bonds, the purchaser, which is part of the Issuer Group, may also take into account factors specific to it (including its relationship with the Issuer), which conditions may therefore be different than in case such Covered Bonds would have been issued to other investors. In this respect, the Issuer undertakes in the Trust Deed to only issue Covered Bonds to members of the Issuer Group (including itself) that either have conditions substantially in line with reasonable market terms and otherwise such Covered Bonds issued by the Issuer to members of the Issuer Group will be deemed Covered Bonds to which Non-Market Conditions apply, which require the prior consent of the Security Trustee. The conditions for Covered Bonds held by a member of the Issuer Group (including the Issuer) may still deviate from market conditions prevailing at the time of issue, which may result in Covered Bonds with different repayment profiles or interest rates or other conditions which other Covered Bondholders would not expect and which might increase risks for such other Covered Bondholders and which may lead to losses under the Covered Bonds.

Where the Issuer acts as Calculation Agent or Rate Determination Agent or the Calculation Agent or the Rate Determination Agent is an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent or Rate Determination Agent and holders of Covered Bonds, including with respect to certain determinations and judgments that the Calculation Agent or Rate Determination Agent may make pursuant to the Conditions that may influence the amount receivable upon redemption of the Covered Bonds (see also risk factor "*Future discontinuance of EURIBOR or other interest rate benchmarks may affect the value or payment of interest under the Covered Bonds*" and "*The application of the fallback provisions contained in Condition 5 may lead to a conflict of interest*"). The Issuer and/or any of its Affiliates may pursue actions and take steps that they or it deems necessary or appropriate as part of its business operations without regard to the consequences for the Covered Bondholder. This may lead to losses under the Covered Bonds.

A conflict of interest may for instance arise where the Issuer acts as Rate Determination Agent and would in accordance with the Conditions seek to (i) determine a Replacement Reference Rate and (ii) make certain other elections in that respect (including in relation to the Adjustment Spread, if any), whereby multiple options for such elections may be available each with different consequences for the interest amounts to be paid under the Covered Bonds and the decision(s) made by the Rate Determination Agent may have negative consequences for the Covered Bondholders.

### **3. 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 Transaction Documents. Neither the Covered Bondholders nor any other person shall be entitled to proceed directly against the Issuer or the CBC to enforce any provision of the Covered Bonds and/or the Transaction Documents, unless the Security Trustee fails to take any steps to enforce the Security in accordance with the Trust Deed within a reasonable time and such failure is continuing. All limitations and restrictions imposed under or by virtue of the Trust Deed, the Covered Bonds or any other Transaction Document on the Security Trustee in relation to the enforcement of rights and the availability of remedies, shall *mutatis mutandis* also fully apply to such Secured Creditors. Consequently, the Secured Creditors, 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.

### **4. The Security Trustee may agree to modifications to or waivers under the Covered Bonds and/or the Transaction Documents without the Covered Bondholders' or other Secured Creditors' prior consent**

Pursuant to the terms of the Trust Deed, the Security Trustee may in certain cases, without the consent

or sanction of any of the Covered Bondholders or any of the other Secured Creditors (other than the Secured Creditors that are a party to such Transaction Documents (where applicable)), concur with any person in making or sanctioning any modifications to or waivers or authorisations (e.g. in respect of any breach or proposed breach of any of the provisions of the Covered Bonds of any Series or the Transaction Documents, or determination, without any such consent as aforesaid, that any Issuer Event of Default or CBC Event of Default shall not be treated as such) under the Covered Bonds of any Series, the related Coupons or any Transaction Documents (including without limitation designating further creditors as Secured Creditors), as set out in more 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 of if proposed to them. This means, among other things, that as the Terms and Conditions of all Covered Bonds are the Terms and Conditions attached to the Trust Deed and therefore are the same for all Series outstanding, any 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. In addition, the fact that changes may be made to the Transaction Documents without the Covered Bondholder's prior knowledge or consent and which changes may be conflicting with the interests of such Covered Bondholder or potential Covered Bondholder, could have an adverse effect on the value of such Covered Bonds that are intended to be sold by a Covered Bondholder.

#### **5. Certain decisions of Covered Bondholders taken at Programme 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 including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority. Covered Bondholders are therefore exposed to the risk that decisions are taken at a Programme level which may conflict with the interest of such Covered Bondholder and this may have an adverse effect on the (value of) the Covered Bonds.

#### **6. Downgrades of the Covered Bonds may reduce the market value of the Covered Bonds**

The Covered Bonds may be downgraded, including for example as a result of a downgrade of the Issuer. See "*Downgrades of the Issuer's credit ratings could have an adverse impact on its operations and net results*". In addition, a credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds and any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn by any Rating Agency, the market value of the Covered Bonds may be reduced.

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

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

The Covered Bonds may be subject to optional redemption features (see Condition 7 (*Redemption and Purchase*)). Such 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.

For example, 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. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a (significantly) lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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 (1) 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.

## **2. Secondary market and illiquidity risks**

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

## **3. Covered Bonds issued at a substantial discount or premium and price volatility risks**

The market values of Covered Bonds issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than to prices for conventional interest-bearing Covered Bonds. Generally, the longer the remaining term of the Covered Bonds, the greater the price volatility as compared to conventional interest-bearing Covered Bonds with comparable maturities. Therefore, the market value of such Covered Bonds may be lower than the market value of such conventional interest-bearing Covered Bonds with comparable maturities.

## **4. No consent from Covered Bondholders required for different Covered Bonds**

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

## **5. Integral multiples of less than EUR 100,000 in case of Definitive Covered Bonds may be illiquid**

### **and difficult to trade**

In relation to any issue of Covered Bonds which has a denomination of EUR 100,000 plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds will be traded in amounts in excess of EUR 100,000 or its equivalent that are not integral multiples of EUR 100,000 (for the purpose of this paragraph, the "**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 at least EUR 100,000. As long as the Stub Amount is held in the relevant clearing system, the Covered Bondholder will be unable to transfer this Stub Amount. If Definitive Covered Bonds are issued, Covered Bondholders should be aware that Definitive Covered Bonds which have a denomination that is not an integral multiple of the minimum Specified Denomination, may be illiquid and difficult to trade, which may negatively affect the market value of the Covered Bonds.

### **6. 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 in this case not recognised as such, this is likely to have a negative impact on the liquidity and/or market value of such Covered Bonds.

### **7. ECB asset purchase programme**

In September 2014, the ECB initiated an asset purchase programme, which also encompasses the covered bond purchase programme. Between 20 October 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 held in the covered bond purchase programme. Purchases of securities under the covered bond purchase programme were restarted on 1 November 2019 and continued until the end of June 2022. Between July 2022 and February 2023, the ECB aimed to fully reinvest the principal payments from maturing securities. From March 2023, the Eurosystem only partially reinvests the principal payments from maturing securities held in the covered bond purchase programme and from July 2023 the Eurosystem discontinued all reinvestments.

It remains to be seen what the effect of the phasing out of purchases under the covered bond purchase programme and the discontinuation of such programme will be on the volatility in the financial markets and the overall economy in the Eurozone and the wider European Union and the UK. The discontinuation and reinvestment of principal payments from maturing securities could have an adverse effect on the secondary market value of the Covered Bonds and the liquidity in the secondary market for the Covered Bonds. The Covered Bondholders should be aware that they may suffer losses 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 phasing out of purchases under the covered bond purchase programme may have on the secondary market value of the Covered Bonds and the liquidity in the secondary market for the Covered Bonds. There can be no assurances that these matters, in the aggregate, will not ultimately result in a material adverse effect on the Issuer's business, results of operations and financial position.

### **8. Dealers transacting with the Issuer**

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers.



Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such positions could adversely affect future trading prices of Covered Bonds issued under the Programme.

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

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

DNB has admitted the Issuer and the Covered Bonds to the list of issuers and covered bonds programmes as published by DNB for the purpose of Article 109 of the Wft, in accordance with the then applicable Dutch covered bond laws. The Issuer has amended the Programme to comply with the CB Regulations and as of 15 November 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. 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 the 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, 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.

## **D. RISKS RELATED TO BENCHMARKS**

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

The interest payable on the Floating Rate Covered Bonds may be determined by reference to EURIBOR, €STR or another reference rate (as defined in the applicable Final Terms), or another benchmark (each of these indices as well as any substitute, alternative or successor rate determined in accordance with Condition 5(c) and 5(d), including the applicable tenor and currency, the "**Reference Rate**"). Various benchmarks (including interest rate benchmarks that may apply to the Floating Rate Covered Bonds, such as EURIBOR or €STR) are the subject of recent national and international 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 interbank offered rates ("**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 €STR or an alternative benchmark.

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

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

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

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

Investors should be aware that, if the Reference Rate has been discontinued or, *inter alia*, another Benchmark Event (as defined in Condition 5(B)(ii)(c)) or an €STR Index Cessation Event (as defined in Condition 5(B)(ii)(d)) has occurred, the rate of interest on Floating Rate Covered Bonds may be determined for the relevant period by reference to a substitute, alternative or successor rate, in accordance with the applicable fallback provisions set out in Condition 5(B)(ii)(c) or Condition 5(B)(ii)(d) applicable to such Floating Rate Covered Bonds.

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

Furthermore, the general fallback provision as set out in Condition 5(B)(ii)(c) provide that the Rate Determination Agent (which may be the Issuer) may vary the Conditions, as necessary to ensure the proper operation of the Replacement Reference Rate, without any requirement for consent or approval of the Covered Bondholders.

The general fallback provision as set out in Condition 5(B)(ii)(c) also provide that an Adjustment Spread may be determined by the Rate Determination Agent to be applied to the Replacement Reference Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as practicable, any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Reference Rate with the Replacement Reference Rate. However there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of the Adjustment Spread will either reduce or eliminate economic prejudice to Covered Bondholders. If no Adjustment Spread is determined, the Replacement Reference Rate may nonetheless be used to determine the Interest Rate.

In addition, if in accordance with the general fallback provision as set out in Condition 5(B)(ii)(c) a Benchmark Event has occurred, and the Rate Determination Agent for any reason, is unable to determine the Replacement Reference Rate, the Interest Rate may revert to the Interest Rate applicable as at the last preceding Interest Determination Date before the Benchmark Event occurred, and such Interest Rate will continue to apply until maturity or whenever the Rate Determination Agent is able to determine the Replacement Reference Rate.

If it is not possible to determine a substitute, alternative or successor rate, in accordance with the applicable fallback provision or any of the other matters referred to under Condition 5(B)(ii)(c), this could ultimately result in the application of a fixed rate to what was previously a Floating Rate Covered Bond.

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

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

€STR is published by the ECB and is intended to reflect the wholesale euro unsecured overnight borrowing costs of banks located in the euro area. The ECB reports that €STR is published on each T2 Business Day based on transactions conducted and settled on the previous T2 Business Day (the reporting date "T") with a maturity date of T+1 which are deemed to have been executed at arm's length and thus reflect market rates in an unbiased way.

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

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.

Furthermore, interest on Floating Rate Covered Bonds which reference Compounded Daily €STR is only capable of being determined at the end of the relevant Observation Period or Interest Period (as

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

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

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

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

The Benchmarks Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmarks Regulation. There is a risk that administrators (which may include the Rate Determination Agent in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. The Issuer cannot guarantee that it or the Rate Determination Agent will and will be able to timely obtain registration or authorisation under the Benchmarks Regulation. This could also affect the possibility for the Rate Determination Agent to apply the fallback provision of Condition 5(B)(ii)(c) or Condition 5(B)(ii)(d) meaning that the Reference Rate will not be changed pursuant to Condition 5(B)(ii)(c) or Condition 5(B)(ii)(d). This may ultimately result in the effective application of a fixed rate to what was previously a Floating Rate Covered Bond. Other administrators may cease to administer certain benchmarks because of the additional costs of compliance with the requirements of the Benchmarks Regulation such as relating to governance and conflict of interest, control frameworks, record-keeping and complaints-handling. This may negatively affect the value of the Covered Bonds.

**5. The application of the fallback provisions contained in Condition 5 may lead to a conflict of interest**

The application of any of the fallback provisions contained in Condition 5 may lead to a conflict of interests of the Issuer and Covered Bondholders including with respect to the appointment and remuneration of the Rate Determination Agent and the Principal Paying Agent (including where the agent is not the Issuer or an affiliate) and certain determinations and judgments that the Rate Determination Agent and the Principal Paying Agent may make pursuant to Condition 5 (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.

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

### **1. 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 or other jurisdictions. In addition, payments of interest on the Covered Bonds, or income derived from the Covered Bonds, may become subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Covered Bonds, or in other jurisdictions in which the holder of Covered Bonds is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Covered Bonds.

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

### **2. No Gross-up by the CBC for Taxes**

As provided in Condition 8 (*Taxation*), should payments made by the CBC under the Guarantee be made subject to withholding or deduction for any present or future taxes or duties of whatever nature 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. This may lead to losses under the Covered Bonds.

## **RISKS RELATED TO GUARANTOR AND THE GUARANTEE**

### **1. Reliance of the CBC on third parties**

Counterparties to the CBC may not perform their obligations under the Transaction Documents and the Borrowers may not perform with their obligations under the Mortgage Receivables. If, as a consequence of counterparties not performing their obligations *vis-à-vis* the CBC or the Borrowers under the Mortgage Loans, the CBC may not be able to meet its obligations under the Guarantee and this may lead to losses under the Covered Bonds. The failure to perform any obligations by any counterparty of the CBC may have various reasons and may, for example, be affected by solvency and/or liquidity risks of such counterparty and/or any merger, reorganisation and/or disentanglement in which such counterparty is involved or by developments concerning the group of such counterparty. See also risk factor "*The risk that the operations of the Issuer may be affected by developments concerning the transition of the Issuer to the BAWAG Group AG*".

It is also noted that since the business combination between ASR Nederland N.V. and Aegon Nederland N.V. has taken effect, the integration of the two mortgage companies is being worked on. This may ultimately lead to the outsourcing of a part of the servicing activities related to the Aegon mortgage portfolio to a reputable servicer in the Dutch mortgage market. It is anticipated that at some point in the future Stater Nederland B.V. will be appointed as sub-servicer by the Servicer. Under the terms of the Servicing Agreement, the Servicing may on its own behalf (thus not on behalf of the Issuer or the Security Trustee) without any consent being required, subcontract or delegate the performance of all or any of its powers and obligations under the Servicing Agreement, provided that (i) it shall always use reasonable care in the selection of and continued appointment of such person and (ii) any such delegation is permitted under Dutch law. Any such sub-contracting or delegation of the performance of any of the obligations of the Servicer under the Servicing Agreement shall not release or discharge the Servicer in any way from its obligations under the Servicing Agreement for which the Servicer shall remain liable to the same extent as if such sub-contracting or delegation had not been made and as if the acts and omissions of the sub-contractor or delegate were acts and omissions of the Servicer. Any appointment of a sub-servicer and a corresponding migration of servicing activities to such third party (i) could potentially result in a disruption

in the servicing of the Mortgage Receivables and (ii) will result in the Issuer becoming dependent on not only the Servicer but such sub-servicer as well as far as it relates to the Mortgage Receivables being adequately serviced.

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

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

## **2. Limited resources available to the CBC**

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

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 Creditors, including the Covered Bondholders. If, following enforcement of the Security, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, the Secured Creditors will no longer have a claim against the CBC after enforcement of the Security. The Secured Creditors may still have an unsecured claim against the Issuer for the shortfall, which may lead to losses under the Covered Bonds.

## **3. The Guarantee will be solely the obligation of the CBC**

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

The payment obligations under the Guarantee will be solely the obligation of the CBC. The Guarantee will not be an obligation or responsibility of, any other entity or person, in whatever capacity acting, including, without limitation, the Issuer, the Transferor, the Originators, any Swap Counterparty, the Servicer, the Administrator, the Back-up Administrator, the Directors, the Paying Agents, the Registrar, the Calculation Agent, the Arranger, any Dealer, the CBC Account Bank, the Custodian, the Insurance Savings Participant, the Bank Savings Participant and the Security Trustee. Furthermore, none of the Issuer, the Transferor, the Originators, the Swap Counterparties, the Servicer, the Administrator, the Back-up Administrator, the Directors, the Paying Agents, the Registrar, the Calculation Agent, the Arranger, the Dealer(s), the CBC Account Bank, the Custodian, the Listing Agent, the Insurance Savings Participant, the Bank Savings Participant and the Security Trustee, 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.

#### 4. **Maintenance of Transferred Assets**

Unless a Breach of Asset Cover Test has occurred, the Asset Monitor will carry out procedures on the arithmetic accuracy of the calculations performed by the Administrator in respect of the Asset Cover Test once each year on the Calculation Date immediately preceding each anniversary of the Programme Date and more frequently in certain circumstances set out in the Asset Monitoring Agreement. Following the service of a Breach of Asset Cover Test Notice (until remedied), the Asset Monitor will be required to carry out procedures on the calculations performed by the Administrator in respect of the Amortisation Test on each Calculation Date. 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. This may lead to losses under the Covered Bonds.

#### 5. **Risk regarding cash flows**

For as long as no Assignment Notification Event has occurred and no Breach of Asset Cover Test Notice (which is not remedied), Notice to Pay or CBC Acceleration Notice has been served on the CBC, the Transferor 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, the Insurance Savings Participation Agreement, the Bank Savings Participation Agreement and certain other obligations of the CBC. Upon the earlier to occur of an Assignment Notification Event and service of a Breach of Asset Cover Test Notice (which is not remedied) or a Notice to Pay or CBC Acceleration Notice on the CBC, the rights of the Transferor to receive and retain the proceeds from the Transferred Assets for its own benefit 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 Breach of Asset Cover Test Notice (which is not remedied) or Notice to Pay or CBC Acceleration Notice has been served at such time) (see further section 18 (*Cash Flows*)). Prior to such moment, the CBC will receive only limited funds. This may affect the ability of the CBC to make payments under the Guarantee and may lead to losses under the Covered Bonds.

#### 6. **Sale or refinancing of Selected Mortgage Receivables**

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

There is no guarantee that a buyer will be found for the Selected Mortgage Receivables nor assurance as to the price 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 Transferor would give any warranties or representations to a buyer in respect of the Selected Mortgage Receivables. Any Representations or Warranties previously given by the Transferor in respect of the relevant Mortgage Receivables may not have value for a third party purchaser if the Transferor 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 which in turn could adversely affect the ability of the CBC to meet its best efforts undertaking under the Guarantee. This may lead to losses under the Covered Bonds.

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

Although the Asset Cover Test is 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, this means that these will be deducted from the Adjusted 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. Furthermore, not all risks in relation to the Transferred Assets are provided for in the Asset Cover Test (see section 16 (*Asset Monitoring*)). This could lead to losses under the Transferred Assets in case such risks materialise and, consequently, the CBC may not be able to meet its obligations under the Guarantee. This may lead to losses under the Covered Bonds.

#### **8. Extendable obligations under the Guarantee**

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

However, to the extent the CBC has sufficient moneys available to pay in part the Guaranteed Final Redemption Amount in respect of the relevant Series of Covered Bonds, the CBC shall make such partial payment in accordance with the relevant Priority of Payments, as described in Condition 3 (*The Guarantee*), on each CBC Payment Date falling prior to the relevant Extended Due for Payment Date. Payment of the unpaid amount shall be deferred automatically up to the applicable Extended Due for Payment Date. An Extended Due for Payment Date will fall one (1) year after the relevant Maturity Date. Interest will continue to accrue and be payable on the unpaid Guaranteed Final Redemption Amount on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*) applies *mutatis mutandis*.

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

#### **9. The CBC is only obliged to pay Guaranteed Amounts when the same are Due for Payment**

The CBC has no obligation to pay the Guaranteed Amounts payable under the Guarantee until service by the 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 Breach of Asset Cover Test Notice is served by the Security Trustee on the CBC following a Breach of Asset Cover Test, the CBC will not be obliged to make payments under the Guarantee until (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice and a Notice to Pay have been served



or (b) a CBC Event of Default has occurred and a CBC Acceleration Notice has been served.

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

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

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

#### **10. Effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the CBC**

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 pledge within a reasonable period following bankruptcy if so requested by the liquidator and as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the CBC. Similar or different restrictions may apply in case of insolvency proceedings other than Dutch insolvency proceedings. Therefore, the Security Trustee may have insufficient funds available to fulfil the CBC's payment obligations under the Guarantee. This may lead to insufficient funds being available to cover amounts due under the Covered Bonds.

To the extent the receivables pledged by the CBC to the Security Trustee are future receivables, the pledge on such future receivables cannot be invoked against the estate of the CBC if such future receivable comes into existence after 00.00 hours on the date on which the CBC has been declared bankrupt or has been granted a suspension of payments. The CBC has been advised that some of the assets pledged to the Security Trustee under the Security Trustee Rights Pledge Agreement should be regarded as future receivables. This would for example apply to amounts paid to the CBC Transaction Accounts following the CBC's bankruptcy or suspension of payments. With respect to Beneficiary Rights, reference is made to *Risks relating to Beneficiary Rights under the Insurance Policies* below. In such case such amounts will not be available for distribution. This may lead to losses under the Covered Bonds.

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

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

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. The Secured Creditors therefore have a credit risk on the Security Trustee, which could lead to losses under the Covered Bonds.

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

Pursuant to the CBC Account Agreement the interest rate accruing on the balances standing to the credit of any of the CBC Transaction Accounts could be less than zero in case €STR is below, equal to or just above zero. Any negative interest will be payable by the CBC to the CBC Account Bank, provided that the CBC Account Bank has sent a written notice to the CBC two (2) Business Days in advance. If the CBC has the obligation to pay interest accruing on the balances standing to the credit of any of the CBC Transaction Accounts to the CBC Account Bank instead of receiving interest thereon, this will reduce the income of the CBC and its possibility to generate further income on the assets held in the form of cash in the CBC Transaction Accounts. This could lead to losses under the Covered Bonds.

#### **13. Risks in relation to defaults by Borrowers**

Upon service of a Notice to Pay on the CBC (provided no CBC Acceleration Notice has been served), the CBC is expected to make payments under the Guarantee. The ability of the CBC to meet its obligations under the Guarantee will depend solely on the proceeds of the Transferred Assets. In this respect it should be noted that Borrowers may default on their obligations due under the Transferred Receivables. Defaults may occur for a variety of reasons. The Transferred Receivables are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies.

Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to make the required payments under the Transferred Receivables. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers or the Borrowers becoming subject to debt rescheduling arrangements (*schuldsaneringsregelingen*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Transferred Receivables. In addition, the ability of a Borrower to sell a Property at a price sufficient to repay the amounts outstanding under that Transferred Receivable will depend upon a number of factors, including the availability of buyers for that Property, the value of

that Property and property values in general at the time. As set forth herein, however, Defaulted Receivables and Transferred Receivables which are three months or more in arrears will be excluded from the calculation of the Asset Cover Test or the Amortisation Test.

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

**14. 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**

The Dutch legislator approved a bill for the implementation of a composition outside bankruptcy or moratorium of payments proceedings and is referred to as the Act on Confirmation of Extrajudicial Restructuring Plans (*Wet Homologatie Onderhands Akkoord*, "CERP" or "WHOA") which entered into force on 1 January 2021.

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. The WHOA is not applicable to banks and insurers.

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 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 4 months, with a possible extension of 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 or other transaction parties could affect the rights of the Security Trustee under the Security or the CBC under the Transaction Documents 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.

**15. Risk related to Mortgage Loans with a floating interest rate**

Mortgage Receivables transferred to the CBC may carry a floating rate of interest. Although there are no precise rules which require a floating rate of interest on the Mortgage Loans to be set at a specific level, in a recent case KiFiD (*Klachteninstituut Financiële Dienstverlening*) ruled, with regard to a mortgage loan (i.e. a loan with a floating 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 floating rate of interest should have moved with the market interest rate and ordered the relevant offeror, which was not the Issuer, to recalculate the interest. If the recalculation shows that the consumer

paid more than the relevant offeror was allowed to charge, then the relevant offeror must repay the overpaid interest according to KiFiD. Judgments of civil law courts in relation to floating 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 floating rate of interest of which the Mortgage Receivables are transferred to the CBC, and if it 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 of an Originator of any interest unduly paid by Borrowers and therefore the proceeds resulting from such Mortgage Receivables may be lower than expected and could lead to set-off, which may lead to the CBC having insufficient funds available to fulfil its payment obligations which may result in losses under the Covered Bonds.

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

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

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

The Mortgage Receivables which will be assigned by the Transferor to the CBC are resulting from mortgage loans originated by Knab as Originator or by any of the other Originators. In case the Mortgage Loans are originated by an Originator other than Knab, legal title to the Mortgage Receivables (i) firstly will be transferred by way of an undisclosed assignment (*stille cessie*) or has been transferred by way of an undisclosed assignment (*stille cessie*) by the relevant Originator (other than Knab) to the Transferor ("**Assignment I**") and (ii) subsequently will be transferred by way of an undisclosed assignment (*stille cessie*) by the Transferor to the CBC on any Transfer Date ("**Assignment II**"). Furthermore, the Originator has assigned to the Issuer the NHG Advance Rights and subsequently, the Issuer will assign the NHG Advance Rights to the CBC. The Guarantee Support Agreement will provide that the Assignment II will not be notified by the Transferor or, as the case may be, the CBC to the Borrowers except if an Assignment Notification Event occurs or, in respect of Mortgage Loans originated by Aegon Leven or Aegon Hypotheken, if both an Assignment Notification Event and an Originator Assignment Notification Event occur or have occurred in relation to Aegon Leven or Aegon Hypotheken, respectively. If only an Originator Assignment Notification Event occurs, the CBC, unless the Security Trustee instructs it otherwise, may instruct the relevant Originator and Transferor to notify the relevant Borrowers or ensure that the relevant Borrowers are notified of Assignment I only. If the Mortgage Loans are originated by Knab there will only be one assignment to the CBC, and such assignment is also referred to as Assignment II. At the date of this Base Prospectus, Knab does not originate mortgage loans (see further section 10 "*Guarantee Support*").

#### *Risks related to payments received by the Transferor prior to notification in relation to mortgage Loans originated by Originators other than Knab*

Until notification of Assignment I and Assignment II, the Borrowers under the Mortgage Receivables which have been originated by the relevant Originator (other than Knab) can only validly pay to the relevant Originator (other than Knab) in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. Upon notification of Assignment I and until notification of Assignment II, the Borrowers under the Mortgage Receivables can only validly pay to the Transferor. After notification of Assignment II, the Borrowers under the Mortgage Receivables can only validly pay to the CBC in order to fully discharge their payment obligations.

Payments made by the Borrowers (i) to the relevant Originator prior to notification of Assignment I and Assignment II in relation to Mortgage Loans originated by it, but after bankruptcy or suspension of

payments in respect of the relevant Originator having been declared or (ii) to the Transferor after the notification of Assignment I and prior to the notification of Assignment II in relation to the Mortgage Receivables assigned by the Transferor to the CBC, but after bankruptcy or suspension of payments in respect of the Transferor having been declared, will be part of the relevant Originator's or Transferor's, as the case may be, 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. 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.

*Risks related to payments received by the Transferor prior to notification in relation to Mortgage Loans originated by Knab as Originator*

Until notification of Assignment II, the Borrowers under the Mortgage Receivables which have been originated by Knab can only validly pay to Knab in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. After notification of Assignment II, the Borrowers under the Mortgage Receivables can only validly pay to the CBC in order to fully discharge their payment obligations.

Payments made by the Borrowers to Knab prior to notification of Assignment II in relation to Mortgage Loans originated by it, but after bankruptcy or suspension of payments in respect of Knab having been declared, will be part of Knab'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. 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.

*Risks regarding the Transferor actually making the payment of amounts received*

The Transferor has undertaken upon the earlier to occur of an Assignment Notification Event, the service of a Breach of Asset Cover Test Notice (which is not remedied), a Notice to Pay or a CBC Acceleration Notice to pay to the CBC any amounts received by it in respect of the Mortgage Receivables. However, receipt of such amounts by the CBC is subject to the Transferor actually making such payments. If the Transferor is declared bankrupt prior to making such payments, the CBC has no right of any preference in respect of such amounts and thus has a credit risk against the Transferor in respect of such amounts.

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

such interest reset dates, the proceeds resulting from the Mortgage Receivables may be lower, and this may result in losses under the Covered Bonds.

### **3. Risk related to increase of prepayments**

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions, changes in Borrower's behaviour (including but not limited to home owner mobility and the exercising of a Mover Option by Borrowers) and encouragement of borrowers to repay their interest-only mortgage before the maturity date.

Currently the market interest rates are low compared to the historic average mortgage interest rates, which may lead to an increase in the rate of prepayments of the Mortgage Loans.

No assurance can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect the Principal Receipts of the CBC, and thereby may affect the timing of the payments of the CBC under the Guarantee. This may lead to losses under the Covered Bonds.

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

### **1. Set-off by Borrowers may affect the proceeds under the Mortgage Receivables**

Under Dutch law a debtor has a right of set-off against a counterparty if it has a claim that corresponds to a debt 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 (i) due by the relevant Originator (other than Knab) to it (if any) with amounts it owes in respect of the relevant Mortgage Receivable prior to the notification to the Borrowers of Assignment I and/or Assignment II and after notification to the Borrowers of Assignment I, but prior to notification to the Borrowers of Assignment II, due by the Transferor to it with amounts it owes in respect of the relevant Mortgage Receivable and (ii) due by Knab as Originator to it (if any) with amounts it owes in respect of the relevant Mortgage Receivable prior to notification to the Borrowers of Assignment II.

Such amounts due and payable by the relevant Originator or Transferor to a Borrower could, *inter alia*, result from current account balances, insurance claims or deposits made with the relevant Originator or Transferor. Also, such claims of a Borrower could, *inter alia*, result from (investment) services rendered by the relevant Originator or Transferor to the Borrower (if rendered at all) such as investment advice rendered by the relevant Originator or Transferor or services for which the relevant Originator or Transferor is responsible or held liable. As a result of set-off of amounts due and payable by the relevant Originator or Transferor to the Borrower with amounts the Borrower owes in respect of the relevant Mortgage Receivable, the relevant Mortgage Receivable will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus affect the proceeds under the Mortgage Receivables.

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

Borrowers will have the set-off rights described in the previous paragraph. Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Covered Bonds.

After notification of Assignment I (and/or Assignment II) to a Borrower, such Borrower will also continue to have set-off rights in respect of claims it has on the relevant Originator *vis-à-vis* the Transferor (or, after the notification of Assignment II, on the relevant Originator and/or the Transferor *vis-à-vis* the CBC), provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated (*opgekomen*) and became due and payable (*opeisbaar*) prior to Assignment I and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the relevant Mortgage Receivable and the claim of the Borrower against the relevant 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 Assignment I, 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 for set-off will be met. In the case of deposits, including any Construction Deposits, it will depend on the term of the deposit whether the balance thereof will be due and payable at the moment of notification of Assignment I. If following receipt of notification of Assignment I, 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 Transferor or the CBC as assignee for the amount of its claim at the moment such notification is received, after deduction of amounts which have been debited from the current account or the deposit account after receipt of such notification, notwithstanding that amounts may have been credited after receipt of such notification. The above applies *mutatis mutandis* to the pledge of the Mortgage Receivables envisaged in the Security Trustee Receivables Pledge Agreement. The above applies *mutatis mutandis* to the right of set-off in respect of the Transferor and the CBC after notification of Assignment II to the Borrowers.

After a Borrower has been notified of Assignment II (together with the notification of Assignment I, if applicable), the Borrower will have the right of set-off of a counterclaim *vis-à-vis* the CBC on (i) the relevant Originator and/or (ii) the Transferor, provided that the requirements for set-off after notification of an assignment have been satisfied (see previous paragraph).

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

The Guarantee Support Agreement provides that if a Borrower sets off amounts due to it by the Transferor or the Originator against the relevant Mortgage Receivable, including, without limitation, any deposits owed to it with the relevant Mortgage Receivable and, as a consequence thereof, the CBC or the Security Trustee, as applicable, does not receive the amount which it is entitled to receive with respect to such Mortgage Receivable, the Transferor will pay to the CBC or the Security Trustee, as applicable, an amount equal to the difference between the amount which the CBC or the Security Trustee, as applicable, would have received with respect to the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the CBC or the Security Trustee, as applicable, with respect to such Mortgage Receivable. Receipt of such amount by the CBC or the Security Trustee, as applicable, is subject to the ability of the Transferor to actually make such payments. If the Transferor would not meet its obligations under the Guarantee Support Agreement, set-off by Borrowers could lead to losses under the Covered Bonds.

For specific set-off issues relating to the Life Insurance Policies or Investment Mortgage Loans, reference

is made to the paragraphs *Risk of set-off or defences by Borrowers in case of insolvency of the Insurance Company* and *Risks related to offering of Investment Mortgage Loans and Life Insurance Policies*, respectively.

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

The Transferor has represented that with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant 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. If 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 Company*. Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Covered Bonds.

## **3. Risks related to offering of Investment Mortgage Loans and Life Insurance Policies and Universal Life Mortgage Loans with the Investment Alternative**

The value of investments (i) made by the Insurance Company in connection with the Life Insurance Policies and Savings Investment Insurance Policies or (ii) made on behalf of the Borrowers under the Investment Mortgage Loans, may not provide the Borrower with sufficient proceeds to fully repay the related Mortgage Receivables at their 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 lead to 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 relevant Originator, the Transferor or the CBC, as the case may be, by arguing that he has not been properly informed of the risks involved in the investments. Apart from the general obligation of contracting parties to provide information, several provisions of law are applicable to offerors of financial products, such as Investment Mortgage Loans, Life Mortgage Loans and Universal Life Mortgage Loans with the Investment Alternative. 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. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified on the basis of misrepresentation (*bedrog*) or error (*dwalig*) or a Borrower may claim set-off or defences against the relevant Originator, the Transferor or the CBC (or the Security Trustee). The merits of any such claim will, to a large extent, depend on the manner in which the Mortgage Loans have been marketed by the relevant Originator and/or its intermediaries 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 Mortgage Loans, or Savings Investment Mortgage Loans or Life Insurance Policies or Savings Investment Insurance Policies is not sufficient to redeem the Mortgage Loans.

In this respect it is further noted that - despite the improvements and compensation arrangements made by the a.s.r. group - there is still media, political and regulatory attention regarding unit-linked products (*beleggingsverzekeringen*). Individual customers as well as policyholder advocate groups and their representatives continue to focus on the fees and charges included in products, as well as alleged transparency aspects. The Issuer expects this to remain an issue for the industry for the foreseeable future. Exposure and attention may be stimulated by court cases. In particular, challengers have claimed that the costs associated with the policies are too high and that the return on investment was not what



was expected. The criticism of unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In addition, on 29 November 2023 the a.s.r. group reached a settlement with five consumer protection organisations.

The a.s.r. group, including the Insurance Company, has in the past in the Netherlands sold, issued or advised on large numbers of insurance or investment products that have one or more product characteristics similar to those individual unit-linked products that have been the subject of the scrutiny, adverse publicity and claims in the Netherlands. Given the continuous political, regulatory and public attention to the unit-linked issue in the Netherlands, the increase in legal proceedings and claim initiatives in the Netherlands and the legislative and regulatory developments in Europe to further increase and strengthen consumer protection in general, there is a risk that unit-linked products and other insurance and investment products sold, issued or advised on by the a.s.r. group may become subject to the same or similar levels of political, regulatory and public attention claims or actions by consumers, consumer protection organisations, regulators or governmental authorities.

There is a risk that one or more of the claims and/or allegations related to unit-linked life insurance products succeed. Although a ruling by a court, including the European Court of Justice, against the a.s.r. group or other Dutch insurance companies in respect of unit-linked products would only be legally binding for the parties that are involved in the procedure, such a ruling might be relevant or applicable to other unit-linked life insurance policies sold by the a.s.r. group. A ruling may force the a.s.r. group to take financial measures that could have a substantial impact on the financial condition, results of operations, solvency or the reputation of the a.s.r. group. To date, a number of rulings regarding unit-linked life insurance products in specific cases have been issued by the FSCB and Courts (of appeal) in the Netherlands against the a.s.r. group and other insurers. In these proceedings, different (legal) approaches have been taken to come to a ruling. The outcome of these rulings is diverse. Because the book of policies of the a.s.r. group dates back many years, contains a variety of products with different features and conditions and because of the fact that rulings are diverse, it is not possible to make a reliable estimation of the impact should one or more of these allegations and/or claims succeed.

On 29 November 2023, the a.s.r. group has reached a settlement for unit-linked life insurance customers of the a.s.r. group, including the Insurance Company, affiliated to the consumer protection organisations *Consumentenclaim*, *Woekerpolis.nl*, *Woekerpolisproces*, *Wakkerpolis* and *Consumentenbond*. Condition for this settlement is that 90 % of the affiliated customers (of the consumer protection organisations) agree with the settlement. As soon as this condition is met, the collective actions that these consumer protection organisations have initiated in the past, will end. As soon as the 90% threshold is met, the risks involved in these proceedings are eliminated. Nevertheless, there still is a risk that one or more pending or future claims from individual customers and/or consumer protection organisations could succeed. Also, there is a risk that other and/or new consumer protection organisations will initiate a lawsuit or collective action against the a.s.r. group. If one or more of these allegations or claims should succeed, the financial consequences could be substantial for the a.s.r. group, and therefore may also affect the Issuer, and as a result could have an adverse material effect on the Issuer's business, reputation, revenues, results of operation, solvency, financial condition and prospects. See also section 6 (*ASR Nederland N.V.*), however it is noted that only Mortgage Loans of the Originators are Eligible Receivables under this Programme.

The Life Insurance Policies and the Savings Investment Insurance Policies may qualify as unit-linked products referred to in the paragraphs above. These Life Insurance Policies and Savings Investment Insurance Policies are linked to Life Mortgage Loans and Universal Life Mortgage Loans granted by the relevant Originator.

If Life Insurance Policies or Savings Investment Insurance Policies related to the Mortgage Loans would for the reasons described in the paragraphs above be dissolved, nullified or otherwise terminated, this will affect the collateral granted to secure these Mortgage Loans (e.g. the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the circumstances involved, in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. The analysis in that situation is similar to the situation in case of insolvency of the insurer, except if the relevant Originator is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/insured (see

for a description of risks in relation to the bankruptcy of an insurer Risk of set-off or defences under Life Mortgage Loans, Savings Mortgage Loans and Savings Investment Mortgage Loans below). In this situation set-off or defences against the Issuer could be invoked, which will probably only become relevant in case of bankruptcy having commenced in respect of the relevant Originator and/or the relevant Originator not indemnifying the Borrower. Any such set-off or defences may lead to losses under the Covered Bonds.

#### **4. Risk of set-off or defences by Borrowers in the event of an insolvency of the Insurance Company**

Under certain types of Mortgage Loans the relevant Originator has the benefit of rights under the Insurance Policies with the Insurance Company. Under the Insurance Policies the Borrowers pay a premium consisting of a risk element and a savings or investment element (capital element). The capital element of the premium received under the Savings Insurance Policy is invested in the related Savings Mortgage Receivable. In case of a Savings Investment Insurance Policy, the capital element may or may not be invested in the related Savings Investment Insurance Receivable. In case of Life Mortgage Loans and Universal Life Mortgage Loans with the Investment Alternative, the capital premium is not (directly or indirectly) invested in the related Mortgage Receivable, but invested in certain funds. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If the Insurance Company 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 *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, pursuant to the Mortgage Conditions the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective.

If the waiver described above is not effective, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim which corresponds to his debt to the same counterparty. In respect of Mortgage Loans originated by Aegon Leven this condition is met, as it also the Insurance Company. In respect of Mortgage Loans originated by Originators, other than Aegon Leven, it is noted that the Insurance Policies are contracts between the Insurance Company and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the relevant Originator and the Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the relevant Originator and the 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. Another requirement is that the Borrowers should have a counterclaim that is due and payable. If the 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, to what is stated above under *The pledge over the Insurance Policies may not be effective*. 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 *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above). In the case of Savings Mortgage Loans, Savings Investment Mortgage Loans, Universal Life Mortgage Loans and Life Mortgage Loans (one of) these requirements is/are likely to be met, since it is likely that the (i) Savings Mortgage Loans and the Savings Insurance Policies, (ii) Universal Life Mortgage Loans and the Savings Investment Insurance Policies and (iii) Life

Mortgage Loans and the Life Insurance Policies, are to be regarded as one legal relationship. If the Savings Mortgage Loan and the Savings Insurance Policy or the Universal Life Loan and the Savings Investment Insurance Policy or the Life Mortgage Loan and the Life 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 Insurance Policies should be regarded as one legal relationship in cases where the Originator is not also the Insurance Company.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences *vis-à-vis* the relevant 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. Borrowers could argue that the Mortgage Loans and the Insurance Policies are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the relevant Originator and the 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" (*dwaling*), 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.

*Risk of set-off or defences in relation to Life Mortgage Loans, Universal Life Mortgage Loans with the Investment Alternative, Savings Investment Mortgage Loans and Savings Mortgage Loans*

In respect of Life Mortgage Loans, Universal Life Mortgage Loans with the Investment Alternative, Savings Investment Mortgage Loans and Savings Mortgage Loans originated by Aegon Leven, the Issuer and the CBC have been advised that, in view of the factual circumstances involved, in particular that the Mortgage Loans and the Insurance Policies are originated by one and the same legal entity, there is a considerable risk (*aanmerkelijk risico*) that in the event that the Borrowers cannot recover their claims under the relevant Insurance Policies, the courts will honour set-off or defences invoked by Borrowers, as described above.

In respect of Savings Mortgage Loans and Savings Investment Mortgage Loans originated by Aegon Hypotheken, the Issuer and the CBC have been advised that, in view of the factual circumstances involved, in particular that the Mortgage Loans and the Insurance Policies are marketed as one single package under one name, there is a considerable risk (*aanmerkelijk risico*) that in the event that the Borrowers cannot recover their claims under the relevant Insurance Policies, the courts will honour set-off or defences invoked by Borrowers, as described above. In respect of the Life Mortgage Loans and Universal Life Mortgage Loans with the Investment Alternative originated by Aegon Hypotheken, the Issuer and the CBC have been advised that the risk can certainly not be excluded (*risico kan zeker niet worden uitgesloten*) that any set-off or defences (as described above) would be successful, in view of the fact that such Mortgage Loans and Life Insurance Policies are marketed as one single package under one name.

*Risk of set-off or defences in relation to the Insurance Savings Participation Agreement*

With a view to the risks regarding the Savings Mortgage Loans and the Savings Investment Mortgage Loans set out above the CBC, the Security Trustee and the Insurance Savings Participant have entered into the Insurance Savings Participation Agreement with respect to Savings Mortgage Loans and Savings Investment Mortgage Loans. In respect of Savings Mortgage Loans and the Savings Investment Mortgage Loans which are subject to an Insurance Savings Participation, the Insurance Savings Participation Agreement will provide that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan or such Savings Investment Mortgage Loan 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 the

relevant Savings Mortgage Receivable or the relevant Savings Investment 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 or the Savings Investment Premium received by the CBC plus the accrued yield on such amount (see section *Participation Agreements* below), 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 reduce the amount due by the Borrower with such amount and could lead to losses under the Covered Bonds.

If no Insurance Savings Participation Agreement is entered into with respect to the relevant Mortgage Receivables, the risk will be taken into account through deduction of the Asset Cover Test.

#### **5. 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 Bank Savings Participant. If the Bank Savings Participant 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 relevant Originator, the Transferor, the CBC 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.

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 Bank Savings Participant (i) the Deposit Guarantee Scheme 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, there is a considerable risk that the Borrower will, or in cases where the Bank Savings Participant is also the originator, the Borrower will be entitled to set off amounts due by the Bank Savings Participant under the Bank Savings Deposit, with the relevant Bank Savings Mortgage Receivable. Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Covered Bonds.

#### **6. Risk in relation to the Bank Savings Participation**

To mitigate the risk of set-off or defenses with respect to Bank Savings Mortgage Loans, the Security Trustee and the Bank Savings Participant have entered into the Bank Savings Participation Agreement. The Bank Savings Participation Agreement provides that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Bank Savings Mortgage Loan if, for whatever reason, the Bank Savings Participant does not pay the amount when due and payable, whether in full or in part, 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 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 *Participation Agreements* below), 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.

If no Bank Savings Participation Agreement is entered into with respect to the relevant Mortgage Receivables, the risk will be taken into account through deduction of the Asset Cover Test. Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Covered Bonds.

#### **7. Risk related to the Construction Deposits being set-off with the Mortgage Receivable**

The Borrowers may maintain a Construction Deposit with the relevant Originator. Such amount will be paid out in case certain conditions are met.

After the building activities or renovation activities have been finalised, the remaining Construction Deposit will be set off against the relevant Mortgage Receivable. In view of set-off risks the amount of the Construction Deposit is deducted in the Asset Cover Test. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Deposit. Therefore, the remaining risk is that, if and to the extent that the amount for which a Borrower successfully invokes set-off or defences exceeds the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Mortgage Receivables, which would reduce the amounts available for payment to Covered Bondholders.

### **C. RISK REGARDING INSURANCE POLICIES AND BENEFICIARY RIGHTS**

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

The Transferor and the CBC have been advised that it is unlikely that (i) the appointment of the relevant Originator as beneficiary will be regarded as an ancillary right and (ii) such appointment as beneficiary will follow the Mortgage Receivables upon assignment or pledge thereof to the Transferor and, subsequently, to the CBC or the Security Trustee. In addition, the appointment as beneficiary must be accepted to become binding, and if the Originator is also the Insurance Company the appointment as beneficiary may not be effective (which applies to the Mortgage Loans originated by the Insurance Company). The Beneficiary Rights will be assigned by the relevant Originator (other than Knab) to the Transferor and, subsequently, to the CBC and will be pledged to the Security Trustee by the CBC (see *Description of Security* below). The assignment and pledge of the Beneficiary Rights must be notified to the relevant insurance company before becoming effective, which notification is obligatory, subject to certain exceptions upon an Assignment Notification Event. However, the Transferor and the CBC have been advised that it is uncertain whether this assignment and pledge will be effective.

Pursuant to the Guarantee Support Agreement, the Transferor will undertake that it will use its best efforts upon the occurrence of an Assignment Notification Event or, in respect of Mortgage Receivables originated by Aegon Leven or Aegon Hypotheken, upon the occurrence of both an Assignment Notification Event and an Originator Assignment Notification Event in respect of Aegon Leven or Aegon Hypotheken, as the case may be, to terminate the appointment of the relevant 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. The relevant Originators shall cooperate and assist the Transferor to ensure that such notifications are made.

In the event that a Borrower Insurance Proceeds Instruction has been given, the Transferor and each Originator will undertake to use its best efforts following an Assignment Notification Event or, in respect of Mortgage Receivables originated by Aegon Leven or Aegon Hypotheken, following both an Assignment Notification Event and an Originator Assignment Notification Event in respect of Aegon Leven or Aegon

Hypotheeken, as the case may be, to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant 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 relevant Originator or to another beneficiary rather than to the CBC or the Security Trustee, as the case may be. If the proceeds are paid to the relevant 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 the proceeds are paid to the relevant Originator and the relevant 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 relevant 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 relevant Originator or another beneficiary, as the case may be. 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.

## **2. Risk that the Borrower Insurance Pledge will not be effective**

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Originator. Under Dutch law there is no general rule to determine whether a claim arising from an insurance policy is an existing claim or a future claim. A distinction can be made between capital insurances (*kapitaalverzekeringen*) and risk insurances (*schadeverzekeringen*). In respect of risk insurances it is noted that the Issuer and the CBC have been advised that it is probable that the right to receive payment under the Insurance Policies, including the commutation payment (*afkoopsom*), will be regarded by a Dutch court as a future right (*toekomstig recht*). Under Dutch law the pledge of a future right is not effective if the pledgor, i.e. the Borrower/policyholder, is declared bankrupt, is granted a suspension of payments or is granted a statutory debt adjustment (*schuldsanering*). Although the Issuer and the CBC have been advised that the Borrower Pledges will follow the Mortgage Receivables upon their assignment to the CBC and/or upon their pledge by the CBC to the Security Trustee, it is however uncertain whether and to what extent the pledges of receivables under said Risk Insurance Policies by the Borrowers are effective. If such pledges are ineffective, this may affect the ability of the CBC to take recourse on the rights under the Risk Insurance Policy and may affect the ability of the CBC to meet its payment obligations under the Covered Bonds. This may lead to losses under the Covered Bonds.

## **3. Risk that the Borrower Bank Savings Deposit Pledge will not be effective**

A right of pledge over a future right (*toekomstig recht*) is, under Dutch law, not effective if the pledgor is declared bankrupt or granted a suspension of payments or has become subject to debt restructuring, prior to the moment such right comes into existence. The Issuer has been advised that the increases in rights of the Borrower in connection with the Bank Savings Accounts which have been pledged in favour of the Originator are future rights and any increases of the balance after bankruptcy of the Borrower will not be covered by the Borrower Bank Savings Deposit Pledge, which may result in losses under the Covered Bonds.

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

### **1. Risks associated with declining property value**

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. House prices in the

Netherlands have, on average, declined and increased in the past, although there are regional differences (see in this respect section 11 (*Overview of the Dutch Residential Mortgage Market*)). A decline in value can be caused by many different circumstances, including but not limited to individual circumstances relating to the borrower (e.g. neglect of the property) or events that affect all Borrowers, such as catastrophic events, growing climate risks like flooding or damage to home foundations. 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. Neither the Transferor nor the Originators will 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 in connection with the relevant Mortgage Loans. As set forth herein, however, Defaulted Receivables will be excluded in the calculation of the Asset Cover Test and the Amortisation Test.

## **2. Changes to the underwriting criteria may lead to increased defaults by Borrowers**

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

## **3. Risk that the All Moneys Security Rights will not follow the Mortgage Receivables upon assignment to the CBC**

In respect of Mortgage Loans originated by Aegon Leven, the mortgage deeds relating to the Mortgage Receivables to be assigned to the CBC may provide that (i) the Mortgages created pursuant to such mortgage deeds are All Moneys Mortgages and (ii) the Borrower Pledges are All Moneys Pledges. Pursuant to the Guarantee Support Agreement the Transferor has represented and warranted that none of the Mortgage Loans originated by Aegon Hypotheken are secured by All Moneys Security Rights. The below described risk for All Moneys Security Rights does not apply to Mortgage Loans which are not secured by All Moneys Security Rights.

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 view prevailing in the past, that such all moneys 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 an all moneys security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the all moneys 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.

Pursuant to the Guarantee Support Agreement the Transferor will represent and warrant that all Mortgage Loans secured by All Moneys Security Rights (i) provide that in case of assignment or pledge of the Mortgage Receivable the assignee or pledgee will have the benefit of the Mortgage and/or Borrower Pledge, or (ii) do not contain any reference nor indication nor wording to the effect that in case of assignment or pledge of the receivable the mortgage or pledge will not follow the receivable if assigned or pledged. If the relevant mortgage deeds stipulate that in case of assignment of the receivable the mortgage right and right of pledge will partially follow, 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 all moneys security rights (partially) follows the Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice. If the mortgage deeds do not contain any explicit provision on the issue whether the mortgage right or right of pledge follows the receivable upon its assignment, there is no clear indication of the intention of the parties. The CBC has been advised that, in the absence of circumstances giving an indication to the contrary, also in such case the all moneys security rights 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 Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on all moneys security rights in the past as described above, which view continues to be defended by some legal commentators.

If a Mortgage has not (partially) followed the Mortgage Receivable upon its assignment, the Security Trustee will not have the benefit of such security right. This will materially affect the ability of the CBC to take recourse on the Mortgaged Asset and the Borrower in case the Borrower defaults under the Mortgage Loans and may affect the ability of the CBC to meet its payment obligations under the Covered Bonds. This may lead to losses under the Covered Bonds.

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

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

The Mortgages securing the Mortgage Loans may be vested on a long lease (*erfpacht*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a fixed period), or termination of the long lease by the leaseholder or the landowner. In such event the mortgage right will, by operation of law, cease to exist. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two (2) consecutive years or commits a serious breach of other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. 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 reduced with unpaid leasehold instalments. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner for such compensation. For the avoidance of doubt, the claim pledged in favour of the mortgagee may be less than the market value of the long lease, since the landowner may set-off this claim with the unpaid leasehold instalments which have become due over the last two consecutive years.

The Transferor has represented in the Guarantee Support Agreement that when underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, each Originator has taken into consideration certain conditions, such as the term of the long lease and that, on the basis of the Mortgage Conditions, the Mortgage Loan becomes immediately due and payable if, *inter alia*, the leaseholder has not paid the remuneration in relation to the long lease, the leaseholder breaches any obligation under the long lease, or the long lease is dissolved or terminated. In such event there is a risk that the Issuer or the CBC will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Covered Bonds.

#### **5. Risk related to jointly-held All Moneys Security Rights by the Transferor, the CBC and the Security Trustee**

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment by the relevant Originator (other than Knab) to the Transferor and/or by the Transferor to the CBC, the All Moneys Security Rights will be jointly-held by the CBC (or the Security Trustee, as pledgee) and the relevant Originator and will secure both the relevant Mortgage Receivables held by the CBC (or the Security Trustee, as pledgee) and any Other Claims held by the relevant Originator *vis-à-vis* the relevant Borrower. At the date of this Base Prospectus none of the Originators has any Other Claims.



When All Moneys Security Rights are jointly-held by both the CBC or the Security Trustee and the relevant 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 each 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 All Moneys Security Rights will be considered as day-to-day management, consequently, it is uncertain whether the consent of the relevant 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. Each Originator, the CBC and the Security Trustee have agreed that in case of foreclosure the share (*aandeel*) in each jointly-held All Moneys Security Right of the Security Trustee and/or the CBC will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the relevant 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 relevant Originator or, in case of its bankruptcy, its bankruptcy trustee or administrator, as the case may be, 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 relevant Originator would, notwithstanding the arrangement set out above, enforce the jointly-held All Moneys Security Rights securing the relevant Mortgage Receivables, the CBC and/or the Security Trustee would have a claim against the relevant 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, which may lead to losses under the Covered Bonds.

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

### **1. Limited recourse to the Transferor**

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 Transferor 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 in the calculation of the Asset Cover Test and the Amortisation Test. However, if the Transferor in such case does not transfer additional Eligible Receivables, the CBC may have insufficient assets to comply with its obligations and/or the Asset Cover Test or the Amortisation Test, as the case may be, may be breached. This may lead to losses under the Covered Bonds.

### **2. Risks related to 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 Transferor will in the Guarantee Support Agreement represent and warrant that: (i) each NHG Mortgage Loan Receivable has the benefit of an NHG Guarantee which has been granted for the full Outstanding Principal Amount in respect of the NHG Mortgage Loan or Loan Part at origination and constitutes legal, valid and binding obligations of Stichting WEW enforceable in accordance with its terms, (ii) all the NHG Conditions were complied with and (iii) the Transferor is not aware of any reason why any claim under the NHG Guarantee granted by Stichting WEW in respect of any NHG Mortgage Loan Receivable should not be met in full and in a timely manner, provided that in respect of NHG Mortgage

Loan Receivables or Further Advance Receivables originated after 1 January 2014, the relevant Originator (or its successor) is obliged to participate for 10% in any loss claims made under the NHG Guarantee. If, notwithstanding such representation, Stichting WEW has no obligation to pay any such loss, then such loss may have an adverse effect on the ability of the CBC to make any payments under the Covered Bonds.

Finally, the terms and conditions of the NHG Guarantee 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 (30) year annuity basis. The actual redemption structure of a Mortgage Loan can be different. The difference between such reduction of the NHG Guarantee and the actual redemption structure of the Mortgage Loan cannot be recovered with Stichting WEW, which may lead to losses under the Covered Bonds. Mortgage loans taken out for houses purchased after 1 January 2013 have to be repaid in full in thirty (30) years and at least on an annuity basis in order to be eligible for mortgage interest relief (*hypotheekrenteaftrek*).

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

For a description of the NHG Guarantee, see section 12 (*NHG Guarantee Programme*).

### **3. New Transferors**

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

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

### **4. The CBC has no control over the composition of the pool of Mortgage Receivables transferred to it and no investigations are undertaken in relation to the Mortgage Loans and the Mortgaged Assets in the pool of Mortgage Receivables**

The CBC does not select the Mortgage Receivables transferred to it nor does it control the Mortgage Receivables retransferred to the Transferor prior to the service of a Notice to Pay (provided the Asset Cover test is not breached). Prior to the service of a Notice to Pay, the CBC relies on the Asset Cover Test and the Transferor Warranties for this purpose.

Prior to the occurrence of a CBC Event of Default or the service of a Notice to Pay and provided that the Asset Cover Test shall not be breached upon such retransfer, the Transferor may request the retransfer of a Mortgage Receivable from the CBC for any reason. The Transferor can therefore change the composition of the pool of Mortgage Receivables at any time prior to such events and there are no restrictions in the number of changes that may be made to the pool of Mortgage Receivables owned by the CBC. Therefore the CBC only relies on the structural features of the Programme. As a result any overview of the portfolio, for example as included in the monthly reports, may not accurately reflect the actual pool of Mortgage Receivables held by the CBC at any time thereafter, nor does it provide any comfort on the pool of Mortgage Receivables in the future as the pool of Mortgage Receivables may change at any time.

None of the CBC, the Security Trustee, the Arranger, the Dealer, any further Dealer appointed under the Programme or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of the Transferor concerning itself, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. The CBC and the Security Trustee will rely solely on the Transferor Warranties. Prior to the service of a Notice to Pay and provided that the Asset Cover Test shall not be breached upon such retransfer, the Transferor may also request the retransfer of a Mortgage Receivable from the CBC if a breach of the Mortgage Receivables Warranties occurs on or appears after the relevant Transfer Date in respect of such Mortgage Receivable (see section 10 (*Guarantee Support - Retransfers*)).

Should the Transferor transfer insufficient assets that comply with the Transferor Warranties or retransfer too many assets, and/or fail to take the appropriate action in case of a breach of such warranties, this may have an adverse effect on the ability of the CBC to make payments under the Covered Bonds.

#### **5. Risks related to maturity of Long Term Mortgage Loans**

The conditions applicable to the Long Term Mortgage Loans do not provide for a maturity date. The Borrower is only obliged to repay the principal sum of the Long Term Mortgage Loan (or the relevant loan part) in certain events provided for in the applicable general terms and conditions. It is uncertain whether or when any of the other events will occur. A Long Term Mortgage Loan may be a loan part (*leningdeel*) of a Mortgage Loan of which the other loan part(s) do provide for a maturity date. Uncertainty as to whether or when the Borrower is obliged to repay the principal sum of a Long Term Mortgage Loan results in the Issuer having to make estimates on the proceeds to be received under the related Mortgage Receivables, which may turn out to be incorrect and may lead to losses under the Covered Bonds.

### **RISK FACTORS REGARDING SWAPS**

*The below risk factors are only relevant in case the CBC will at any time in the future enter into any Swap Agreements. At the Programme Date, the CBC has not entered into any Swap Agreements.*

#### **1. Risk related to the mismatches between income and liabilities and termination of a Swap Agreement**

Variances are possible in (i) the rates of interest payable on the Mortgage Receivables (which may, for instance, include variable rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts and (ii) the amounts payable on the outstanding Covered Bonds. The CBC may hedge against these variances by entering into Swap Agreements.

A Swap Counterparty will usually 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 may provide, however, that if due to 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 in such case 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 usually 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, (iii) a CBC Acceleration Notice is served, (iv) a Tax Event occurs as described in the paragraph above or (v) an additional termination event (as defined in the relevant Swap Agreement) occurs. Events of Default under the Swap Agreements in relation to the CBC

will in principle 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. 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.

## **2. 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 Agency.

If the CBC is obliged to make 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 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 therefore adversely affect the ability of the CBC to meet its obligations under the Guarantee.

## **3. Differences in timing of obligations of the CBC and Swap Counterparties**

With respect to the Swap Agreements, 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.

## **4. Payments with respect to Covered Bonds and Swap Agreements during a CBC Payment Period (other than on the CBC Payment Date on which the CBC Payment Period commences)**

Following the service of an Issuer Acceleration Notice and a Notice to Pay (but prior to a CBC Acceleration Notice), pursuant to the Trust Deed, the Available Revenue Funds and the Available Principal Funds (less any amounts payable to third parties incurred by the CBC in its ordinary course of business, which may be paid on each day by the CBC) will be applied in accordance with the CBC Priority of Payments on each CBC Payment Date, which date will occur monthly. Payments in respect of interest and principal on a Series of Covered Bonds and in respect of Swap Agreements may however become due and payable on other days than on the relevant CBC Payment Date during a CBC Payment Period. Such amounts will be payable by the CBC on the date on which such payments become due and payable as follows:

- (i) in respect of a Series of Covered Bonds, to the extent that the CBC has entered into a Swap Agreement with respect to such Series of Covered Bonds, from the amounts received under the relevant Swap Agreement connected to such Series after the CBC Payment Date on which the relevant CBC Payment Period commenced;
- (ii) from the amounts reserved in respect of such Series of Covered Bonds or such Swap Agreement pursuant to items (e) and (f) of the CBC 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 CBC Transaction Accounts in accordance with item (i) of the CBC 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 on its obligation to pay the CBC under a Swap Agreement, and despite the relevant mitigants described above there are insufficient funds available pursuant to item (f) of the CBC Priority of Payments, one or more Series which are subject to a 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.

#### **5. Risks related to EMIR**

EMIR entered into force in all the Member States on 16 August 2012. 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.

#### 4. IMPORTANT INFORMATION

This Base Prospectus has been approved by the AFM, as competent authority under the EU Prospectus Regulation. The AFM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer and/or the CBC that are 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 and the CBC (only as far as it concerns the CBC) accept responsibility for the information contained in this Base Prospectus. To the best of their knowledge, the information contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import. Any information from third-parties identified in this Base Prospectus as such has been accurately reproduced and 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.

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

The Issuer will furnish a supplement to this Base Prospectus in case of any significant new factor, material mistake or 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 has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the offering of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CBC, the Arranger or any Dealer. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since 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 in the financial position of the Issuer since the date hereof or 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 as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds should be considered as a recommendation by the Issuer or the CBC that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Base Prospectus and the applicable Final Terms for the purpose of any investment in such Covered Bonds together with any other investigation such investor deems necessary. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Covered Bonds.

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

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

Nothing in this Base Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities of the Issuer in the United States or any other place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

THE BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY IN THE USA, 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 credit ratings included or referred to in this Base Prospectus will be treated for the purposes of the EU CRA Regulation as having been issued by S&P upon registration pursuant to the EU CRA Regulation. S&P is registered under the CRA Regulation, is included in the list of registered rating agencies published on the website of ESMA and is established in the European Union.

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

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 cease at any time, but it must end no later than the earlier of 30 days after the issue date and 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 EU Treaty on the functioning of the European Union, as amended.

The Arranger, any Dealer 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 Arranger, any Dealer 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 clients. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Arranger, any Dealer and/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, the Arranger, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Arranger, any Dealer 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.

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

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



relevant Final Terms. The registration status of any administrator or benchmark under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Final Terms to reflect any change in the registration status of any administrator or benchmark.

Amounts payable under the Covered Bonds may, inter alia, be calculated by reference to EURIBOR which is provided by the EMMI or €STR which is provided by the ECB. As at the date of this Base Prospectus, EMMI appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmarks Regulation. The ECB is excluded from the scope of the Benchmarks Regulation pursuant to article 2(2)(a) of the Benchmarks Regulation, such that the ECB as administrator of €STR is not currently required to obtain authorisation or registration and therefore does not appear in the aforementioned register.

## 5. KNAB N.V.

### General

The Issuer is a public company with limited liability (*naamloze vennootschap*) which was incorporated under Dutch law on 24 December 1969 and operates under Dutch law. The statutory seat of the Issuer is Thomas R. Malthusstraat 1-3, 1066 JR Amsterdam, the Netherlands and the Issuer is registered in the Business Register of the Chamber of Commerce under number 30100799. The telephone number of the Issuer is +31 (0)20 303 1600. The Articles of Association of the Issuer were lastly amended by notarial deed on 4 April 2024 before mr. drs. P.C. Cramer-de Jong, a civil law notary practicing in Amsterdam, the Netherlands. The Legal Entity Identifier (LEI) of the Issuer is 549300772D1G8JPIUR96. The website of the Issuer for their investors is <https://www.knab.nl/investors>. Any information contained on or accessible via any website, including <https://www.knab.nl/>, does not form part of this Base Prospectus and is not scrutinised or approved by the AFM, unless specifically stated otherwise in this Base Prospectus.

### Ownership

The Issuer is a wholly-owned subsidiary of a.s.r., established in Utrecht. a.s.r. employs per 1 October 2023 approximately 8,000 people of which the Issuer employs approximately 441 employees (FTE) in the Netherlands per the end of 2023. See section 6 (*ASR Nederland N.V.*) below.

The Issuer is part of the a.s.r. group and its operations are interdependent on and may be affected by developments concerning the a.s.r. group, such as (i) capital contributions (*kapitaalstorting*) and dividend payments, (ii) strategic decisions, (iii) credit ratings of a.s.r. or entities within the a.s.r. group, (iv) passing on of costs incurred or set-off within the a.s.r. group (such as, but not limited to, IT costs, human resources costs and costs for administrative support and facilities) and (v) several services the Issuer relies on being outsourced to entities within the a.s.r. group (see below a simplified structure of the a.s.r. group). See also "a.s.r. combination and BAWAG Transaction" and section 6 (*ASR Nederland N.V.*) below.

### a.s.r. combination and BAWAG Transaction

On 4 July 2023, a.s.r. acquired all insurance activities, including mortgage origination and servicing operations, distribution and service entities, as well as the banking business of (former) Aegon Nederland N.V.. As of such date, the Issuer forms part of a.s.r. group. On 1 October 2023, Aegon Nederland N.V. (as disappearing entity) merged with ASR Nederland N.V. (as acquiring entity).

Furthermore, on 1 February 2024, it was announced that a.s.r. and BAWAG Group AG reached an agreement on the takeover of the Issuer by BAWAG Group AG. The transaction is envisaged to be finalised in the second half of 2024. The envisaged transaction is subject to satisfaction or waiver (if applicable) of the customary conditions precedent, including receipt of the necessary approvals by the European Central Bank and the Dutch Central Bank as well as compliance of the consultation procedure with the relevant works councils. BAWAG Group AG, which is rated A1 by credit agency Moody's, is a publicly listed holding company headquartered in Vienna, Austria, serving customers across Austria, Germany, Switzerland, the Netherlands, Western Europe and the United States of America. BAWAG Group AG operates under various brands and across multiple channels offering comprehensive savings, payment, lending, leasing, investment, building society, factoring and insurance products and services. The intention is that the Issuer's brand, the products and the focus on self-employed customers will remain. In addition to the acquisition of the Issuer, an agreement was reached to transfer the management of the servicing of the mortgage receivables on the Issuer's balance sheet from a.s.r. to BAWAG Group AG in due course after the finalization of the transaction.

### Profile of the Issuer

The Issuer is a Dutch bank that offers banking solutions to Dutch consumers and small-scale enterprises. The Issuer services approximately 389,000 customers as per 31 December 2023, of which 278,000 are business customers.

On 4 April 2024, Knab changed its statutory name from Aegon Bank N.V. into Knab N.V.

Knab's main activities focus on digital innovation, excellent customer service, and user friendliness. Knab's aim is to be the number one bank for entrepreneurs and pursue this ambition by offering customers an integrated experience, for both their business activities and their personal situation. Knab offers meaningful and

understandable products and services within three propositions: convenience today, solutions for tomorrow, and financial freedom in the future.

### Propositions offered

Convenience today is offered by providing easy-to-use products that give financial insights and reduce the administrative burden. Knab also helps customers plan and achieve financial freedom in the future through savings, investment, and pension products. In 2023, Knab launched a pension product, business loans and has made strong progress in developing our own mortgage product.

All of this contributes to the mission of making customers financially smarter and supporting financial inclusivity. In 2023 Knab shared almost 100 articles in the Knab Bieb (<https://bieb.knab.nl/>) with tips and tricks on how to strengthen their financial position as an entrepreneur. This included articles on how to complete your tax return, how to legally reduce your tax bill, how to make your business more sustainable and much more.

### Operating result

The operating result reflects the profit from underlying business operations and excludes items relating to accounting mismatches that are dependent on market volatility or relating to events that are considered outside the normal course of business. The non-operating result comprises earnings dependent on market volatility or relating to events that are considered outside the normal course of business. The reconciliation of this measure to the most comparable IFRS-EU measure (net result) is presented in the table below:

Amount in EUR thousand	Financial year ended 31 December 2023	Financial year ended 31 December 2022
Operating result <sup>1</sup>	223,695	68,871
Non-operating result	(41,486)	(25,485)
Result before tax	182,210	43,385
Income tax	(47,776)	(11,193)
Net result	134,434	32,192

### Medium term KPIs of the Issuer

The deployment of the Issuer's strategy is aimed at supporting the following medium term key performance indicators ("KPIs"):

Measure (amount in EUR thousand)	Medium term KPIs	Financial year ended 31 December 2023	Financial year ended 31 December 2022
Return on capital <sup>2</sup>	9.0%	20.1%	6.8%
Cost-to-income ratio <sup>3</sup>	60%	41.9%	69.0%

### Income flows

The activities of the Issuer generate the following income flows:

- *Interest margin*: savings products generate income from the difference between the return on its investments (like the return on business lending) and the interest expense on the attracted funding; and
- *Fee income*: customers pay a monthly fee for the services of the Issuer. The Issuer differentiates in different payment service packages with each their own tariffs and services. In addition, customers pay a periodic service fee and a portfolio management fee (calculated over the average value of the investment portfolio) for the investment products of the Issuer. Finally, the Issuer generates fee income

<sup>1</sup> This is a non-IFRS-EU measures, which provides meaningful supplemental information about the operating results of the Issuer's business.

<sup>2</sup> Return on capital is calculated as annualized operating result divided by average IFRS capital excluding the revaluation reserve. There is no IFRS financial measure that is directly comparable to return on capital. The Issuer believes that return on capital provides meaningful information about the performance of Issuer's business.

<sup>3</sup> Cost-to-income ratio is calculated as operating expenses divided by operating income as defined in the Issuer's operating result measure. There is no IFRS financial measure that is directly comparable to the cost-to-income ratio. The Issuer believes that the cost-to-income ratio provides meaningful information about the performance of Issuer's business.

from e.g. the account software connection (*boekhoudkoppeling*) for self-employed customers/small businesses and from other partner products.

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

As at the date of this Base Prospectus, the Issuer's authorised share capital is EUR 90,000,000 and the Issuer's issued share capital is EUR 37,437,000.

#### Important historical financial information

The most important historical financial information of the Issuer is as follows:

Amount in EUR thousand	Financial year ended 31 December 2023	Financial year ended 31 December 2022
<b>Income statement</b>		
<b>Net interest income</b>	355,707	216,671
<b>Net fee and commission income</b>	37,182	30,581
<b>Result from financial transactions</b>	(27,670)	(41,982)
<b>Impairment reversals / (charges)</b>	4,028	3,383
<b>Expenses</b>	187,036	(165,268)
<b>Income before tax</b>	182,210	43,385
<b>Corporate income tax</b>	(47,776)	(11,193)
<b>Net income</b>	134,434	32,192
<b>Balance sheet</b>	17,758,003	17,567,048

The annual figures for 2022 and 2023 are based on the audited consolidated financial statements for the financial years ended on 31 December 2022 and 31 December 2023. The annual report for the year ended 2022 of the Issuer and the report for the year ended 2023 have been incorporated in the Base Prospectus by reference (see Section 19 (*Documents incorporated by reference*)). The figures have been prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), with IFRS as published by the International Accounting Standards Board (IASB) and in accordance with Title 9 of Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*). A complete overview of the financial position of the Issuer as at 31 December 2022 or 31 December 2023 can only be based on the published audited consolidated financial statements for the financial year ended on 31 December 2022 or 31 December 2023, respectively.

#### Ratios and key figures

The table below provides an overview of the unaudited ratios and key figures of the Issuer.

Ratios and key figures (unaudited and unreviewed)	Financial year ended 31 December 2023	Financial year ended 31 December 2022
<b>Common Equity Tier 1 ratio</b>	23.1%	22.0%
<b>Total Capital Ratio</b>	23.1%	22.3%
<b>LCR</b>	223%	223%
<b>NSFR</b>	153%	153%
<b>Leverage ratio</b>	4.5%	4.2%
<b>Asset Encumbrance ratio</b>	16.4%	16.9%

These unaudited ratios and key figures can also be found in the report of the management board as included in the annual report for the year ended 2022 of the Issuer and the report for the year ended 2023. The annual report for the year ended 2022 of the Issuer and the report for the year ended 2023 have been incorporated in the Base Prospectus by reference (see Section 19 (*Documents incorporated by reference*)).

#### Equity and liabilities

The table below provides an overview of the equity and liabilities of the Issuer as of the financial year ended on 31 December 2022 and for the financial year ended on 31 December 2023. These figures can also be found in the report of the management board as included in the annual report for the year ended 2022 of the Issuer and the report for the year ended 2023. The annual report for the year ended 2022 of the Issuer and the report for the year ended 2023 have been incorporated in the Base Prospectus by reference (see Section 19 (*Documents incorporated by reference*)).

Amount in EUR thousand	Financial year ended 31 December 2023	Financial year ended 31 December 2022
<b>Total IFRS Capital</b>	<b>837,896</b>	<b>712,122</b>
<i>of which revaluation reserve</i>	<i>(26,439)</i>	<i>(52,827)</i>
<b>Savings deposits</b>	<b>12,211,194</b>	<b>12,009,165</b>
<b>Borrowings</b>	<b>3,810,172</b>	<b>3,805,062</b>
<b>Derivatives</b>	<b>660,736</b>	<b>799,675</b>
<b>Net deferred tax liabilities</b>	<b>46,102</b>	<b>57,719</b>
<b>Provisions</b>	<b>4,085</b>	<b>1,181</b>
<b>Other liabilities and accruals</b>	<b>187,818</b>	<b>182,125</b>
<b>Total equity and liabilities</b>	<b>17,758,003</b>	<b>17,567,048</b>

### Assets

The table below provides an overview of the assets of the Issuer. These figures can also be found in the report of the management board as included in the annual report for the year ended 2022 of the Issuer and the report for the year ended 2023. The annual report for the year ended 2022 of the Issuer and the report for the year ended 2023 have been incorporated in the Base Prospectus by reference (see Section 19 (*Documents incorporated by reference*)).

Amount in EUR thousand	Financial year ended 31 December 2023	Financial year ended 31 December 2022
<b>Cash</b>	<b>2,446,056</b>	<b>2,616,208</b>
<b>Amounts due from banks</b>	<b>92,112</b>	<b>120,570</b>
<b>Mortgage loans and other loans</b>	<b>12,886,352</b>	<b>11,977,021</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>873,774</b>	<b>1,069,068</b>
<b>Derivatives</b>	<b>1,188,726</b>	<b>1,636,101</b>
<b>Intangible assets</b>	<b>11,902</b>	<b>3,690</b>
<b>Other assets and receivables</b>	<b>259,081</b>	<b>144,389</b>
<b>Total assets</b>	<b>17,758,003</b>	<b>17,567,048</b>

### Basel III and CRR

In 2022 the Issuer reported CRR ratios to DNB, namely the CET1-ratio, the leverage ratio, the Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ("NSFR"). Basel III was introduced in stages between 2015 and 2020. Minimum requirements will then apply to each ratio. The reported ratios show that the Issuer at the date of this Base Prospectus already complies with the proposed legislation and meets the targets for solvency, leverage ratio, LCR and NSFR when the legislation becomes effective. Aligned with the Issuer's strategy, the liquidity ratio was maintained at prudent levels and the solvency ratio remained above the Issuer's long term target level up to the date of this Base Prospectus. The Issuer's stress tests show that it continues to have a stable and solvent financial position with substantial capital buffers to absorb extreme but still plausible shocks in the financial markets.

As part of its proposition, until the end of 2017 the Issuer offered its customers the opportunity to invest in participations issued by the Issuer. The participations qualify as Additional Tier 1 assets under CRR, thereby supporting the Issuer's solvency. On 2 November 2017 a change to the programme conditions for the participations became effective, pursuant to which (i) no participations will be issued anymore and (ii) the Issuer has the right to redeem all the participations issued by the Issuer starting from 1 November 2022 (if not earlier redeemed pursuant to the programme conditions). The Issuer redeemed all the participations per 1 November 2023 in accordance with the program conditions.

### Risk Management

The Issuer has an autonomous risk management unit which reports on financial and non-financial risks to the Management Board. The Chief Risk Officer has a primary responsibility in the Management Board for adopting,

implementing, monitoring and, where necessary, adjusting the company's Enterprise Risk Management Framework. The Chief Risk Officer is also the chairman of the Credit Risk Committee ("**CRC**"). He has no individual commercial responsibility and functions independently from the other commercial areas of work. The Chief Financial Officer chairs the Asset and Liability Committee ("**ALCO**") and the Chief Risk Officer chairs the Non-Financial Risk Committee ("**NFRC**"). This allows the Management Board to be advised directly of any material risks. The Issuer's risk management system is integrated with the risk management system operated by the Knab Group. The overall policy on risk appetite and risk tolerance was approved by the Management Board and the Supervisory Board.

The Supervisory Board supervises the Enterprise Risk Management Framework adopted by the Management Board. The Supervisory Board assesses, at a strategic level, whether capital allocation and liquidity requirements are in line with the approved risk appetite. In this matter, the Supervisory Board is advised by the Risk & Audit Committee. The Supervisory Board's assessment shows that in general, the Issuer's commercial activities are appropriate within the context of the risk appetite it has approved.

The Risk & Audit Committee (RAC) consists of the Supervisory Board members Mr. Constant Korthout (chair of the RAC), Mrs. Rozan Dekker and Mr. Eric Drok. The mandate of the RAC is to do the preparatory work for the supervision exercised over the Management Board in terms of the implementation, maintenance and operation of the Issuer's risk management system and risk appetite. The Risk & Audit Committee also monitors compliance with laws and regulations and with the procedures for preparing and adopting the financial statements. The Issuer's risk appetite is documented, used in the Internal Capital Adequacy Assessment Process (ICAAP) document and translated in a monthly capital plan which is also monitored monthly and reported to the Management Board and the Supervisory Board.

The Nomination & Remuneration Committee (NRC) comprises Mr. Eric Drok (chair), Mrs. Rozan Dekker and Mr. Constant Korthout. It assists the Supervisory Board in performing its duties related to remuneration, nomination, education, culture, succession planning and composition of the Executive Board.

Finally, there is the Enterprise Risk Management Committee (ERMC). The ERMC monitors, discusses, supports progress, and decides on all subjects and issues which are relevant for the proper management of the strategic, financial and non-financial risks of the Issuer.

The focus of the ERMC is primarily to those risks and issues that are outside the predefined risk appetite in terms of financial loss, financial misstatement, customer impact, the ability to innovate, organizational impact, sustainability impact and reputational damage. The scope of the ERMC covers all (material) risk categories of the Risk Taxonomy as referred to in the Enterprise Risk Management Framework.

Every new and updated proposition follows a proposition-approval process. In this process, which is in conformity with the applicable regulations under the Wft and the Banking Code, the Issuer carefully balances the risks in a proposition and tests it against the duty of care towards the customer, financial sustainability and suitability with the Issuer's vision, strategy and objectives. A proposition is not brought to the market until the approval process has been successfully completed. Existing propositions, selected through the use of pre-defined risk indicators, also go through this process to safeguard customers' interests. Both processes determine whether a proposition meets the Issuer's current standards. They incorporate statutory requirements and consider whether the proposition is cost efficient, useful, secure and comprehensible for the target group and also whether it fits the Issuer's vision, strategy, core values and competencies. Internal Audit (being the internal audit department) annually performs in their role as Internal Cover Pool Monitor a risk-based audit on the Administrative Organization and Internal Control concerning this Programme to monitor the compliance with Articles 3:33b and 3:33ba and Articles 40e up to and including 40m of the Wft.

#### **Internal Audit**

The Issuer makes use of the services of the internal audit department of Knab N.V. (Internal Audit) that occupies an independent position within Knab N.V. This department performs audits on the basis of annual risk analyses to examine whether the Issuer's key business processes are operating properly. The department's manager reports directly to the chairman of the Management Board and the chairman of the Risk & Audit Committee of the Supervisory Board.

Internal Audit has regular contact and consultations with the Risk & Audit Committee and the external independent auditor to discuss the risk analysis and the audit plan. As part of the engagement to audit the financial statements, the external independent auditor reports his findings on the quality and effectiveness of the Issuer's system of governance, risk management and control procedures to the Management Board and the Supervisory Board, where relevant to the statutory audit responsibilities of the independent external auditor. Internal Audit also engages in frequent contact with DNB to discuss risk analyses, findings and audit plans.

### **Dutch Banking Code**

On 9 September 2009, the Dutch Banking Association (*Nederlandse Vereniging van Banken*) adopted the Banking Code (*Code Banken*) in response to a report entitled 'Restoring Trust' published in April 2009 by the Maas Committee. Effective as of 1 January 2010, the Banking Code lays down standards on governance, risk management, audits and remuneration. The Code uses the 'comply or explain' principle. As of 1 April 2015, a new Banking Code has been implemented.

The Banking Code consists of three pieces: a Social Charter, the Banking Code and Rules of Conduct. Along with the introduction of a Social Charter and updating the Banking Code, the Dutch banking industry has also taken the initiative to implement the bankers' oath for all employees. The Dutch banks intend this to show that everyone working in the industry is bound by the rules of conduct attaching to this statement for the ethical and careful practice of his/her profession. Employees have personal responsibility to comply with those rules of conduct and can be held accountable for non-compliance. In 2016, the Banking Code Monitoring Committee (*Monitoring Commissie Code Banken*) conducted an investigation into the culture and behavior within the Dutch banking industry and the embedding of the Banking Code principles throughout the industry. On 16 January 2017, the Monitoring Committee published its first report on the new Banking Code. The Issuer has published a document on its website which describes in which way the Banking Code has been implemented in its internal governance and business processes.

The Issuer endorses the Banking Code and has devoted a great deal of attention to its implementation since 2010. As part of the Banking Code, all employees of the Issuer have sworn a bankers' oath.

### **Independent Auditors**

PricewaterhouseCoopers Accountants N.V., with registered offices in Amsterdam, the Netherlands, has been appointed as from 1 January 2014 as the independent auditor of the Issuer up to the financial year 2023. PricewaterhouseCoopers Accountants N.V. has audited and rendered unqualified independent auditor's reports on the Issuer's financial statements as of and for each of the financial years ended 31 December 2022 and 31 December 2021. The partner of PricewaterhouseCoopers Accountants N.V. acting as an independent auditor is a member of the Royal Dutch Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants, KNBA*), the professional body for accountants in the Netherlands. During the period covered by the Issuer's financial statements as of and for each of the financial years ended 31 December 2022 and 31 December 2021, PricewaterhouseCoopers Accountants N.V. was an independent auditor with respect to the Issuer in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities and other relevant independence regulations in the Netherlands.

As of 2024, KPMG Accountants N.V., with registered offices in Amstelveen, the Netherlands, has been appointed as the independent auditor of the Issuer. The auditors of KPMG Accountants N.V. are also members of the Royal Dutch Institute of Chartered Accountants, which is a member of the International Federation of Accountants (IFAC).

### **Financial statements for the financial year ended 31 December 2022**

The following was included in the financial statements for the financial year ended 31 December 2022 of the Issuer regarding the Coronavirus, with references to the paragraphs concerned in the annuals report.

#### *Credit risk management*

*Estimating credit exposure for risk management purposes is a complex process that requires the use of models, as the exposure varies with changes in market conditions, expected cash flows, and the passage of time. Determining the credit risk of a portfolio of assets also involves estimating the likelihood of defaults occurring, the associated loss ratios, and default correlations between counterparties. Knab measures credit risk using*

*Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). This is in line with the approach adopted for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.*

*Knab manages credit risk through diversification and by setting permanent and temporary exposure limits for asset classes, rating categories, sectors, countries, and individual counterparties or groups. Exposures are reported and reviewed against these set limits at least once every month. Knab also applies deterministic stress scenarios (credit spread shocks) to measure the effects on its net income, equity, and solvency. These effects are tested against the set limits. Where necessary, adjustments are made to mitigate the exposures.*

*The observed defaults and resulting credit losses on Knab's consumer and SME loans were largely mitigated in 2022 and 2021 by UK and German government support measures in the form of borrowers migrating to guaranteed lending (early prepayment of pre-COVID loans), furlough/part-time schemes, and tax breaks. By adding partly UK government-guaranteed small and medium enterprise loans to its asset mix, Knab continued to diversify and de-risk its assets.*

*The decrease in ECL estimates was driven by lower-than-expected observed defaults in 2022. Furthermore the CACF and Auxmoney portfolios were sold during 2022 resulting in a decrease in ECL.*

*In 2022, a specific management adjustment was applied to UK government-guaranteed RLS Portfolio. The adjustment was considered necessary due to the structure of the product and given that there was not enough historical data available. During 2023 the management adjustment will be replaced with a data-driven approach when enough historical datapoints are available.*

*Late 2022 Knab also introduced an overlay driven by the current macroeconomic situation (high inflation, expected decline in house prices, war in Ukraine, rising energy prices). This overlay was deemed necessary as the IFRS 9 model uses outcomes of macro-economic predictions for unemployment rates and the development of house prices for mortgages. Knab's provisioning committee concluded that the current macro economic situation is uncertain and more complex and therefore included an overlay in relation to current macro economic situation regarding inflation and energy prices.*

#### *Customer growth*

*Despite the turbulence in the world, Knab continued to grow in 2022. The Knab fee-paying customer base grew to a total of 345,964 (+44,818 customers) and total savings deposits have increased by EUR 423m in 2022, continuing to support our growth strategy. This customer base consists of 107,509 retail customers and 238,455 business customers. Growth was primarily achieved through the increase of new business account holders (+36,395), while retail also showed steady growth (+8,423).*

#### **Members of the Management Board**

As at the date of this Base Prospectus, the members of the Management Board of the Issuer are the following persons:

The Statutory Board appointed under the Articles of Association:

- Mrs. Nadine (N.J.A.) Klokke, Chief Executive Officer and Chair of the Management Board, as well as member of the Management Board of Orange Loans B.V. (a subsidiary of the Issuer);
- Mr. Willem (W.) Horstmann, Chief Financial Officer ad interim; and
- Mr. Tom (T.) van Zalen, Chief Risk Officer.

They are accompanied on the Management Board by the:

- Customer Engagement and Commerce Value Stream Lead (Mrs. Maartje (M.C.H.) Cremers);
- Lending Value Stream Lead (Mr. Joost (J.A.) Brouwer); and
- Chief Information Officer (CIO) (Mrs. Krista (C.M.) den Uijl).

Statutory Board member and CFO Mike de Boer decided to leave Knab as of 29 February 2024. He was succeeded on a temporary basis by Willem Horstmann.

The composition of the Management Board changed on 1 November 2023, whereby the function of Daily Use Value Stream Lead and Financial Freedom Value Stream Lead was merged into the function Chief Customer



Engagement & Commerce and the CTO role was replaced by the CIO role. Han Gerrits resigned in his function as Chief Technology Officer (CTO) on 1 January 2024. Krista den Uijl started as our new Chief Information Officer.

The members of the Management Board may be contacted at the business address of the Issuer, at Thomas R. Malthusstraat 1-3, 1066 JR Amsterdam, the Netherlands, telephone number +31 (0) 20 303 1600.

#### **Members of the Supervisory Board**

As at the date of this Base Prospectus, the members of the Supervisory Board of the Issuer are the following persons:

- Mr. Eric (E.D.) Drok (Chairman), also member of the Supervisory Board of ABN AMRO Clearing N.V., Commonwealth Bank Australia Bank (Europe) N.V. and Coöperatie The Greenery U.A., as well as Member Raad van Toezicht of Stichting Fair Trade Netherlands, member foundation of Stichting Leonum, Chairman of Stichting Cool Foundation and Management Board member of Stichting Mondu Netherlands;
- Mr. Constant (C.T.L) Korthout, also interim CFO NWB Bank, Supervisory Board member ANWB, Dijkerland hospital and Supervisory Board member of APG Groep N.V.; and
- Mrs. Rozan (R.E.) Dekker, also CRO a.s.r., Supervisory Board member of Holland Casino N.V. and Supervisory Board member of SEO Economisch Onderzoek.

Constant Korthout joined the Supervisory Board on 1 March 2023 as a successor to Gabriëlle Reijnen, who stepped down. Rozan Dekker succeeded Wim van de Kraats as a dependent member of the Supervisory Board on 17 July 2023.

The members of the Supervisory Board may be contacted at the business address of the Issuer, at Thomas R. Malthusstraat 1-3, 1066 JR Amsterdam, the Netherlands, telephone number +31 (0) 20 303 1600.

#### **Conflicts of interest**

There are no potential conflicts of interest between any duties to the Issuer and the private interests and/or other duties of members of the Management Board and/or the Supervisory Board of the Issuer. These members may obtain financial services of the Issuer.

#### **Supervision**

The Issuer is a credit institution with a full Netherlands banking license and as such is supervised by DNB (*De Nederlandsche Bank*) and by the Authority for the Financial Markets (*Autoriteit Financiële Markten*).

#### **Litigation and proceedings**

The Issuer may become involved in litigation in the ordinary course of business, including litigation where compensatory or punitive damages and mass or class relief are sought. Current and former customers, both institutional and groups representing customers, may initiate litigation.

In the normal course of business, reviews of processes and procedures are undertaken to ensure that customers have been treated fairly, and to respond to matters raised by policyholders and their representatives. There is a risk that the Issuer will not be able to resolve some or all of these matters in the manner that it expects. Regulators may impose fines or other monetary penalties or require the Issuer to change the way in which it conducts its business.

The Issuer has litigation policies in place to deal with claims, defending a claim when it is without merit and seeking to settle in certain circumstances. There can be no assurances that the Issuer will be able to resolve existing litigation in the manner it expects or that existing or future litigation will not result in unexpected liability.

The Issuer was involved in claims for compensation and the cancellation or nullification of contracts concerning the *Vliegwiël* product, a variation on securities leasing products. In prior years proceedings took place at the Dutch courts and the Financial Services Complaints Tribunal (*Klachteninstituut Financiële Dienstverlening*), with numerous cases having been initiated by Leaseproces B.V., a company representing a large number of claimants. In December 2021, Knab reached an agreement in principle with Leaseproces B.V. for the settlement of claims filed by Leaseproces regarding *Vliegwiël* and *Sprintplan* products. The settlement was confirmed and became final on 13 September 2021. Full performance of the agreement ended in 2022. There are still some

individual claims pending before the courts and the Dutch Institute for Financial Disputes (*Kifid*).

### **Fraud risk**

The Issuer has a key focus on fighting fraud. The Issuer performs a yearly Systematic Integrity Risk Analysis (SIRA) to assess its vulnerabilities to, amongst others, fraud. The risk that the Issuer is exposed to internal fraud is mitigated because attention is paid to screening and educating employees. Pre- and in-employment procedures ensure the integrity of its employees. Controls such as internal training and awareness are in place. The code of conduct is signed by each employee and periodically brought to attention. This resulted in a limited number of incidents that have had a minimal impact.

With regard to external fraud, the biggest risks for its customers are phishing and spoofing attempts. In 2023, The Issuer has seen an increase in fraud loss. In 2024, the Issuer will continue to implement solutions to minimize fraud loss, for example by further implementing real-time fraud monitoring.

### **Transactions with third-party lending platforms**

In the past, the Issuer invested in consumer and small and medium enterprise loans through partnerships with third-party lending platforms in the United Kingdom. These platforms originated consumer and small and medium enterprise loans under their own label, and subsequently sold a representative part of their origination to the Issuer in the form of consumer or small and medium enterprise loan receivables, in accordance with pre-agreed criteria, terms and conditions. Through entering into these exposures, the Issuer faces risks associated with the performance of the underlying loans. See the risk factor *'Market conditions may increase the risk of loans being impaired and may have impact on the level and volatility of expected credit loss provisions. The Issuer is exposed to the risk of declining property values on the collateral supporting residential and commercial real estate lending.'* Also, the Issuer is exposed to risks associated with the lending platforms, their processes and financial position, which could result in the inability of the lending platforms to pay or perform under their obligations. See the risk factor *'Because the Issuer does business with many counterparties, the inability of these counterparties to meet their financial obligations could have a material adverse effect on its results of operations.'*

In 2019, DNB carried out an on-site inspection of the risk management practices related to the Issuer's investments in loans originated via third-party lending platforms. The inspection led to an instruction (*aanwijzing*) by DNB for the Issuer to improve its credit risk framework, including its policies and procedures for those loans. DNB published the instruction on its website on 7 March 2022. During 2022, DNB carried out an on-site inspection to review the improvements the Issuer had made to its credit risk framework for loans originated via third-party lending platforms. The Issuer accepts the findings following the on-site inspection and has fully finalised and implemented the remediation plan to address these findings. The Issuer also took the decision to cease investing and to divest several third-party lending platform portfolios. The total exposure was 6% of the Issuer's balance sheet and has been reduced to 0.94% as of December 2023 or EUR 167 million (2022: EUR 384 million). 83% of the remaining exposure of 0.94% is guaranteed by the British government. On 20 February 2024, DNB published the formal decision to fine the Issuer for a total of EUR 3.0 million. The financial impact of this fine has been recorded in the Issuer's 2023 result.

The Issuer's management is continuously monitoring markets and the economic turbulence and its impact on the bank. The most significant risk for the bank is credit risk.

The observed defaults and resulting credit losses on the Issuer's SME loans since COVID were largely mitigated by UK and German government support measures in the form of borrowers migrating to guaranteed lending (early prepayment of pre-COVID loans), furlough/part-time schemes, and tax breaks.

In 2022, a specific management adjustment was applied to the UK government-guaranteed Recovery Loan Scheme (RLS) Portfolio. The adjustment was considered necessary due to the structure of the product and given that there was not enough historical data available. During 2023 the management adjustment was replaced with a data-driven approach when enough historical datapoints were available.

Late 2022, the Issuer also introduced an overlay driven by the current macroeconomic situation (high inflation, expected decline in house prices, war in Ukraine, rising energy prices). This overlay was deemed necessary as the IFRS 9 model uses outcomes of macro-economic predictions for unemployment rates and the development of house prices for mortgages. The Issuer's provisioning committee concluded that the current macro-economic

situation is uncertain and more complex and therefore included an overlay in relation to current macro-economic situation regarding inflation and energy prices. During 2023 this management adjustment has been removed, as inflation stabilized and supported by the backtesting results there was no substantiation anymore for the management overlay.

#### **Issuance of Senior Non-Preferred Notes**

On 21 June 2019, the Issuer issued EUR 500 million senior non-preferred notes, which qualify as capital within the meaning of article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*) (or any other provision implementing article 108 of BRRD in the Netherlands) and which may be subject to bail-in under circumstances. The proceeds of this issuance enable the Issuer to meet the MREL requirements, which are anticipated to be applicable as of mid-2022. See the risk factor '*Risk related to the Wft, BRRD and SRM*'. The legal maturity of the notes is Q2 2024, however the notes are not MREL eligible anymore in the year before legal maturity. The notes will only be redeemed at the option of the Issuer for tax reasons and upon the occurrence of an MREL Disqualification Event. An "MREL Disqualification Event" occurs if, as a result of any amendment to or change in any Applicable MREL Regulations, or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the notes, the notes are or (in the opinion of the Issuer or the Competent Authority) are likely to become fully or partially excluded from the Issuer's MREL Eligible Liabilities.

#### **Conditional Pass-Through Covered Bond Programme**

The Issuer established a Conditional Pass-Through Covered Bond (CPTCB) Programme on 30 October 2015, under which it has issued 5 covered bonds over time. At the date of this Base Prospectus, EUR 1.5 billion is outstanding under the covered bonds issued under this programme. After the new CB Regulations were implemented in 2022, the CPTCB Programme will remain as 'EEA Grandfathered – CRR compliant'. The outstanding CPT covered bonds are issued before 8 July 2022 and are compliant with Article 129 of CRR and are eligible for LCR. No new covered bond issuances are allowed as long as the programme does not comply with the new CB Regulations.

#### **Ratings**

On 5 February 2024, S&P has revised its Long-Term Issuer Credit Rating of the Issuer from 'A-' (Stable) to 'BBB+' (Negative) and affirmed the Short-Term Issuer Credit Rating of 'A-2'. They updated their view after the announced sale to BAWAG Group AG. S&P believes the Issuer will face uncertain business prospects after completion of the transaction, given that the Issuer relies primarily on a.s.r.'s entities to originate mortgage loans.

S&P continues to include a.s.r. group support in the ratings on the Issuer as they believe that a.s.r. will provide extraordinary support to the bank until the transaction closes. After the transaction, The Issuer's creditworthiness will likely benefit from support from BAWAG Group AG. The negative outlook reflects S&P's view that BAWAG Group AG's support might not fully compensate for the loss of support from a.s.r. (see for a further description of the S&P ratings section 7 (*Credit Ratings*)). The current solicited ratings of the Issuer are as follows:

<b>Rating Agency</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Outlook/watch</b>
S&P	BBB+	A-2	Negative

## 6. ASR NEDERLAND N.V.

Knab is part of the a.s.r. group and its operations are interdependent on and may be affected by developments concerning a.s.r., such as (i) capital contributions (*kapitaalstortingen*) and dividend payments, (ii) strategic decisions, (iii) credit ratings of a.s.r. or entities within the a.s.r. group, (iv) passing on of costs incurred or set-off within the a.s.r. group (such as, but not limited to, IT costs, human resources costs and costs for administrative support and facilities) and (v) several services the Issuer relies on being outsourced to entities within the a.s.r. group (see below a simplified structure of the a.s.r. group).

ASR Nederland N.V. is incorporated under Dutch law as a public company with limited liability (*naamloze vennootschap*) and registered in the Business Register of the Chamber of Commerce under number 30070695. The a.s.r. group's roots go back to 1720. a.s.r., in its present form, was created in 2000 through the acquisition of ASR Verzekeringsgroep by Fortis. After a.s.r.'s initial public offering it has been listed on Euronext Amsterdam since 10 June 2016. On 27 October 2022, the a.s.r. group entered into a business combination agreement with Aegon N.V. pursuant to which Aegon Europe Holding B.V. sold and agreed to transfer all the issued and outstanding shares in the share capital of Aegon Nederland N.V. to a.s.r.. Completion of the transfer took place on 4 July 2023 and completion of the employer merger between a.s.r. and Aegon Nederland N.V. took place on 1 October 2023 (with Aegon Nederland N.V. as disappearing company). a.s.r.'s headquarters are located at Archimedeslaan 10, P.O. Box 2072, 3500 HB Utrecht, the Netherlands (telephone +31 30 257 9111). On 1 February 2024, ASR Nederland N.V. announced that it has reached an agreement to sell Knab to BAWAG Group AG for an amount of EUR 510 million (see section 5 (*Knab N.V.*)).

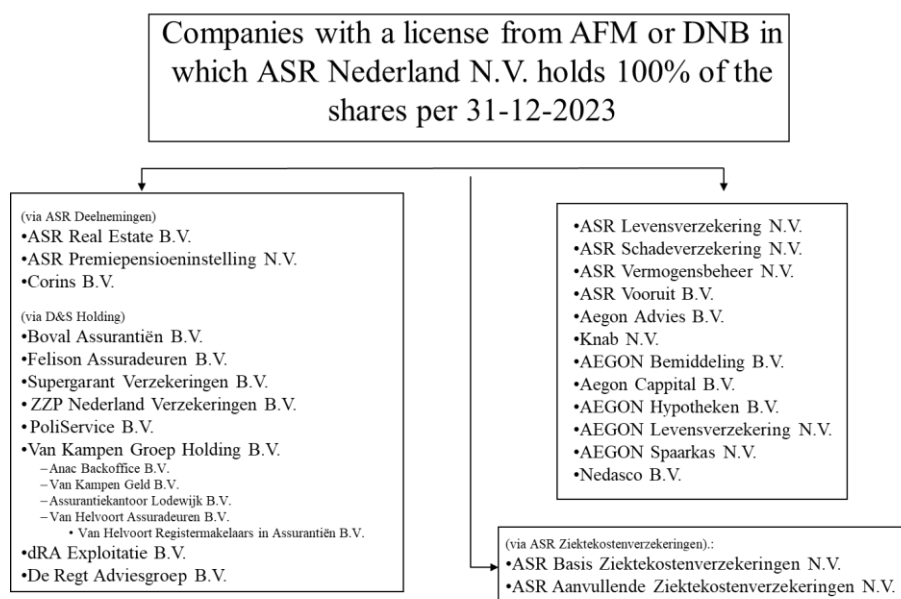
Pursuant to Article 3 of the a.s.r.'s articles of association (the "**Articles of Association**"), the corporate objects of a.s.r. are (i) to participate in, to finance, to collaborate with, to control or conduct the management of, or to advise or provide other services to entities or other enterprises, in particular entities and other enterprises operating in the insurance industry, the credit industry, investments and/or other forms of financial services; (ii) to furnish guarantees, to provide security, to warrant performance in any other way and to assume liability, whether jointly and severally or otherwise, in respect of obligations of group companies or other parties; and (iii) to do anything which, in the widest sense, is connected with or may be conducive to the objects described above.

ASR Nederland N.V. is, amongst others, the sole and direct shareholder of Knab, Aegon Leven and Aegon Hypotheken.

a.s.r. is based in the Netherlands and employs, through its subsidiaries, approximately 9,600 people as of 1 October 2023.

## Issuer Group Structure

The legal structure of the most significant group entities registered under the Dutch Financial Supervision Act (*Wet op het financieel toezicht, FSA*) as at 3 October 2023 is as follows:



## Business Overview

The a.s.r. group is the third largest non-life (excluding health insurance) and the second largest life insurance provider in the Netherlands, as measured by GWP in 2022.<sup>4</sup> The a.s.r. group plans to continue to focus its insurance business on, in respect of its non-life activities, P&C, disability and health insurance and related services and, in respect of its life activities, pensions, individual life and funeral insurance and related services, as well as the distribution of insurance products. The a.s.r. group also offers certain investment products and asset management services. Due to the business combination between a.s.r. and Aegon as referred to above, TKP and the Issuer, among others, have been added to the a.s.r. group, providing pension administration services and consumer/SME banking services, respectively. Except for servicing a small Belgian funeral insurance portfolio, the a.s.r. group operates exclusively in the Dutch market.

## Operating Segments

The operations of the a.s.r. group are divided into multiple operating segments. The main segments are the 'Non-life' segment and 'life' segment in which all insurance activities are presented. The other activities are presented as separate segments being 'TKP', 'Asset Management', 'Mortgages', 'Bank', 'Distribution and Services', and 'Holding and Other'. In the past, the a.s.r. group's business mix shifted from being predominantly a life-dominated business to having a greater focus on its Non-life business as measured in terms of GWP.

### Non-life

The non-life segment is the a.s.r. group's largest segment measured by GWP and comprises all types of non-life insurance policies offered by the a.s.r. group, which are organised into three insurance product lines: P&C, disability and health. The a.s.r. group was the third largest general provider of P&C insurance, the largest provider of disability and the eighth largest provider of health insurance products in the Netherlands in 2022 measured by GWP.<sup>5</sup> In 2022, the non-life segment accounted for approximately 31% of the a.s.r. group's operating result (before tax) and recorded €4,276 million in GWP, representing 69% of the a.s.r. group's GWP. As at 31 December 2022, the holders of ordinary shares (shareholders) equity of the non-life segment amounted to €1,698 million. Due to the addition of Aegon non-life, the non-life segment has increased in size. Aegon non-life recorded €401

<sup>4</sup> Source: DNB Jaarcijfers Per Verzekeraar Detaillering Premies 2007-2022, as published by the Dutch Association of Insurers on [verzekeraars.nl](http://verzekeraars.nl).

<sup>5</sup> Source: DNB Jaarcijfers Per Verzekeraar Detaillering Premies 2007-2022, as published by the Dutch Association of Insurers on [verzekeraars.nl](http://verzekeraars.nl).

million in GWP in 2022 (P&C and disability), and shareholders' equity of Aegon non-life amounted to €465 million on 31 December 2022.

#### *Life*

The life segment comprises three insurance product lines: pensions, individual life and funeral. The a.s.r. group was the second largest provider of life insurance policies in 2022.<sup>6</sup> In 2022, the life segment accounted for approximately 74% of the a.s.r. group's operating result (before tax). The life segment recorded €1,952 million GWP, representing 31% of the a.s.r. group's GWP, and €127 million of new business measured by annual premium equivalent in 2022. As at 31 December 2022, shareholders' equity of the life segment amounted to €4,663 million. Due to the addition of Aegon Leven and Aegon Spaarkas, the life segment has increased in size. Aegon Leven recorded €1,213 million GWP in 2022, and Shareholders' equity of Aegon Leven amounted to €5,520 million at 31 December 2022. Aegon Spaarkas recorded €22 million GWP in 2022, and Shareholders' equity of Aegon Spaarkas amounted to €188 million on 31 December 2022.

#### *Asset Management*

The Asset Management segment comprises investment services provided by the a.s.r. group's asset management and real estate asset management businesses, both for own account and third-party investors. As part of the business combination agreement, the mortgage fund and illiquid credit activities are outsourced from the a.s.r. group's asset management department to Aegon Asset Management.

#### *Mortgages*

The mortgage lending activities are originated by ASR Levensverzekering (the life segment). This is organised in a different way at Aegon Netherlands, where both the origination and servicing is done through Aegon Hypotheken B.V. Aegon Hypotheken realised a net income of €41 million in 2022, with shareholders' equity amounting to €199 million as of 31 December 2022. In terms of origination, the mortgage production of Aegon Hypotheken amounted to €8.7 billion in 2022 (compared to €5.4 billion by a.s.r.). Both businesses will be combined in future years with the ambition to create the #3 mortgage lender in the Netherlands.

#### *Bank*

Knab provides banking and related services to consumers, freelancers and SMEs. See for a description of Knab and its operating results section 5 (*Knab N.V.*).

#### *Distribution and Services*

The distribution and services segment of the a.s.r. group comprises the operations involving the distribution of insurance products as well as additional services provided to intermediaries and policyholders, including outsourced services such as the provision of certain back-office functions. The a.s.r. group believes that these services are synergistic to its non-life insurance activities. The distribution and services segment accounted for approximately 2% of the a.s.r. group's operating result (before tax) in 2022. As of 31 December 2022, the shareholders' equity of the distribution and services segment amounted to €46 million. As part of the business combination, several entities are added to the distribution and services segment, including TKP, Robidus and Nedasco. TKP Pensioen provides pension administration services, both for pension portfolios of Aegon Leven and for external clients (pension funds). More than 3.8 million pension participants rely on TKP for pension payments, pension information and communication.

#### *Holding and other*

The activities of the holding and other segment consist primarily of the holding activities of the a.s.r. group (including audit, group finance, group risk management, group balance sheet management, corporate communication and marketing) and other holding and intermediate holding companies, minority stakes in other businesses, as well as of certain pension obligations towards the a.s.r. group's employees, though most pension related costs are allocated to the relevant business segment. In addition, the holding and other segment serves as the employer for the a.s.r. groups employees, but employment related costs, other than for employees that perform primarily holding-related activities, are generally allocated and charged to the relevant businesses. A portion of the costs incurred by the holding and other segment are recharged to the relevant segments, in

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<sup>6</sup> Source: DNB Jaarcijfers Per Verzekeraar Detaillering Premies 2007-2022, as published by the Dutch Association of Insurers on [verzekeraars.nl](http://verzekeraars.nl).

proportion to where employees perform services or where activities are performed. The holding and other segment is a cost centre and makes a negative contribution to the a.s.r. group's operating result (before tax) of approximately -11%. In 2022 the loss amounted to €120 million (in terms of operating result). As at 31 December 2022, equity attributable to holders of equity instruments of the holding and other segment amounted to €360 million.

#### *TKP*

TKP provides pension administration services, both for pension portfolios of Aegon Leven and for external clients (pension funds). More than 3.8 million pension participants rely on TKP for pension payments, pension information and communication.

#### **Legal and arbitration proceedings, regulatory investigations and actions within the a.s.r. group**

Knab is part of a.s.r. group and its operations are interdependent on and may be affected by developments concerning the a.s.r. group. Therefore the proceedings, the regulatory investigations and actions as set out below may affect the a.s.r. group including Knab.

a.s.r. faces risks of litigation as well as regulatory investigations and actions relating to its and its subsidiaries' businesses as well as a.s.r.'s compliance with regulations applicable to it as a corporate entity.

#### *General*

The a.s.r. group is involved in litigation proceedings in the Netherlands, involving claims by and against the a.s.r. group, which arise in the ordinary course of its business, including in connection with its activities as insurer, lender, investment manager, broker-dealer, underwriter, issuer of securities, investor and real estate developer and its position as employer and taxpayer. In certain of such proceedings, very large or indeterminate amounts are sought. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened litigation proceedings, the a.s.r. group believes that some of the proceedings set out below may have, or have in the recent past had, a significant effect on the financial condition, profitability, prospects or reputation of certain a.s.r. group companies or the a.s.r. group as a whole. There are no other material legal proceedings which may have, or have had in the recent past, a significant effect on the a.s.r. group or the a.s.r. group's financial position or profitability.

#### *Dutch Unit-Linked Products*

In 2008, the a.s.r. group reached an outline agreement with five consumer protection organisations to offer compensation to unit-linked policyholders in case the cost charge and/or risk premium charge exceeds a defined maximum. A full agreement on implementation of the compensation scheme was reached in 2012 (a.s.r. compensation scheme). The total recognised cumulative financial costs relating to the compensation scheme for individual life its income statement until 2023 was EUR 1,026 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2023 is solely available to cover potential additional compensation (*schrijvende gevallen*) and costs relating to the compensation scheme. On the basis of this agreement, the a.s.r. group offered consumers additional measures such as alternative products and less costly investment funds. In addition to the compensation scheme, the Company has implemented additional measures (*flankerend beleid*), including the ten best in class principles as formulated by the Dutch Minister of Finance. On 17 July 2015, the Dutch Ministry of Finance published an Order in Council (*Algemene Maatregel van Bestuur*), pursuant to which insurance 8 Source: Letter of 24 November 2011 of the Dutch Minister of Finance regarding 'Overzicht flankerend beleid beleggingsverzekeringen en Ombudsman Financiële Dienstverlening', pursuant to which companies can be sanctioned if they do not meet the compulsory targets set for approaching policyholders of unit-linked life insurances and prompting them to review their existing policies.

#### *Aegon compensation scheme*

In July 2009, Aegon reached an agreement with Stichting Verliespolis and Stichting Woekerpolis to reduce charges and risk premiums for customers of its unit-linked insurance policies in the Netherlands (Aegon compensation scheme). Additional provisions were recognised, including compensation for situations of undue hardship (*schrijvende gevallen*). The total compensation paid to customers by Aegon amounts to EUR 900 million. Aegon also offered consumers additional measures such as alternative products and less costly

investment funds. In 2014, Aegon also decided to pay extra compensation to customers of the Koersplan product and other tontine products, following a Supreme Court ruling. This involved further compensation of the risk premiums. As from 2015, Aegon decided not to charge surrender penalties anymore. Aegon also implemented additional measures (*flankerend beleid*), including the ten best in class principles as formulated by the Dutch Minister of Finance.

#### *Remaining provision from a.s.r.'s and Aegon's compensations schemes*

The remaining provision in the balance sheet of the a.s.r. group on the basis of the a.s.r.'s and Aegon's compensation schemes amounts to EUR 37 million as at 31 December 2023. This provision therefore is prior to the 29 November 2023 settlement agreement reached with the consumer protection organisations (see paragraph below). A.s.r.'s and Aegon's compensation schemes and additional measures are not binding for policyholders. Consequently, neither the implementation of the compensation schemes nor the additional measures offered by the a.s.r. group prevent individual policyholders from initiating legal proceedings against the a.s.r. group and making claims for damages.

#### *Settlement of 29 November 2023*

On 29 November 2023, the a.s.r. group has reached a settlement for unit-linked life insurance customers of the a.s.r. group affiliated to the consumer protection organisations Consumentenclaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond. All collective proceedings of the consumer protection organisations against the a.s.r. group will be terminated. The settlement involves approximately EUR 250 million. The settlement applies to all the a.s.r. group's products of customers affiliated to one of the above consumer protection organisations. It was also agreed that no new lawsuits will be filed. The settlement is not an acknowledgement of too high costs, risk premiums and/or charges, nor is it a reliable estimate of the contingent liability as previously disclosed. The agreement will become final once 90% of the affiliated customers of the consumer protection organisations agree to the settlement and final discharge is granted by these customers. Affiliated customers will be informed by the consumer protection organisations as soon as all details of the implementation have been worked out. This process will take several months. Customers will receive information about this personally. The a.s.r. group is making an additional provision of EUR 50 million for special cases and for unaffiliated customers that have not previously received compensation, on top of the existing EUR 40 million provision remaining from the previous compensation schemes (see paragraph above). The total provision recognised by the a.s.r. group to finalise the unit-linked life insurance file therefore amounts to EUR 340 million as at 31 December 2023.

#### *Legal proceedings*

The a.s.r. group is subject to a limited number of legal proceedings initiated by individual unit-linked policyholders, in most cases represented by claims organisations. Since the business combination, the a.s.r. group is also subject to legal proceedings against (former) Aegon Nederland group. While to date fewer than ten cases are pending before Dutch courts and courts of appeal and fewer than 50 cases are pending before the FSCB (the Dispute Committee as well as the Committee of Appeal of the FSCB), there is no assurance that further proceedings will not be brought against the a.s.r. group in the future. Future legal proceedings regarding unit-linked life insurance policies might be brought upon the a.s.r. group by consumers individually, by consumer organisations acting on their behalf or in the form of a collective action. These organisations argue, amongst other things, that consumers did not receive sufficient compensation based on the previous compensation scheme.

The a.s.r. group is subject to four collective actions initiated by Vereniging Woekerpolis.nl, Consumentenbond and Wakkerpolis. Because of the settlement that was reached with these consumer protection organisations, these collective actions will be cancelled as soon as 90% of the affiliated customers agrees with the settlement.

Currently, legal proceedings regarding unit-linked life insurance products are pending before the FSCB against the a.s.r. group. The collective proceedings initiated by consumer protection organisations will be cancelled as soon as 90% of the affiliated customers agrees with the settlement. In general, customers claim, amongst others, that:

- the investment risk, costs charged or the risk premium was not, or not sufficiently, made clear to the customer at the time of the offering of the product;
- the products sold to the customer contained specific risks that were not, or not sufficiently, made clear to



the customer (such as the leverage capital consumption risk, the risk that the customer might not be able to achieve the projected final policy value and the risk of unrealistic capital projections due to differences between geometric versus arithmetic returns) or these specific risks were not suitable to the customer's personal circumstances;

- the insurer had a duty of care towards individual policy holders which the insurer has breached;
- the general terms and conditions regarding costs were unfair;
- the insurer has not correctly executed the compensation scheme; and/or
- there was insufficient transparency regarding product costs and the product costs charged at the time of the initial sale and on an ongoing basis were so high that the marketed expected return on investment was not realistically achievable.

These claims may be based on general standards of contract or securities law, such as reasonableness and fairness, error, duty of care, or standards for proper customer treatment or due diligence and may be made by customers, or on behalf of customers, holding active policies or whose policies have lapsed, matured or been surrendered.

#### *Securities leasing products*

See for a description of the Dutch litigation relating to securities lease products (*aandelenlease producten*) that the Issuer is involved in, also section 5 (*Knab N.V.*) under '*Litigation and proceedings*'.

#### *Optas*

In 2019, Optas N.V., a life insurance company owned by (former) Aegon Nederland merged with Aegon Leven following approval of the merger by DNB. Two groups of policyholders filed complaints against DNB's decision to approve the merger and appealed this decision at the administrative Court after DNB persisted in its approval. On 13 February 2023, the administrative Court annulled DNB's decision to approve the merger as the court is of the opinion that in the interest of policyholders, among other things, DNB should have required Optas N.V. to individually inform all policyholders in writing regarding the merger and the possibility to oppose the merger. One of the two groups of policyholders and Aegon Leven have filed an appeal against the administrative Court's decision. These appeals have however been withdrawn. The Wft provides that the annulment of DNB's approval from an administrative law perspective in itself does not affect the legality of the merger from a civil law perspective. This has been confirmed by a ruling of the District Court in a civil case opposing the merger brought against Aegon Leven by three policyholders. The policyholders were unsuccessful in first instance and the case is now under appeal. The possibility of appeal before the Supreme Court stays open until 9 July 2024. Although the a.s.r. group does not expect the pending civil litigation to have a material, if any, impact there can be no assurances that these matters will not ultimately result in a material adverse effect on the a.s.r. group's business, results of operations and financial position.

#### **AEGON HYPOTHEKEN B.V.**

Aegon Hypotheken is incorporated under Dutch law as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its statutory seat in The Hague, the Netherlands and registered with the Business Register of the Chamber of Commerce under number 52054454. Aegon Hypotheken is involved in the origination of mortgage loans. As of the date of this Base Prospectus, Aegon Hypotheken has no credit rating. The LEI of Aegon Hypotheken B.V. is 549300S7DH0HXAJSVI23.

The centre of main interest (within the meaning of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (the "**Insolvency Regulation**") of Aegon Hypotheken is situated in the Netherlands and as at the date hereof Aegon Hypotheken has not been subjected to any one or more of the insolvency and winding-up proceedings listed in Annex A to the Regulation in any EU Member State other than in the Netherlands and Aegon Hypotheken has not been dissolved (*ontbonden*), granted a suspension of payments (*surséance verleend*) or declared bankrupt (*failliet verklaard*).

Aegon Hypotheken is also an Originator under this Programme.

**AEGON LEVENSVERZEKERING N.V.**

Aegon Leven is incorporated under Dutch law as a public company with limited liability (*naamloze vennootschap*), having its statutory seat in The Hague, the Netherlands and registered with the Business Register of the Chamber of Commerce under number 27095315. Aegon Leven is involved in pension, life insurance, mortgage loans, savings and investment products. As of the date of this Base Prospectus, Aegon Leven has an A (Stable) Insurance Financial Strength Rating (IFSR) from S&P. The LEI of Aegon Leven is 5493003SPEWN841SWG39.

At the date hereof Aegon Leven has not been dissolved (*ontbonden*), granted a suspension of payments (*surséance verleend*) or declared bankrupt (*failliet verklaard*).

Aegon Leven is also an Originator under this Programme.

## 7. 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) the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Nederland**"), or with (ii) a common depositary for Euroclear and/or Clearstream Luxembourg or with (iii) (a depositary for) any other agreed clearing system. Registered Covered Bonds will either be issued by means of a Registered Covered Bonds Deed for all Covered Bonds issued (global) or for one or more Covered Bonds (individual). Registered Covered Bonds in global form may also be registered in the name of (i) Euroclear Nederland or of (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg or of (iii) (a depositary for) any other agreed clearing system.

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

Whilst any Covered Bond is represented by a Temporary Global Covered Bond payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Covered Bond only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland, 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 40 days (nor (if the Temporary Global Covered Bond has been deposited with Euroclear Nederland) more than 90 days) after the date on which the Temporary Global Covered Bond is issued or the "restricted period" within the meaning of U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D)(7) or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-2c or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010, interests in 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 to be then 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.

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

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

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

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

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

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

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

"NOTICE: THIS COVERED BOND IS ISSUED FOR DEPOSIT WITH *NEDERLANDS CENTRAAL INSTITUUT VOOR GIRAAL EFFECTENVERKEER B.V.* ("EUROCLEAR NEDERLAND") AT AMSTERDAM, THE NETHERLANDS. ANY PERSON BEING OFFERED THIS COVERED BOND FOR TRANSFER OR ANY OTHER PURPOSE SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED."

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

Covered Bonds which are represented by a Global Covered Bond and are held through Euroclear or Clearstream, Luxembourg, will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. In case of a Global Covered Bond deposited with Euroclear

Nederland, the rights of Covered Bondholders will be exercised in accordance with and are subject to the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*).

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

## **FORM OF FINAL TERMS**

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

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme. Any deviation of the form of Final Terms will also have to be agreed with the CBC and approved by the AFM (if required under the EU Prospectus Regulation).

### **Final Terms**

Dated [...]

### **Knab N.V.**

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

*Legal Entity Identifier (LEI): 549300772D1G8JPIUR96*

### **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

#### **Knab SB Covered Bond Company B.V.**

under Knab N.V.'s EUR 5,000,000,000 Covered Bond Programme

*Legal Entity Identifier (LEI): 724500L0Q5358S10JB45*

This document constitutes the Final Terms of the issue of Covered Bonds under the EUR 5,000,000,000 Covered Bond Programme (the "**Programme**") of Knab N.V. as the Issuer guaranteed by Knab SB Covered Bond Company B.V. as the CBC, described herein for the purposes of Article 8 of Regulation (EU) 2017/1129, including any commission delegated regulation thereunder (the "**EU Prospectus Regulation**"). This document must be read in conjunction with the base prospectus pertaining to the Programme, dated 22 May 2024 [and as amended on [...] and [...]] and any further amendments and supplements thereto (the "**Base Prospectus**"), which constitute a base prospectus for the purposes of the EU Prospectus Regulation. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus and any amendments or supplements thereto. The Base Prospectus (and any amendments thereto) and the Final Terms are available for viewing at [www.knab.nl/investors/sbcb-programme](http://www.knab.nl/investors/sbcb-programme) as well as at the office of the Issuer at Thomas R. Malthusstraat 1 1-3, 1066 JR Amsterdam, the Netherlands, where copies may also be obtained (free of charge). Any supplements to the Base Prospectus will in any case be available at this office and copies thereof may be obtained (free of charge) there. Any information contained in or accessible through any website, including [www.knab.nl/investors/sbcb-programme](http://www.knab.nl/investors/sbcb-programme), 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 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 Regulation (EU) 2017/1129 (as amended, the "**EU 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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law 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 UK domestic law 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 UK domestic law 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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a "**UK distributor**") should take into consideration the manufacturer[s/s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]

The Covered Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (as amended, the "**Securities Act**"), or the securities laws of any state of the U.S. or other jurisdiction. 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.

These Final Terms are to be read in conjunction with the Terms and Conditions (as amended, supplemented and/or restated in accordance with the Trust Deed 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 4 May 2021 and as lastly amended and restated on 22 May 2024, as the same may be further amended, supplemented, restated or otherwise modified from time to time and signed by the Issuer, the CBC, the Security Trustee, the Transferor 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 subparagraphs 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 EU Prospectus Regulation or pursuant to guidance issued by ESMA.]*

1. (i) Issuer: Knab N.V.
- (ii) CBC: Knab SB Covered Bond Company B.V.
2. [(i)] Series Number: [...]
- [(ii)] Tranche Number: [...]  
*(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)*
3. Currency: Euro
4. Aggregate Nominal Amount: [of Covered Bonds admitted to trading]:  
[(i)] Tranche: [...]  
[(ii)] Series: [...]
5. Issue Price of Tranche: [...] 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 the UK or offered to the public in a Member State of the European Economic Area or the UK in circumstances which would otherwise require the publication of a prospectus under the EU Prospectus Regulation must be at least EUR 100,000)*
- (ii) Calculation Amount: [...]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)*
7. (i) Issue Date: [...]
- (ii) Interest Commencement Date: [Issue Date / specify / Not Applicable (for Zero Coupon Covered Bonds)]



- [For the period where a [Fixed Rate/Floating Rate] applies (the period from [...] until [...]): [...]]
- [For the period where a [Fixed Rate/Floating Rate] applies (the period from [...] until [...]): [...]]
8. Maturity Date: [specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to [specify month and year]]
- Extended Due for Payment Date: [specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to [specify month and year, which date is [1] year after the Maturity Date and in respect of Zero Coupon Covered Bonds or if otherwise applicable – specify interest basis as referred to in Condition 5(b)]]
- If the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the CBC on any Specified Interest Payment Date occurring thereafter up to (and including) the Extended Due for Payment Date.
9. Interest Basis: [In respect of the period from and including [...]/[Maturity Date]] to (but excluding) [...]:[...] per cent. Fixed Rate]  
 [In respect of the period from and including [...] /to (but excluding) [...]:[...] [EURIBOR/Compounded Daily €STR/other reference rate] +/- [...] per cent. Floating Rate]  
 [Zero Coupon][...]
- If payment of the Guaranteed Final Redemption Amount is deferred in whole or in part, for the period from (and including) the Maturity Date to (and excluding) the Extended Due for Payment Date: [...] per cent Fixed Rate]  
 [[EURIBOR/Compounded Daily €STR/other reference rate] +/- [...] per cent. Floating Rate][...]
10. Redemption/Payment Basis: [Redemption at par]  
 [specify other amount or percentage] (NB: no derivatives within the meaning of the Commission Regulation (EC) 809/2004 will be issued, unless a Supplemental Prospectus is issued in this respect)]
11. Change of Interest Basis or Redemption/Payment Basis: [The Interest Basis will change from [...] / [...] to [...] [per cent. Fixed Rate]/[Floating Rate] on the Maturity Date][Not applicable]  
 [Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis included in these final terms]
12. Put/Call Options: [[Investor Put]]  
 [Issuer Call]  
 [(further particulars specified below)]  
 [Not applicable]

13. Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
14. Status of the Guarantee: Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed

#### 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]
- (ii) Interest Payment Date(s): [[specify one date or more dates] in each year]/[...] in each month] up to and including the [Maturity Date / Extended Due for Payment Date], if applicable subject to the Business Day Convention [[and] [after the Maturity Date [...]]
- (NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [...] per [Calculation Amount]
- (iv) Broken Amount(s): [...] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [...] / Not Applicable]
- (v) Business Day Convention  
 - Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention/No Adjustment/Preceding Business Day Convention]
- Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (vi) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
16. **Floating 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 Fixed Rate Covered Bond which switches to a Floating Rate Covered Bond)
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/ Specified Interest Payment Dates: [...] (Specified Interest Payment Dates and Specified Period are alternatives.)

- (ii) Business Day Convention:  
 - Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment]
- Adjustment or Unadjustment for Interest Period: [Adjusted] or [Unadjusted]
- (iii) Additional Business Centre(s): [Not Applicable / *give details*]
- (iv) Manner in which the Rate of Interest and Floating Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and interest Amount (if not the Principal Paying Agent): *[[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]*
- (vi) Screen Rate Determination: [Yes/No]  
 - Reference Rate: [...] *(EURIBOR, Compounded Daily €STR or other reference rate)*
- Interest Determination Date(s): [...] *(Second day on which the T2 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 T2 does not apply) (specify up to and including the Maturity Date)*
- Observation Look-back Period: [specify number]/[TARGET Settlement Days] *(being no less than 5 TARGET Settlement Days)*
- Relevant Screen Page: [...] *(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*
- Relevant Time: [...] *(For example, 11.00 a.m. London time/Brussels time)*
- Relevant Financial Centre: [...] *(For example, London/Euro-zone (where Euro zone means the region comprised of the countries whose lawful currency is the euro))*
- (vii) ISDA Determination: [Yes/No]  
 - ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions] *(If "2021 ISDA Definitions" is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*
- Floating Rate Option: [...]
- Designated Maturity: [...]/[Not Applicable]

*(a Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk free rate)*

- Reset Date: [...]
- (viii) Margin(s): [+/-] [...] per cent. per annum
- (ix) Minimum Rate of Interest: [...] per cent. per annum
- (x) Maximum Rate of Interest: [...] per cent. per annum
- (xi) Floating Day Count Fraction: [[Actual/365  
Actual/365 (Fixed)  
Actual/360  
or 30/360, 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)]  
[(See Condition [5] (Interest) for alternatives)]
- (xii) Compounding [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (xiii) 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)]  
  
[OIS Compounding]]

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

- (i) Accrual Yield [...]
- (ii) Reference Price [...]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payments: [[Actual/Actual (ICMA/ ISDA)]]

## PROVISIONS RELATING TO REDEMPTION

18. **Issuer Call:** [Applicable/Not Applicable]  
*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [...]
- (ii) Optional Redemption Amount(s): [...] per Calculation Amount
- (iii) If redeemable in part:  
(a) Minimum Redemption Amount: [...] per Calculation Amount  
(b) Maximum Redemption Amount: [...] per Calculation Amount
- (iv) Extended Due for Payment Date [Not Applicable/one (1) year after the Optional Redemption Date]  
in case of exercise of the Issuer Call
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
20. **Final Redemption Amount** [...] [per Calculation Amount]
21. Early Redemption Amount(s) per Calculation Amount of each Covered Bond payable on redemption for taxation reasons, or on acceleration following an Issuer Event of Default as against the Issuer or a CBC Event of Default or other early redemption: [...] per Calculation Amount / as specified in Condition 7(e) (*Early Redemption Amounts*)

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. Form of Covered Bonds: [Bearer form/registered form (*Include for Registered Covered Bonds*)]
- [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event/a Delivery Event]
- [Permanent Global Covered Bond exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event/a Delivery Event]
- [Permanent Global Covered Bond not exchangeable for Definitive Covered Bonds]

23. New Global Note form: [Applicable/Not Applicable (see also item 38(vi))]
24. a) Exclusion of set-off: [Not Applicable/Applicable]  
[See Condition 6(G) (*Set-off*)]
- b) German Insurers: [Not Applicable/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 (iii) relates
26. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No] (*If yes, give details*)
27. Consolidation Provisions: [the provisions of Condition 18 (*Further Issues*) apply]/[Not Applicable]

## DISTRIBUTION

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

## OTHER PROVISIONS

30. (i) U.S. Selling Restrictions: [Reg S Compliance [category [...]]/TEFRA D/TEFRA C/ TEFRA rules not applicable]
- (ii) [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]  
(*N.B. advice should be taken from Belgian counsel before disapplying this selling restriction*)]
31. Listing:
- (i) Listing [Euronext Amsterdam/*other (specify)*/ None]
- (ii) Admission to trading: Application has been made for the Covered Bonds to be admitted to trading on the regulated market on the official list of [Euronext Amsterdam] /[specify other regulated market] with effect from [...]/[Not Applicable]

(iii) Estimate of total expenses related to admission to trading: [...]

32. Ratings:

The Covered Bonds to be issued [are not / are expected to be / have been] rated:

[S&P Global Ratings Europe Limited\*: AAA]

[Other\*]: [...]

(\*The exact legal name of the rating agency entity providing the rating should be specified)

[Registration of Rating Agency: [...]

*[Need to include a brief explanation of the meaning of the ratings if this deviates from the explanations given in the section 'Credit Ratings' and has previously been published by the rating provider]*

*(The above disclosure should reflect the rating allocated to the Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

*[Insert one (or more) of the following options, as applicable:]*

*[[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EU) No 1060/2009 (as amended, the "**EU 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 "**EU 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 "**EU 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 EEA and registered under Regulation (EU) No 1060/2009 (as amended, the "**EU 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 "**EU 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 "**EU 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 EU CRA Regulation]

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

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

33. [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 [establishment/update] of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a notification that the Base Prospectus has been drawn up in accordance with the EU Prospectus Regulation.]

34. **Interests of Natural and Legal Persons Involved in the Issue**

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

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

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

35. [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 the offer are 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 are insufficient to fund all proposed uses state amount and sources of other funding.)*



36. [Estimated net proceeds and total expenses
- (i) Estimated net proceeds: [...]
- (ii) Estimated total expenses: [...] [Include breakdown of expenses][Not Applicable]
37. 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
38. Operational Information
- (i) ISIN: [...]
- (ii) Common Code: [...]
- (iii) WKN Code: [...] [Not Applicable]
- (iv) CFI: [...] [Not Applicable]
- (v) FISN: [...] [Not Applicable]
- (vi) [Other relevant code:] [...] [CUSIP: [...]] [CINS: [Not Applicable]] [give name(s) and numbers(s)]
- (vii) New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]
- [Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered Covered Bonds] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met] [Include this text if "Yes" selected in which case the Covered Bonds must be issued in NGN form]/
- [No. (only include if held through or on behalf of Euroclear or Clearstream, Luxembourg) Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered Covered Bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the

- ECB being satisfied that Eurosystem eligibility criteria have been met]]
- [Not applicable, means that the Covered Bond will not be held through the system of Euroclear or Clearstream, Luxembourg]
- (viii) Offer Period: [The offer of the Covered Bonds is expected to open at [...] hours ([...] time) on [...] and close at [...] hours ([...] time) on [...] or such earlier or later date or time as the Issuer may determine, following consultation with the relevant Dealer where practical,] (and announce))] [Not Applicable]
- (ix) Delivery: Delivery [against/free of] payment
- (x) Payment: Method and time limits of paying up the Covered Bonds – *to be included if any agreement in this respect is entered into between Issuer and Manager(s)*
- (xi) Settlement Procedure: [Method of settlement procedure to be included / Not Applicable]
- (xii) Clearing System: [Euroclear/Clearstream Luxembourg/Euroclear Nederland/other agreed clearing system] [insert address of relevant clearing system]
39. Additional paying agent (if any) [Name: [...]][Address: [...]] / Not Applicable]
40. 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 Knab N.V./ Not Applicable]
41. Statement on Benchmarks Amounts payable under the [Covered Bonds] may be calculated by reference to [specify benchmark], which is provided by [administrator legal name][repeat as necessary]. As at the date hereof, [[administrator legal name][appears][does not appear]][repeat as necessary] on 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, [administrator legal name], as administrator of [specify benchmark][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] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).][Not Applicable]

### 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 [(only as far as it concerns the CBC)] accept responsibility for the information contained in these Final Terms. [...] has been extracted from [...]. The Issuer and the CBC confirm that such information has been accurately reproduced and

that, so far as it is aware and is able to ascertain from information published by [...], no facts have been omitted which would render the reproduced information inaccurate or misleading.] [...]

Signed on behalf of the Issuer:

Signed on behalf of the CBC:

By:  
Duly authorised

By:  
Duly authorised

By:  
Duly authorised

By:  
Duly authorised

## **TERMS AND CONDITIONS OF THE COVERED BONDS**

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

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Knab N.V. (the "**Issuer**" which expression shall include any Substituted Debtor pursuant to Condition 17 (*Substitution of the Issuer*)) pursuant to a trust deed dated 4 May 2021 (such date the "**Programme Date**") as lastly amended and restated on 22 May 2024 and as the same may be further amended, supplemented, restated or otherwise modified from time to time (the "**Trust Deed**") and made between the Issuer, Knab SB Covered Bond Company B.V. (the "**CBC**") and Stichting Security Trustee Knab SB Covered Bond Company (the "**Security Trustee**") and Stichting Holding Knab SB Covered Bond Company (the "**Stichting Holding**").

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

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

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, as lastly amended and restated on 22 May 2024 and as the same may be further amended, supplemented, restated or otherwise modified from time to time, between the Issuer, the CBC, the Security Trustee, Citibank, N.A., London Branch as issuing and principal paying agent (the "**Principal Paying Agent**") and as registrar (the "**Registrar**"), and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agent).

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

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

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

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

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

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

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Terms and Conditions shall bear the meaning given to them in the applicable Final Terms and/or the master definitions agreement dated the Programme Date, as amended and restated on 6 May 2022 and as the same may be further amended, supplemented, restated, novated or otherwise modified from time to time (the "**Master Definitions Agreement**"), a copy of each of which may be obtained as described above.

## 1. FORM, DENOMINATION AND TITLE

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

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

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

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

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

The Issuer, the CBC, the Paying Agents and the Security Trustee may (except as otherwise required by law) deem and treat the holder of any Bearer Covered Bond or Coupon as the absolute owner thereof, whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing

thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such bearer for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the first succeeding paragraph. The signatures on this Covered Bond or the relevant Registered Covered Bonds Deed, as applicable, are manual and/or in facsimile.

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

Where Covered Bonds represented by a Permanent Global Covered Bond are deposited with Euroclear Nederland, a Covered Bondholder shall not have the right to request delivery (*uitlevering*) of his Covered Bonds under the Wge other than as set out in accordance with the rules and procedures of Euroclear Nederland and the Wge and never in bearer form.

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

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the date when the Guaranteed Final Redemption Amount is Due for Payment (the "**Extension Date**") or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC to be paid (or reserved for payment of

principal on any Series of Covered Bonds), after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the Extended Due for Payment Date for this Series, in which case the CBC shall (a) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agency, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the first Business Day following the date on which such notice was given by the CBC to the relevant clearing system) or at least two (2) Business Days prior to such Interest Payment Date, respectively, and (b) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount pertaining to a Series of Covered Bonds with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for this Series falls, if applicable *pro rata* by reference to the Principal Amount Outstanding of such Covered Bonds (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on such Extension Date and/or such Interest Payment Date, respectively; and

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

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

The rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a 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 Transaction Documents to which it is a party, the CBC has granted the following security rights to the Security Trustee:

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

The 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 Parallel Debt Agreement and 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.

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

#### 4. REDENOMINATION

The Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Nederland and

at least thirty (30) days' prior notice to the Covered Bondholders in accordance with Condition 14 (*Notices*), elect that, with effect from the Redenomination Date (as defined below) specified in the notice, the Covered Bonds and the Coupons denominated in euro (each for the purpose of this Condition the "**Old Currency**") shall be redenominated in another currency (for the purpose of this Condition the "**New Currency**") upon the occurrence of a Convertibility Event.

The election will have effect as follows:

- (i) the Covered Bonds and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of the equivalent of euro 0.01 in another currency, with a principal amount for each Covered Bond equal to the principal amount of that Covered Bond in euro, converted into the New Currency at the rate for the conversion of the Old Currency into the New Currency as fixed by the government of the Netherlands, provided that, if the Issuer determines, with the agreement of the Security Trustee, that the market practice at the time of redenomination in respect of the redenomination into the New Currency of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the stock exchange (if any) on which the Covered Bonds may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice (as defined below) has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate principal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest equivalent of euro 0.01 in another currency;
- (iii) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 100,000 or such other amount as may be allowed pursuant to the relevant laws which are applicable equivalent to (the offering of) such Covered Bonds and notified to the Covered Bondholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in euro (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (for the purpose of this Condition the "**Exchange Notice**") to the Covered Bondholders in accordance with Condition 14 (*Notices*) that replacement of Old Currency denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in euro in such manner as the Issuer may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than fifteen (15) days prior to any date for payment of principal or interest on the Covered Bonds;
- (v) on or after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, with a possible exception of payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in the New Currency as though references in the Covered Bonds to euro were to the New Currency. Payments will be made in the New Currency by credit or transfer to a New Currency account (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque; and
- (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 Bond*)), 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.

For the purpose of this Condition "**Redenomination Date**" means (i) in the case of Fixed Rate Covered Bonds and Floating Rate Covered Bonds, any date for payment of interest or redemption under such Covered Bonds or (ii) in the case of Zero Coupon Covered Bonds any date, specified by the Issuer in the notice given to the Covered Bondholders pursuant to paragraph (a) above and which shall be the date the government of the Netherlands accepts payment in the New Currency as legal tender.

## 5. INTEREST

Each Fixed Rate Covered Bond and Floating Rate Covered Bond will bear the interest as set out in the applicable Final Terms. If after the Maturity Date the interest on a Series 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 arrears 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. 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 immediate preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (4) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

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

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

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the "**Interest Calculation Period**"), such interest shall be calculated by applying the Fixed Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the euro, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount.

For the purposes of these Terms and Conditions (unless defined otherwise in the relevant section or subsection);

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

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

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

where:

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

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

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

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

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

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

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

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

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

*(i) Interest Payment Dates*

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

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

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

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

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

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

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

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (b) a day on which the T2 is open. In these Terms and Conditions, "**T2**" means the real time gross settlement system by the Eurosystem or any successor or replacement for that system.

(ii) *Rate of Interest*

The Rate of Interest will be determined in the manner specified in the applicable Final Terms.

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

Subject to the provisions of Condition 5(B)(ii)(c) (*Replacement Reference Rate Determination for Discontinued Reference Rate*), where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (i) if "2006 ISDA Definitions" is specified in the applicable Final Terms, the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds, published by the International Swaps and Derivatives Association, Inc., 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 EURIBOR, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms; and
- (4) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Final Terms:
  - (a) Compounding with Lookback;
  - (b) Compounding with Observation Period Shift;
  - (c) Compounding with Lockout; or
  - (d) OIS 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, which can be downloaded from <https://www.isda.org/book/2006-isda-definitions/> or <https://www.isda.org/book/2021-isda-interest-rate-derivatives-definitions/> (any information contained on or accessible via any of these websites

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

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

(b) *Screen Rate Determination for Floating Rate Covered Bonds not referencing Compounded Daily €STR*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the Relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms as being "Compounded Daily €STR" the Rate of Interest for each Interest Period will, 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 Rates which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

If the Relevant Screen Page is not available or if, in the case of (1) above, no offered quotation appears or, in the case of (2) above, fewer than three offered quotations appear, in each case as at the relevant time and notwithstanding any fallback provisions in the ISDA Definitions and subject to the provisions of Condition 5(B)(ii)(c) (*Replacement Reference Rate Determination for Discontinued Reference Rate*), the Issuer or an agent appointed by the Issuer at such time shall request each of the Reference Banks to provide it with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the relevant time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer or an agent appointed at such time with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issuer or an agent appointed at such time. In case of an Issuer Event of Default, the CBC may appoint such agent instead of the Issuer to request each of the Reference Banks to provide it with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the relevant time on the Interest Determination Date in question.

If on any Interest Determination Date fewer than two Reference Banks provide the Issuer or an agent appointed at such time with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issuer or an agent appointed at such time determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuer or an agent appointed at such time by two or more Reference Banks, at which such rates were offered, at approximately the relevant time on the relevant Interest Determination Date, deposits in euro for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR, as applicable) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer or an agent appointed at such time with offered rates, the offered rate for deposits in euro for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in euro for a period equal to that which would have been used for the

Reference Rate, at which, at approximately the relevant time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Issuer or an agent appointed at such time, it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

Notwithstanding the provisions above in this Condition 5(B) (including, for the avoidance of doubt, any fallback provisions in the ISDA Definitions, as applicable), if the Issuer determines at any time prior to, on or following any Interest Determination Date, that a Benchmark Event has occurred, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), appoint an agent ("**Rate Determination Agent**"), which will determine in its sole discretion, acting in good faith and in a commercially reasonable manner, whether a substitute or successor rate is available for purposes of determining the relevant Reference Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the Reference Rate that is available or a successor rate that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency. If the Rate Determination Agent determines that there is an industry-accepted successor rate, the Rate Determination Agent will use such successor rate to determine the relevant Reference Rate. If the Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**") for purposes of determining the Reference Rate on the relevant Interest Determination Date falling on or after such determination, (A) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate, including any Adjustment Spread, in each case in a manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (B) references to the Reference Rate in these Conditions applicable to the relevant Floating Rate Covered Bonds will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above (including the Adjustment Spread); (C) the Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (D) the Issuer will give notice as soon as reasonably practicable to the Covered Bondholders (in accordance with Condition 14 (Notices)), the Security Trustee, the CBC and the Principal Paying Agent specifying the Replacement Reference Rate, as well as the details described in (A) above.

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

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

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

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

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer determines in its sole discretion, acting in good faith, is required to be applied to the Replacement Reference Rate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to 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 or any working group in the jurisdiction of the applicable currency sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof, or any widely recognised industry association or body; or (if no such recommendation has been made);
- (b) the Issuer determines, acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Replacement Reference Rate; or (if the Issuer determines that no such industry accepted standard is recognised or acknowledged);
- (c) the Issuer, in its discretion, acting in good faith, determines to be appropriate.

**"Benchmark Event"** means:

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

provided that (i) in the case of sub-paragraphs (b),(c) and (d), the Benchmark Event shall occur on the date of the cessation of publication of the Reference Rate, the discontinuation of the Reference Rate, or the prohibition of use of the Reference Rate, as the case may be, and not the date of the relevant public statement and (ii) in the case of sub-paragraph (a) above, on the date with effect from which the Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) a representative or an industry accepted rate for debt market instruments (as determined by the Rate Determination Agent, acting in good faith) such as, or comparable to, the Covered Bonds and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement and;

provided further that:

- (i) in respect of ISDA Determination as the manner in which the Rate of Interest is to be determined, if any event above qualifies as or otherwise occurs simultaneously with an Index Cessation Event as defined in the ISDA Definitions, such event is not deemed to be a Benchmark Event, unless the Rate of Interest cannot be determined in accordance with Condition 5(B)(ii)(a) (*ISDA Determination for Floating Rate Covered Bonds*), in which case such event shall be deemed a Benchmark Event; and
- (ii) in respect of Compounded Daily €STR or ECB Recommended Rate, as applicable, if any event above qualifies as or otherwise occurs simultaneously with an €STR Index Cessation Event or an ECB Recommended Rate Index Cessation Event, as applicable, such event is not to be deemed a Benchmark Event, unless the Rate of Interest cannot be determined in accordance with Condition

5(B)(ii)(d) (*Screen Rate Determination for Floating Rate Covered Bonds referencing Compounded Daily €STR*), in which case such event shall be deemed a Benchmark Event.

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

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

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

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

where:

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

"**d<sub>o</sub>**" is the number of TARGET Settlement Days in the relevant Interest Accrual Period;

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

"**i**" is a series of whole numbers from one to "d<sub>o</sub>", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in the relevant Interest Accrual Period to, and including, the last TARGET Settlement Day in the relevant Interest Accrual Period;

"**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 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;

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in Euro;

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

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



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

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

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

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

For the avoidance of doubt, if the Rate of Interest cannot be determined in accordance with the foregoing provisions (excluding the previous paragraph) where a Benchmark Event has occurred in respect of the Compounded Daily €STR, the provisions of Condition 5(B)(ii)(c) (*Replacement Reference Rate Determination for Discontinued Reference Rate*) shall apply.

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

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

As used in these Conditions:

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

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

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

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

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

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

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

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

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

(iv) *Determination of Rate of Interest and Calculation of Floating 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 "**Floating Interest Amount**") payable on the Floating Rate Covered Bonds, in respect of each Calculation Amount for the relevant Interest Period. Each Floating Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the euro, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Floating Rate Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

In this Condition "**Floating Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/365**" or "**Actual/Actual ISDA**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30;

- "D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and
- (vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

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

The Principal Paying Agent will cause the Rate of Interest and each Floating 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 Floating 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 Floating Interest Amount but instead may publish only the Calculation Amount and the Floating Interest Amount in respect of the Covered Bond having the minimum Specified Denomination. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(B) (*Interest on Floating Rate Covered Bonds*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, if applicable, the other Paying Agents and all Covered Bondholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**C. Accrual of interest**

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

**6. PAYMENTS**

A. *Method of payment*

Subject as provided below, payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

In no event will payment be made by a cheque mailed to an address in the United States. Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment in these Terms and Conditions, the Trust Deed, the Agency Agreement and the Final Terms, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any FATCA Withholding. References to euro will include any successor currency under Dutch law.

B. *Presentation of Definitive Covered Bonds and Coupons*

Payments of principal in respect of Definitive Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (A) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Covered Bonds, and payments of interest in respect of Definitive Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Fixed Rate Covered Bonds in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five (5) years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond in definitive form becomes due and repayable in whole, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Covered Bond is presented for redemption without all unmatured Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

If the due date for redemption of any Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Covered Bond.

C. *Payments in respect of Global Covered Bonds*

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond against presentation or surrender (as the case may be) of such Global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Global Covered Bond by the Paying Agent to which it was presented and such

record shall be *prima facie* evidence that the payment in question has been made and in respect of a Global Covered Bond in NGN-form the payment is entered pro rata in the record of Euroclear and Clearstream, Luxembourg.

D. *General provisions applicable to payments*

The holder of a Global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer or the CBC and the Security Trustee will be discharged by payment to, or to the order of, the holder of such Global Covered Bond in respect of each amount so paid.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Euroclear Nederland as the beneficial holder of a particular nominal amount of Covered Bonds represented by a Global Covered Bond must look solely to Euroclear, Clearstream, Luxembourg or Euroclear Nederland, as the case may be, for his share of each payment so made by the Issuer or the CBC or the Security Trustee to, or to the order of, the holder of such Global Covered Bond.

E. *Payment Day*

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means: any day which (subject to Condition 9 (*Prescription*)) is:

- (A) a day on which banks in Amsterdam, the Netherlands and the relevant place of presentation are open for presentation and payment of bearer securities and for dealing in foreign currencies; and
- (B) in the case of payment by transfer to an account, a day on which T2 is open for the settlement of payments in euro and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre.

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;
- (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 guarantee assets (*Sicherungsvermögen*) of an insurer within the meaning 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, or determined in the manner specified in, the applicable Final Terms in euro on the Maturity Date (the "**Final Redemption Amount**").

### (b) *Redemption for tax reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than sixty (60) days' notice to the Security Trustee and the Principal Paying Agent and, in accordance with Condition 14 (Notices), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Security Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than sixty (60) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b) (*Redemption for tax reasons*), the Issuer shall deliver to the Security Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Security Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Covered Bondholders and the Couponholders. Covered Bonds redeemed pursuant to this Condition 7(b) (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7(e) (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### (c) *Redemption at the option of the Issuer (Issuer Call)*

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms, the Issuer may, subject as provided in paragraph (e) below and having given:

- (i) not less than fifteen (15) nor more than thirty (30) days' notice to the Covered Bondholders in accordance with Condition 14 (*Notices*); and
- (ii) not less than fifteen (15) days before the giving of the notice referred to in (i), notice to the Security Trustee, the Principal Paying Agent, the CBC and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any optional redemption date as specified in the applicable Final Terms ("**Optional Redemption Date**") and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, provided that no Issuer Event of Default has occurred and is continuing.

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms and it cannot exercise its option because an Issuer Event of Default has occurred and is continuing, then the CBC may declare with:

- (i) not less than five (5) (or if the notice period of the Issuer has been shortened to five (5) days' or less, the notice period will be one (1) day less than the minimum notice period for the Issuer) nor more than thirty (30) days' notice to the Covered Bondholders in accordance with Condition 14 (*Notices*); and
- (ii) not less than five (5) days (or if the notice period of the Issuer has been shortened to 5 days' or less, the notice period will be 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 and at the Optional Redemption Amount(s) specified in the applicable Final Terms, and that the Maturity Date will be such Optional Redemption Date.

Any redemption pursuant to this Condition 7(c) (Redemption at the option of the Issuer (Issuer Call)) must be of a nominal amount not less than the minimum redemption amount ("**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 for the purposes of this paragraph the "Selection Date"). In the case of Redeemed Covered Bonds (i) represented by Definitive Covered Bonds, a list of the serial numbers and (ii) in the case of Registered Covered Bonds, the nominal amount drawn and the holders thereof, of such Redeemed Covered Bonds will be published in accordance with Condition 14 (*Notices*) not less than fifteen (15) days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the



Covered Bondholders in accordance with Condition 14 (Notices) at least five (5) days prior to the Selection Date.

If the option to redeem the Covered Bonds is exercised by the Issuer or the CBC has given a declaration that the Covered Bonds will mature on the Optional Redemption Date (each in accordance with this Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*)), then the Optional Redemption Date will for all purposes in all Transaction Documents be deemed to be the Maturity Date in respect of the Covered Bonds to which it applies instead of the Maturity Date specified as such in the applicable Final Terms to the extent of the amount redeemed or to be redeemed, as the case may be, on such date. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Transaction Documents be deemed to be one (1) year after such new Maturity Date instead of the date included in the applicable Final Terms (unless in the section Issuer Call in the applicable Final Terms a specific date is included, in which case such date will apply).

If in the applicable Final Terms it is specified that the manner of determining the interest on some or all Covered Bonds of a Series switches to another manner of determining the interest as of the Maturity Date, such switch will occur on the Maturity Date as determined pursuant to the previous paragraph to the extent of the amount redeemed or to be redeemed, as the case may be, on such date.

(d) *Redemption of Covered Bonds at the Option of the Covered Bondholders*

Subject as provided in paragraph (e) below, if the Covered Bondholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 14 (*Notices*) not less than fifteen (15) nor more than thirty (30) days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond its holder must deliver such Covered Bond at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

If the option to redeem the Covered Bonds is exercised by the Covered Bondholders, then the Optional Redemption Date will for all purposes in all Transaction Documents be deemed to be the Maturity Date in respect of the Covered Bonds to which it applies instead of the Maturity Date specified as such in the applicable Final Terms to the extent of the amount redeemed or to be redeemed, as the case may be, on such date. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Transaction Documents be deemed to be one (1) year after such new Maturity Date instead of the date included in the applicable Final Terms (unless in the section Issuer Call in the applicable Final Terms a specific date is included, in which case such date will apply).

If in the applicable Final Terms it is specified that the manner of determining the interest on some or all Covered Bonds of a Series switches to another manner of determining the interest as of the Maturity Date, such switch will occur on the Maturity Date as determined pursuant to the previous paragraph to the extent of the amount redeemed or to be redeemed, as the case may be, on such date.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) and (d) above and Condition 10 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows (each, the relevant "**Early Redemption Amount**"):

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") equal to the product of:
  - (a) the Reference Price; and
  - (b) the sum of the figure "1" and the Accrual Yield, raised to the power of x, where "x" is a fraction the numerator of which is equal to the number of days calculated on the basis of, if "Actual/Actual ISDA" is specified in the applicable Final Terms, the actual number of days in the relevant period and a year of 365 days (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bonds become due and repayable and the denominator of which is, if "Actual/Actual ISDA" is specified in the applicable Final Terms, 365 days (or, if any portion of the period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

(f) *Purchases*

The Issuer, the CBC and/or any member of the Issuer Group may at any time purchase Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Covered Bondholders alike. Covered Bonds purchased in accordance with this Condition 7(f) (*Purchases*) may be held, reissued, resold or, at the option of the Issuer or the CBC and/or such member of the Issuer Group, surrendered to any Paying Agent for cancellation.

(g) *Cancellation*

All Bearer Covered Bonds which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption).

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

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (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*).

(i) *Redemption due to illegality*

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than thirty (30) nor more than sixty (60) days' notice to the Security Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Security Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make any payments under the Covered Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 7(h) (*Redemption due to illegality*) will be redeemed at their Early Redemption Amount referred to in Condition 7(e) (*Redemption and Purchase - Early Redemption Amounts*) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(j) *Certificate*

Prior to the publication of any notice of redemption pursuant to this Condition 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 by the Issuer will be made without withholding or deduction of any present or future taxes or duties, assessments or governmental charges of whatever nature (collectively "**Taxes**"), unless such withholding or deduction is required by law. In the event the withholding or deduction of such Taxes is imposed or levied by or on behalf of any Tax Jurisdiction, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the 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:

- (a) outside the Netherlands;
- (b) 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;
- (c) 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
- (d) by, or by a third party on behalf of, a holder of a Covered Bond who is subject to such taxes or duties pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Payments by the CBC under the Guarantee will be made without withholding or deduction of any Taxes, unless such withholding or deduction is required by law. In such event, the CBC shall make the required withholding or deduction of such Taxes for the account of the holder of Covered Bonds. Any amounts withheld or deducted by the CBC will be treated as paid for all purposes under the Guarantee and the

CBC shall not pay any additional amounts to the holder of the Covered Bonds in respect of any Taxes 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 FATCA Withholding. Any such 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 such withholding or deduction.

## 9. PRESCRIPTION

The Covered Bonds and Coupons will become void unless presented for payment within a period of five years after the Relevant Date therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 (*Prescription*) or Condition 6(B) (*Presentation of Definitive Covered Bonds and Coupons*) or any Talon which would be void pursuant to Condition 6(B) (*Presentation of Definitive Covered Bonds and Coupons*).

## 10. EVENTS OF DEFAULT AND ENFORCEMENT

(a) *Issuer Events of Default*

Pursuant to the Trust Deed the Security Trustee at its discretion may, and in relation to the defaults set out in subparagraphs (i) and (v) below or if so directed by a Programme Resolution of the Covered Bonds shall, give an Issuer Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each an "**Issuer Event of Default**") shall occur and be continuing:

- (i) a default is made by the Issuer for a period of seven (7) calendar days or more in the payment of any principal or redemption amount of the Covered Bonds of any Series when due, or for a period of fourteen (14) calendar days or more in the payment of any interest of the Covered Bonds of any Series when due; or
- (ii) a default is made in the performance by the Issuer of any material obligation (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series) under the provisions of the Covered Bonds of any Series or the Trust Deed or any other Transaction Document to which the Issuer is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of remedy) shall continue for more than thirty (30) calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied, shall have been given to the Issuer by the Security Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the Issuer (except a dissolution or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by an Extraordinary Resolution (as defined below) of the 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 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) (*Events of Default and Enforcement*).

The Trust Deed provides that the Excess Proceeds may be paid by the Security Trustee to the CBC and shall be held by the CBC in the CBC Account and shall be used by the CBC in the same manner as all other moneys from time to time standing to the credit of the CBC Account. Any Excess Proceeds received by the Security Trustee shall discharge the obligations of the Issuer in respect of the Covered Bonds and Coupons for an amount equal to such Excess Proceeds. The Security Trustee shall not be required to pay such amounts to the CBC. However, the receipt by the Security Trustee of any Excess Proceeds shall not reduce or discharge any of the obligations of the CBC under the Guarantee.

(b) *CBC Events of Default*

The Security Trustee at its discretion may, and, if so directed by a Programme Resolution, shall give a CBC Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each a "**CBC Event of Default**") shall occur and be continuing:

- (i) a default is made by the CBC under the Guarantee for a period of seven (7) calendar days or more in the payment of any principal or redemption amount, or for a period of fourteen (14) calendar days or more in the payment of any interest when due; or
- (ii) a default is made in the performance or observance by the CBC of any material obligation binding upon it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Trust Deed, the Pledge Agreements or any other Transaction Document to which the CBC is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of remedy) shall continue for more than thirty (30) calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied shall have been given to the CBC by the Security Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the CBC; or
- (iv) the CBC ceases to carry on its business or substantially all its business; or
- (v) a liquidator, receiver or other similar officer is appointed in relation to the CBC or in relation to the whole or any major part of its assets or a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) or other process is levied or enforced upon or sued out against the whole or any major part of its assets or the CBC initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or suspension of payments (*surseance van betaling*), or equivalent or analogous proceedings under any applicable law, or makes a conveyance, assignment or equivalent or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or

- (vi) the CBC is adjudged or found bankrupt (*failliet*) or equivalent or analogous judgments or measures under any applicable law, are imposed on the CBC; or
- (vii) the Guarantee is not, or is claimed by the CBC not to be, in full force and effect; or
- (viii) the Amortisation Test as set out in the Asset Monitoring Agreement is not satisfied on any Calculation Date following the service of a Notice to Pay,

provided that in case an event described in paragraph (ii) above shall occur, the Security Trustee shall only deliver a CBC Acceleration Notice if it shall have certified in writing to the CBC that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following the occurrence of a CBC Event of Default which is continuing and service of a CBC Acceleration Notice, the Security shall become enforceable and the Security Trustee may or shall take proceedings or steps against the Issuer and the CBC in accordance with Condition 10(c) (*Events of Default and Enforcement - Enforcement*) and the Covered Bondholders shall have a claim against the CBC, under the Guarantee, for the Early Redemption Amount together with accrued interest as provided in the Trust Deed in respect of each Covered Bond.

In these 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 May 2021 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 26<sup>th</sup> day of each month or, if such day is not a Business Day, the next following Business Day unless it would thereby fall into the next calendar month, in which event such CBC Payment Date shall be brought forward to the immediately preceding Business Day.

**"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 Security, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds or the Coupons, the Security or any other Transaction Document unless (i) it shall have been so directed by a Programme Resolution and (ii) it shall have been indemnified and/or secured to its satisfaction.

(d) *No action by Covered Bondholders or Couponholders*

Subject to the provisions of the Trust Deed, only the Security Trustee may enforce the provisions of the Covered Bonds and the Transaction Documents. Neither the Covered Bondholders nor any other person shall be entitled to proceed directly against the Issuer or the CBC to enforce any provision of the Covered Bonds and/or the Transaction Documents, unless the Security Trustee fails to take any steps to enforce the Security in accordance with the Trust Deed within a reasonable time and such failure is continuing. All limitations and restrictions imposed under or by virtue of the Trust Deed, the Covered Bonds or any other Transaction Document on the Security Trustee in relation to the enforcement of rights and the availability of remedies, shall *mutatis mutandis* also fully apply to the Secured Creditors.

Neither the Covered Bondholders nor the Security Trustee may institute against, or join any person in instituting any bankruptcy, winding-up, reorganisation, arrangement, judicial debt settlement, insolvency

or liquidation proceeding or any similar proceedings in any jurisdiction against the CBC until the expiry of a period of at least one (1) year after the latest maturing Covered Bond is paid in full. The only remedy of the Security Trustee against the CBC after a CBC Acceleration Notice has been given pursuant to this Condition 10 (*Events of Default and Enforcement*) is to enforce the Security.

(e) *Limited Recourse*

The recourse of the Covered Bondholders and the Couponholders against the CBC pursuant to the Guarantee is limited. Covered Bondholder will have a right of recourse (*verhaalsrecht*) only in respect of the Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the CBC's other assets.

No amounts under the Covered Bonds and the Transaction Documents shall be due and payable by the CBC or, as the case may be, the Security Trustee, except (i) in accordance with the Trust Deed and (ii) unless and until all amounts thereby required to be paid in priority thereto have been paid or discharged in full.

In the event that the Security has been fully enforced and the proceeds of such enforcement and any other amounts received by the Security Trustee, after payment of all claims ranking in priority to any Covered Bonds or Coupons of any Series in accordance with the Trust Deed, are insufficient to pay in full all amounts outstanding in respect of the Covered Bonds or Coupons, then the Covered Bondholders or Couponholders shall have no further claim against the CBC or the Security Trustee in respect of such unpaid amount.

## 11. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

## 12. PAYING AGENTS AND REGISTRAR

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

The Issuer or the CBC, as the case may be, is entitled, with the prior written approval of the Security Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent and the Registrar and/or appoint additional or other Paying Agents or Registrars and/or approve any change in the specified office through which any Paying Agent or Registrar acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) as long as any Registered Covered Bonds are outstanding, there will at all times be a Registrar; and
- (c) so long as the Covered Bonds are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange.

Any variation, termination, appointment or change shall only take effect (other than in the case of a bankruptcy, an insolvency or any equivalent or analogous proceeding, when it shall be of immediate effect) after not less than 30 nor more than forty-five (45) days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Paying Agents and the Registrar act solely as agents of the Issuer and the CBC and, in certain circumstances specified therein, of the Security Trustee and do not assume any obligation to, or relationship of agency with, any Covered Bondholders or Couponholders. The Agency Agreement

contains provisions permitting any entity into which any Paying Agent or the Registrar is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent or registrar.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date or the Specified Interest Payment Date or the Specified Period, as the case may be, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*). Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

### **14. NOTICES**

All notices regarding the Covered Bonds shall be published in a daily newspaper of wide circulation in the Netherlands and in the English language in the Financial Times or such other newspaper of wide circulation in Europe as long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system, such notice shall be published in such place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system.

Until any Definitive Covered Bonds are issued and as long as the Global Covered Bond(s) is or are held in its or their entirety with a depository or a common depository or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or with Euroclear Nederland, any notice may also be made via such depository or such common depository or such common safekeeper on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system and/or with Euroclear Nederland (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit). Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or Euroclear Nederland and/or any other relevant clearing system.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Definitive Covered Bonds or Registered Covered Bonds) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent and/or Registrar. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any 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 Transaction Documents (subject as provided below and in the Trust Deed). Such a meeting may be convened by the Issuer, the CBC or the Security Trustee and shall be convened by the Issuer if required in writing by Covered Bondholders of a Series holding not less than fifteen (15) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being remaining outstanding. The quorum at any such meeting in respect of any Series for passing an Extraordinary Resolution (other than a Programme Resolution to be taken by an Extraordinary Resolution) is: one or more persons holding or representing not less than 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.



Any modification of the Covered Bonds of a Series, which the Security Trustee deems to be materially prejudicial to the interest of Covered Bondholders of other Series, may not become effective, unless the Covered Bondholders of such other Series of Covered Bonds have agreed thereto.

An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series. Pursuant to the Trust Deed, the Security Trustee may convene a single meeting of the 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 (including by means of an Extraordinary Resolution) is one or more persons holding or representing more than 66.67 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders in respect of such Series.

*Limitation Issuer Group voting rights*

In a meeting convened by the Issuer, the CBC or the Security Trustee for Covered Bondholders of one or more Series, with respect to Covered Bonds held by any member of the Issuer Group the following limitations apply:

- (a) such member of the Issuer Group holding Covered Bonds cannot exercise voting rights in respect of such Covered Bonds;
- (b) Covered Bonds held by any member of the Issuer Group shall not be taken into account for the quorum of such meeting; and
- (c) Covered Bonds held by any member of the Issuer Group shall not be taken into account for the required majority of passing any resolution in such meeting;

except that no such limitations set forth in (a), (b) and (c) above apply, if:

- (i) all Covered Bonds outstanding at such time are held by one or more members of the Issuer Group; or
- (ii) it concerns a decision or resolution for one or more specific Series in which all Covered Bonds are held by one or more members of the Issuer Group.

The Security Trustee, the Issuer and the CBC may also agree, without the consent of the Covered Bondholders or Couponholders of any Series, to:

- (a) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document and/or designate further creditors as Secured Creditor, provided that (i) in the opinion of the Security Trustee such modification or designation is not materially prejudicial to the interests of any of the Covered Bondholders or Couponholders of any Series or any of the other Secured Creditors (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to the interests of such Secured Creditor), (ii) it has not been informed in writing by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given its written consent as aforesaid) and (iii) it has notified the Rating Agency of such modification; or
- (b) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee or to comply with its EMIR obligations or to comply with mandatory provisions of law or in connection with a Benchmark Event in accordance with the

procedures set forth in Condition 5(B)(ii)(c) or in connection with an €STR Index Cessation Event in accordance with the procedures set forth in Condition 5(B)(ii)(d); or

- (c) any modification to the Covered Bonds of one or more Series, the related Coupons, and/or any Transaction Documents, required or necessary in connection with any change, after the relevant Issue Date, to any laws or regulation (including but not limited to the laws and regulations of the Netherlands and the European Union) applicable or relevant with respect to covered bonds (*gedekte obligaties*) to ensure that the Issuer, the CBC and/or Covered Bondholders enjoy the full benefits of such legislation; or
- (d) any modification to the Transaction Documents which are in the opinion of the Issuer and the Security Trustee necessary in order to transfer title (and if applicable obligations) in respect of Eligible Assets to the CBC and/or to create security in respect thereof in favour of the Security Trustee, provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or any of the other Secured Creditors (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to the interests of such Secured Creditor), (ii) it has not been informed in writing by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given its written consent as aforesaid) and (iii) the Security Trustee has received Rating Agency Confirmation in respect of such modification; or
- (e) any modification to the Eligibility Criteria which is in the opinion of the Security Trustee not materially prejudicial to the existing Covered Bondholders of any Series.

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

Any such modification, waiver, authorisation or determination shall be binding on all Covered Bondholders of all Series for the time being outstanding, the related Couponholders and the other Secured Creditors, and unless the Security Trustee otherwise agrees, any such modification, waiver, authorisation or determination will be notified by the Issuer to the Covered Bondholders of all Series for the time being outstanding, the other Secured Creditors and the Rating Agency in accordance with the relevant terms and conditions as soon as practicable thereafter (which may include uploading the amended Transaction Documents on the website of the Issuer).

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Security Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Security Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the CBC, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 8 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Security Trustee shall, as regards all the powers, authorities, duties and discretions vested in it by the Covered Bonds or the other Transaction Documents or, except where expressly provided otherwise, have regard to the interests of both the Covered Bondholders and the other Secured Creditors, but if, in the Security Trustee's sole opinion, there is a conflict between their interests, it will have regard solely to the interests of each Secured Creditor, including, but not limited to, the Covered Bondholders, in accordance with the relevant Priority of Payments.

The Issuer may, without the consent of the holders of the Covered Bonds of any Series or any Coupons relating thereto, or any other Secured Creditor consolidate with, merge or amalgamate into or transfer their respective assets substantially as an entirety to, any corporation organised under Dutch law, or any political subdivision thereof, provided that (i) a certificate of two authorised signatories of the Issuer and the CBC is delivered to the Security Trustee to the effect that immediately after giving effect to such transaction no Issuer Event of Default and no CBC Event of Default, respectively, will have happened and be continuing and (ii) unless the Issuer is the surviving entity, the Issuer shall procure that the surviving or transferee company assumes its obligations as Issuer under the Trust Deed, each other Transaction Document and all of the outstanding Covered Bonds of all Series, in place of the Issuer and (iii) in the case of an assumption of the obligations of the Issuer by a successor or transferee company, the Guarantee of the CBC is fully effective on the same basis in relation to the obligations of such successor or transferee company and (iv) certain other conditions set out in the Trust Deed are met. Upon the assumption of the obligations of the Issuer by such surviving or transferee company, the predecessor Issuer shall (subject to the provisions of the Trust Deed) have no further liabilities under or in respect of the Trust Deed or the outstanding Covered Bonds of each Series then outstanding or any Coupons appertaining thereto and the other Transaction Documents. Any such assumption shall be subject to the relevant provisions of the Trust Deed. The Trust Deed provides that any such assumption shall be notified to the holders of all Series in accordance with the relevant terms and conditions of such Covered Bonds and the other Secured Creditors.

For the purposes hereof:

**"Extraordinary Resolution"** means a resolution adopted 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 fifty (50) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding as if they were a single Series; or
- (b) an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series).

## 16. SECURITY TRUSTEE

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

The Security Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Transferred Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Trustee. The Security Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Transferred Assets, including, without limitation, whether the Transferred Assets are in compliance with the Asset Cover Test or the Amortisation Test; or (iv) monitoring whether Mortgage Receivables (and any other Transferred Assets) satisfy the applicable Eligibility Criteria or such other criteria as may be agreed with the CBC and subject to Rating Agency Confirmation in relation to other Transferred Assets. The Security Trustee will not be liable to any Covered Bondholder or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee

in relation to the security rights and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the security rights it holds and the Transaction Documents.

## 17. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may with the consent of the Covered Bondholders or Couponholders which will be deemed to have been given in respect of each Series of Covered Bonds on which no payment of principal of or interest on any of the Covered Bonds is in default and after written approval of DNB (*De Nederlandsche Bank N.V.*), be replaced and substituted by any Substituted Debtor as principal debtor in respect of the Covered Bonds and the relative Coupons provided that:
- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (for the purposes of this Condition the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Covered Bondholder and Couponholder to be bound by the Terms and Conditions of the Covered Bonds and the provisions of the Transaction Documents as fully as if the Substituted Debtor had been named in the Covered Bonds, and the relative Coupons and the Transaction Documents as the principal debtor in respect of the Covered Bonds and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (for the purposes of this Condition the "**Substituted Debtors Guarantee**") in favour of each Covered Bondholder and each holder of the relative Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8 (*Taxation*)) payable in respect of the Covered Bonds and the relative Coupons;
  - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Covered Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 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 and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three (3) days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent; and
  - (vi) the Issuer shall have delivered to the Security Trustee or procured the delivery to the Security Trustee of a legal opinion from a Dutch law firm to the effect that the Documents (including the

Substituted Debtors Guarantee) will constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer, as the case may be, such opinion to be dated not more than three (3) days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent.

- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Covered Bondholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Covered Bondholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Covered Bonds and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Covered Bonds and the relative Coupons as the principal debtor in place of the Issuer and the Covered Bonds and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Covered Bonds and the relative Coupons save that prior to such release the Issuer shall be liable for any claims under the Covered Bonds and the relative Coupons for the benefit of Covered Bondholders and Couponholders.
- (d) The Documents shall be deposited with and held by the Principal Paying Agent for so long as any Covered Bonds or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Covered Bondholder or Couponholder in relation to the Covered Bonds or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Covered Bondholder and Couponholder to the production of the Documents for the enforcement of any of the Covered Bonds or the relative Coupons or the Documents.
- (e) Not later than fifteen (15) Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Covered Bondholders in accordance with Condition 14 (*Notices*).

## **18. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

## **19. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Covered Bonds and the Transaction Documents (except for the Swap Agreements) are governed by, and shall be construed in accordance with, Dutch law.

Any disputes arising out of or in connection with the Covered Bonds, including any disputes relating to any non-contractual obligations arising out of or in connection with the Covered Bonds shall be submitted to the exclusive jurisdiction of the competent courts of Amsterdam, the Netherlands.

## **20. TERMS AND CONDITIONS OF REGISTERED COVERED BONDS**

- 20.1 If the applicable Final Terms specify that Registered Covered Bonds are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Conditions 1 to and including 19 above. In the event of any inconsistency between Conditions 1 to and including 19 and this Condition

20 (*Terms and Conditions of Registered Covered Bonds*), this Condition 20 (*Terms and Conditions of Registered Covered Bonds*) will prevail with regard to Registered Covered Bonds.

- 20.2 Registered Covered Bonds are registered claims (*vorderingen op naam*) which will be issued to each holder by a Registered Covered Bonds Deed. The holder of a Registered Covered Bond is the creditor of the relevant registered claim and "**Covered Bondholder**" shall be construed accordingly, provided that if the provision at the end of Condition 20.3 applies, the transferee shall, from the moment the transfer takes effect be treated as a Covered Bondholder for all purposes, without prejudice to any entitlement of the transferor pursuant to Condition 20.5.
- 20.3 Under Dutch law, the valid transfer of Covered Bonds requires, among other things, delivery (*levering*) thereof, which in the case of Registered Covered Bonds is effected by assignment (*cessie*) of both the rights under the Registered Covered Bonds and the corresponding rights under the Guarantee by execution of a deed of assignment (*akte*) between the transferor and the transferee and notification (*mededeling*) thereof to the Issuer, the CBC and the Registrar. A form of deed of assignment and notification is attached to each Registered Covered Bonds Deed. Registered Covered Bonds may be transferred in whole, but not in part, provided that the transferor and transferee may otherwise agree in the relevant assignment deed in respect of amounts that have accrued but not yet been paid in respect of the period up to the relevant transfer.
- 20.4 The Issuer shall procure that a register be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). The Registrar shall register details of any holder of Registered Covered Bonds in the Register and amend the Register to reflect any transfer and/or redemption of Registered Covered Bonds.
- 20.5 Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount at the close of business of the Business Day prior to the due date of such payments (the "**Record Date**"). If any Registered Covered Bondholder transfers any Registered Covered Bonds in accordance with Condition 20.3 and the Trust Deed and such transfer is notified to the Issuer, the CBC and the Registrar three (3) Business Days prior to the Record Date, the Issuer, the CBC and the Security Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after such date and time, (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

### 1. TAX WARNING

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

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

### 2. MATERIAL DUTCH TAX CONSIDERATIONS

#### General

*This section only outlines 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 section 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, including, for the avoidance of doubt, the percentages, tax rates and tax brackets applicable on the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change may invalidate the contents of this section, which will not be updated to reflect such change. 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 section is intended as general information 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. Holders or prospective holders of Covered Bonds 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% (rate for 2024) 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 (*gelieerd*) to the Issuer (within the meaning of the Dutch Withholding Tax Act 2021; *Wet bronbelasting 2021*) (see below), if such related entity:

- (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*) (a "Listed Jurisdiction"); or

- (ii) has a permanent establishment located in a Listed Jurisdiction to which the interest payment is attributable; or
- (iii) is entitled to the interest payment for the main purpose or one of the main purposes to avoid taxation for another person or entity and there is an artificial arrangement or transaction or a series of artificial arrangements or transactions; or
- (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another entity as the recipient of the interest (a hybrid mismatch); or
- (v) is not resident in any jurisdiction (also a hybrid mismatch); or
- (vi) is a reverse hybrid (within the meaning of Article 2(12) of the Dutch Corporate Income Tax Act; *Wet op de vennootschapsbelasting 1969*), if and to the extent (x) there is a participant in the reverse hybrid holding a Qualifying Interest 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 a related entity if:

- (i) such entity has a Qualifying Interest (as defined below) in the Issuer;
- (ii) the Issuer has a Qualifying Interest in such entity; or
- (iii) a third party has a Qualifying Interest in both the Issuer and such entity.

The term "**Qualifying Interest**" means a directly or indirectly held interest – either individually or jointly as 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 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 Covered Bondholder 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 individuals, 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% or more of the total issued and outstanding capital of that company or of 5% 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% or more of the company's annual profits or to 5% 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; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Dutch corporate income tax; and
- (iii) a Covered Bondholder if such holder is an individual for whom the Covered Bonds or any benefit derived from the Covered Bonds is a remuneration or deemed to be a remuneration for activities performed by such holder or certain individuals related to such holders (as defined in the Dutch Income Tax Act 2001).

#### *Dutch Resident Entities*



Generally, if the Covered Bondholder is an entity 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 19% with respect to taxable profits up to €200,000 and 25.8% with respect to taxable profits in excess of that amount (tax rates and brackets as applicable for 2024).

#### *Dutch Resident Individuals*

If a Covered Bondholder is an individual, resident or deemed to be resident of the Netherlands for Dutch personal 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 Dutch personal income tax at the progressive rates (with a maximum of 49.5% in 2024), 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 Covered Bonds will be subject to an annual Dutch income tax under the regime for savings and investments (*inkomen uit sparen en beleggen*). Taxation only occurs insofar the Dutch Resident Individual's net investment assets for the year exceed a statutory threshold (*heffingvrij vermogen*). The net investment assets for the year are the fair market value of the investment assets less the fair market value of the liabilities on 1 January of the relevant calendar year (reference date; *peildatum*). Actual income or capital gains realized in respect of the Covered Bonds are as such not subject to Dutch income tax.

The Dutch Resident Individual's assets and liabilities taxed under this regime, including the Covered Bonds, are allocated over the following three categories: (a) bank savings (*banktegoeden*), (b) other investments (*overige bezittingen*), including the Covered Bonds, and (c) liabilities (*schulden*). The taxable benefit for the year (*voordeel uit sparen en beleggen*) is equal to the product of (x) the total deemed return divided by the sum of bank savings, other investments and liabilities and (y) the sum of bank savings, other investments and liabilities minus the statutory threshold, and is taxed at a flat rate of 36 per cent. (rate for 2024).

The deemed return applicable to the other investments, including the Covered Bonds, is set at 6.04% for the calendar year 2024. Transactions in the three-month period before and after 1 January of the relevant calendar year 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 capital gains 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, as applicable) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Covered Bonds are attributable; and
- (b) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Covered Bonds that go beyond ordinary asset management and does not otherwise derive

benefits from the Covered Bonds that are taxable as benefits from miscellaneous activities in the Netherlands.

### **Gift and inheritance taxes**

#### *Residents of the Netherlands*

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Covered Bonds by way of a gift by, or on the death of, a holder of such Covered Bonds who is resident or deemed resident of the Netherlands at the time of the gift or such holder's death.

#### *Non-residents of the Netherlands*

No Dutch gift or inheritance taxes will arise with respect to a transfer of Covered Bonds by way of gift by, or on the death of, a Covered Bondholder who is neither resident nor deemed to be resident in the Netherlands, unless:

- (a) in the case of a gift of a Covered Bond by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 calendar days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- (b) in 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.

### **Stamp 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 has, in a Programme Agreement, agreed and each further Dealer appointed under the Programme will agree, with the Issuer and the CBC a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated in the Terms and Conditions and under *Form of Covered Bonds*. In the Programme Agreement, the Issuer has agreed to reimburse each Dealer 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 EU MiFID II; or
  - (ii) a customer within the meaning of 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 EU 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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**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 UK domestic law 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 UK domestic law 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**

The 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 apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

## France

Each of the Dealers has represented and agreed that it has only offered or sold and will only offer or sell, directly or indirectly, Covered Bonds in France to (a) authorised providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 other than individuals or (c) a restricted circle of investors (*cercle restreint d'investisseurs*), in each case, acting for their own account, all as defined in, and in accordance with, Article L.411-1, L.411-2 and D.411-2 to D.411-4 of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors the Base Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds.

## 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 has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that save as set out below, it has not offered or sold and will not offer or sell any Covered Bond in the Republic of Italy in an offer to the public and that sales of the Covered Bond in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Covered Bond or distribute copies of this Base Prospectus and any other document relating to the Covered Bonds in the Republic of Italy other than:

- (i) to "qualified investors", as defined in the EU Prospectus Regulation; or
- (ii) that it may offer, sell or deliver Covered Bonds or distribute copies of any prospectus relating to such Covered Bonds in an offer to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the EU Prospectus Regulation, Legislative Decree No. 58 of 24 February 1998 (as amended, the "**Decree No. 58**") and CONSOB Regulation No. 11971 of 14 May 1999 (as amended, "**Regulation No. 11971**"), and ending on the date which is 12 months after the date of approval of such prospectus; or
- (iii) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under the EU Prospectus Regulation, Decree No. 58 or Regulation No. 11971.

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

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58 CONSOB Regulation No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended (pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy) and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### *Provisions relating to the secondary market in the Republic of Italy*

Investors should also note that, in any subsequent distribution of the Covered Bonds in the Republic of Italy, the EU 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 EU 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 United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the US IR Code and U.S. Treasury regulations promulgated thereunder.

The Dealer has represented and agreed, and each further Dealer appointed will be required to represent and agree, that it will offer, sell or deliver the Covered Bonds (i) as part of its distribution at any time and (ii) otherwise until forty (40) days after distribution of the Covered Bonds only in accordance with rule 903 of the Securities Act. The Dealer has also represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 (Act No. 25 of 1948, as amended; the FIEA) and the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **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 1.1 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.

### **The Netherlands/All issues**

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that as long as it does not have the benefit of a licence or exemption as an investment firm of the relevant type pursuant to the Wft, it shall not offer any Covered Bonds or distribute this Base Prospectus or any circulars, offer documents or information relating to the Issuer or the Covered Bonds in the Netherlands.

### **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**

The Dealer has agreed and each further Dealer appointed will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any Dealer shall represent, nor any further Dealer appointed will be required to represent, that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions set out in the applicable Final Terms.

## CREDIT RATINGS

It is a condition precedent for the first issue of Covered Bonds under the Programme that the Covered Bonds on issue be assigned the highest rating by one or more rating agencies (currently S&P). Each further issue of a Series of Covered Bonds will have ratings equal to the then current rating assigned to the outstanding Series of Covered Bonds.

### S&P Credit Rating Definitions

The following text is an extract from S&P Global Rating as published by S&P on 9 June 2023.

#### Long-Term Issue Credit Ratings

Long-Term Issue Credit Ratings*	
Category	Definition
AAA	An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.
AA	An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong.
A	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.
BB, B, CCC, CC, and C	Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.
BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.
CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is

not likely to have the capacity to meet its financial commitments on the obligation.

**CC** An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

**C** An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.

**D** An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within the next five business days in the absence of a stated grace period or within the earlier of the stated grace period or the next 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed debt restructuring.

**\*Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.**

### Short-Term Issue Credit Ratings

Short-Term Issue Credit Ratings	
Category	Definition
A-1	A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.
A-2	A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitments on the obligation is satisfactory.
A-3	A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken an obligor's capacity to meet its financial commitments on the obligation.
B	A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments.



C A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation.

D A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed debt restructuring.

### Long-Term Issuer Credit Ratings

Long-Term Issuer Credit Ratings*	
Category	Definition
AAA	An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P Global Ratings.
AA	An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
A	An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
BBB	An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.
BB, B, CCC, and CC	Obligors rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.
BB	An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments.
B	An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

CCC	An obligor rated 'CCC' is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An obligor rated 'CC' is currently highly vulnerable. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
SD and D	An obligor is rated 'SD' (selective default) or 'D' if S&P Global Ratings considers there to be a default on one or more of its financial obligations, whether long- or short-term, including rated and unrated obligations but excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. A rating on an obligor is lowered to 'D' or 'SD' if it is conducting a distressed debt restructuring.
<b>*Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.</b>	

#### Short-Term Issuer Credit Ratings

Short-Term Issuer Credit Ratings	
Category	Definition
A-1	An obligor rated 'A-1' has strong capacity to meet its financial commitments. It is rated in the highest category by S&P Global Ratings. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong.
A-2	An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.
A-3	An obligor rated 'A-3' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.
B	An obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments.
C	An obligor rated 'C' is currently vulnerable to nonpayment that would result in an 'SD' or 'D' issuer rating and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.

SD and D

An obligor is rated 'SD' (selective default) or 'D' if S&P Global Ratings considers there to be a default on one or more of its financial obligations, whether long- or short-term, including rated and unrated obligations but excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. A rating on an obligor is lowered to 'D' or 'SD' if it is conducting a distressed debt restructuring.

## **CREDITWATCH, RATING OUTLOOKS, LOCAL CURRENCY AND FOREIGN CURRENCY RATINGS**

The following section explains CreditWatch and rating outlooks and how they are used. Additionally, this section explains local currency and foreign currency ratings.

### **A. CreditWatch**

CreditWatch highlights S&P's opinion regarding the potential direction of a short-term or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P Global Ratings' analytical staff. Ratings may be placed on CreditWatch under the following circumstances:

- When an event has occurred or, in S&P's view, a deviation from an expected trend has occurred or is expected and when additional information is necessary to evaluate the current rating. Events and short-term trends may include mergers, recapitalizations, voter referendums, regulatory actions, performance deterioration of securitized assets, or anticipated operating developments.
- When S&P believes there has been a material change in performance of an issue or issuer, but the magnitude of the rating impact has not been fully determined, and S&P believes that a rating change is likely in the short-term. For example, a group of transactions may be placed under such surveillance as the result of identified performance deterioration until S&P complete its analysis of the magnitude of the rating impact, normally within 90 days.
- A change in criteria has been adopted that necessitates a review of an entire sector or multiple transactions and S&P believes that a rating change is likely in the short-term.

A CreditWatch listing, however, does not mean a rating change is inevitable, and when appropriate, a range of potential alternative ratings will be shown. CreditWatch is not intended to include all ratings under review. A CreditWatch carries one of the following designations to indicate the potential direction of a rating:

- Positive: a rating may be raised.
- Negative: a rating may be lowered.
- Developing: a rating may be raised, lowered, or affirmed.

### **B. Rating Outlooks**

An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over the intermediate term, which is generally up to two years for investment grade and generally up to one year for speculative grade. In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. An outlook can be one of the following:

- Positive: a rating may be raised.
- Negative: a rating may be lowered.
- Stable: a rating is not likely to change.
- Developing: a rating may be raised, lowered, or affirmed.

## **COVERED BOND LEGISLATION AND COMPLIANCE WITH UCITS AND/OR CAPITAL REQUIREMENTS DIRECTIVE**

### *Description of the Dutch Covered Bond Regulations*

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 and will publish 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 CBC Priority of Payments as described in more detail in section 18 (*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% 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% 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 eligible 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.) of the CRR (Artikel 129 1 bis. of the CRR in the Dutch version) 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 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% (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% (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 16 (*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 Mandatory Liquidity Required Amount will be deposited on the Reserve 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).

#### *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, 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 monitor 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: [www.knab.nl/investors/sbcb-programme](http://www.knab.nl/investors/sbcb-programme) (see also section 20 (*General Information*)).

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%
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*

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, 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 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. Therefore 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 use its best efforts to procure that the Covered Bonds that have obtained the Regulated Status, will keep the Regulated Status until their Maturity Date or any earlier date on which such Covered Bonds have been redeemed in full.

The "best efforts" undertakings set out in this section will no longer apply if, as a result of a change in laws 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.



## 8. 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 the service of an Issuer Acceleration Notice on the Issuer, the Security Trustee shall serve a Notice to Pay on the CBC.

All payments of Guaranteed Amounts by or on behalf of the CBC will be made 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 holder of Covered Bonds in respect of the amount of such withholding or deduction.

Payments in respect of the Covered Bonds might be subject to 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 to be paid (or reserved for payment of principal on any Series of Covered Bonds), after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the Extended Due for Payment Date for this Series, in which case the CBC shall (a) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agency, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the first Business Day following the date on which such notice was given by the CBC to the relevant clearing system) or at least two (2) Business Days prior to such Interest Payment Date, respectively, and (b) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount pertaining to a Series of Covered Bonds with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for this Series falls, if applicable *pro rata* by reference to the Principal Amount Outstanding of such Covered Bonds (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on such Extension Date and/or such Interest Payment Date, respectively; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*), provided that for this purpose all references in Condition 5 to the Maturity Date are deemed to be references to the Extended Due for Payment Date, *mutatis mutandis*,

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

Failure by the CBC to pay Guaranteed Final Redemption Amounts or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay the other Guaranteed Amounts on any Scheduled Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be a CBC Event of Default.

Under Dutch law an independent guarantee like the Guarantee is normally regarded as an independent claim and not an accessory right (*afhankelijk recht*) and is unlikely to be an ancillary right (*nevenrecht*) that by operation of law follows the receivables it secures upon transfer thereof. The Issuer and the CBC have been advised that, in the case of Bearer Covered Bonds, such a transfer of the Guarantee can be accomplished by ensuring that the Guarantee forms an integral part of the Covered Bonds. For this reason the Guarantee and the Covered Bonds will provide that the rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a Covered Bondholder only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The Issuer and the CBC have been advised that as a result, in case of a transfer of a Covered Bond to a transferee by way of book-entry transfer (*girale overboeking*) or physical transfer of a Bearer Covered Bond, such transfer includes the corresponding rights under the Guarantee. For Registered Covered Bonds, the rights under the Guarantee are to be separately assigned, together with the corresponding rights under the relevant Registered Covered Bonds.

## **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 Agent under the Calculation Agency Agreement, (vii) to the Swap Counterparties under the Swap Agreements (if any), (viii) as fees and expenses to the Asset Monitor under the Asset Monitor Appointment Agreement, (ix) to the CBC Account Bank under the CBC Account Agreement, (x) to the Transferor, (xi) to the Insurance Savings Participant under the Insurance Savings Participation Agreement, (xii) to the Bank Savings Participant under the Bank Savings Participation Agreement, (xiii) to the Custodian under the Custody Agreement and (xiv) to the Back-up Administrator under the Back-up Administration Agreement and (xv) to such other party designated by the Security Trustee to become a secured creditor. 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 Creditors shall be reduced by an amount equal to the amount so received.

### **Security Documents - distribution of proceeds**

The Parallel Debt is secured by the first ranking security rights created under the Security Documents.

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 Creditors in accordance with the Post CBC Acceleration Notice Priority of Payments, save for amounts due to the Insurance Savings Participant and the Bank Savings Participant in connection with, in respect of each Savings Mortgage Receivable and Savings Investment 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 Creditors, other than the Insurance Savings Participant and the Bank Savings Participant, will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee (i) on the Mortgage Receivables (other than the Savings Mortgage Receivables, the Savings Investment Mortgage Receivables and the Bank 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) (A) on each of the Savings Mortgage Receivables or on each of the Savings Investment Mortgage Receivables which are subject to an Insurance Savings Participation to the extent the amount recovered exceeds the Insurance Savings Participation in the relevant Savings Mortgage Receivable or Savings Investment Mortgage Receivable, respectively, and (B) on each of the Bank Savings Mortgage Receivables which is subject to a Bank Savings Participation to the extent the amount recovered exceeds the Bank Savings Participation in the relevant Bank Savings Mortgage Receivables.

The amounts due to the Insurance Savings Participant will be equal to the Insurance Savings Participation in each of the Savings Mortgage Receivables or Savings Investment Mortgage Receivables or, if the amount recovered is less than the Insurance Savings Participation in such Savings Mortgage Receivable or Savings Investment Mortgage Receivable, an amount equal to the amount actually recovered. The amounts due to the Bank Savings Participant will be equal to the Bank Savings Participation in each of the Bank Savings Mortgage Receivables or, if the amount recovered is less than the Bank Savings Participation in such Bank Savings Mortgage Receivable, an amount equal to the amount actually recovered.

### **Security in favour of the Security Trustee in respect of 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 Transaction Documents. Prior to notification of the pledge to the Borrowers or an insurance company, the pledge will be an "undisclosed" right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Dutch Civil Code.

Upon the occurrence of a Security Trustee Pledge Notification Event and (i) provided that all proceeds of the Mortgage Receivables are to be paid to the Security Trustee and the Transferor and/or the relevant Originator, as applicable, are instructed to pay directly to the Security Trustee in accordance with the Security Trustee Receivables Pledge Agreement and (ii) subject to the occurrence of an Assignment Notification Event or, in relation to Mortgage Receivables originated by Aegon Leven or Aegon Hypotheken, both an Assignment Notification Event and an Originator Assignment Notification Event in respect of Aegon Leven or Aegon Hypotheken, respectively, unless the Security Trustee after having requested a Rating Agency Confirmation, instructs the CBC otherwise, the CBC or, at the Security Trustee's option, the Security Trustee shall notify or ensure that the relevant Borrowers and any other relevant parties are notified of assignments and the pledge of the relevant Mortgage Receivables in accordance with the Security Trustee Receivables Pledge Agreement.

#### **Security in favour of the Security Trustee over other Transferred Assets**

The CBC has also undertaken to vest a first ranking right of pledge or such other appropriate first ranking security interest in favour of the Security Trustee on any other Transferred Assets transferred to the CBC on the relevant Transfer Date.

#### **Security in favour of the Security Trustee over Transaction Documents**

In addition, under the Security Trustee Rights Pledge Agreement a right of pledge was vested by the CBC in favour of the Security Trustee on the Programme Date over all rights of the CBC under or in connection with the CBC Transaction Documents and in respect of the CBC Transaction Accounts. This right of pledge has been notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*).

For the purpose hereof:

**"Security Trustee Pledge Notification Events"** means the earliest to occur of the following events:

- (a) a CBC Event of Default occurs; or
- (b) any amount due to the Security Trustee under or in connection with any of the Security Trustee Secured Liabilities is not paid when due; or
- (c) the CBC fails duly to perform or comply with any of its obligations under any Transaction Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 (ten) Business Days after notice thereof has been given by the Security Trustee to the CBC; or
- (d) any representation, warranty or statement made by the CBC in any Transaction Documents to which it is a party or in any notice or other document, certificate or statement delivered by it pursuant hereto or thereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Transaction Document, untrue or incorrect in any material respect; or
- (e) the CBC takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (*ontbinding*), liquidation (*vereffening*), legal merger (*fusie*) or legal demerger (*juridische splitsing*) or for its conversion (*conversie*) into a foreign legal entity; or
- (f) the CBC has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its bankruptcy or for being granted a suspension of payments, or for becoming subject to any analogous insolvency proceedings under any applicable law or its assets are placed under administration (*onder bewind gesteld*) pursuant to such procedures; or
- (g) the CBC becomes involved in negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general composition (*buitengerechtigd akkoord*) for the benefit of its creditors; or
- (h) at any time it becomes unlawful for the CBC to perform any or all of its obligations hereunder or under any other Transaction Document to which it is a party; or
- (i) a creditor of the CBC attaches, or takes possession of, all or any parts of the undertakings, assets, rights or revenues of the CBC and the same is not released or discharged within thirty (30) calendar days.

## **THE CBC**

The CBC was incorporated with limited liability under the laws of the Netherlands on 9 March 2021 and it operates under the laws of the Netherlands. The statutory 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 Business Register of the Chamber of Commerce under number 82140421. The legal entity identifier (LEI) of the CBC is 724500L0Q5358S10JB45. The website of the CBC is <https://cm.gcm.cscglobal.com>. Any information contained on or accessible via any website, including <https://cm.gcm.cscglobal.com> does not form part of this Base Prospectus, unless specifically stated otherwise in this Base Prospectus.

The CBC is a special purpose vehicle, which objects are, in the framework of a Covered Bond Programme of the Issuer, (a) to issue guarantees in favour of holders of Covered Bonds issued by the Issuer, (b) to acquire, purchase, conduct the management of, dispose of and to encumber assets including receivables under or in connection with loans granted by a third party or by third parties, and to exercise any rights connected to such assets, (c) to acquire moneys to finance the acquisition of the assets including the receivables mentioned under b., by way of issuing notes or other securities or by way of entering into loan agreements, (d) to on-lend and invest any funds held by the CBC, (e) to hedge interest rate and other financial risks, among others by entering into derivatives agreements, such as swaps, (f) in connection with the foregoing: (i) to borrow funds; and (ii) to grant security rights to third parties or to release security rights and (g) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

The CBC has an authorised share capital of euro 1.00 of which euro 1.00 has been issued and is fully paid. All shares of the CBC are held by Stichting Holding.

Stichting Holding is a foundation (*stichting*) incorporated under the laws of the Netherlands on 8 March 2021. The objects of Stichting Holding Knab SB 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 Management B.V.

PricewaterhouseCoopers Accountants N.V., with registered offices in Amsterdam, the Netherlands, has been appointed as the independent auditor of the CBC. PricewaterhouseCoopers Accountants N.V. has audited and rendered unqualified independent auditor's reports on the CBC's financial statements as of 31 December 2021 and for the period 9 March 2021 to 31 December 2021 and the financial year ended 31 December 2022. The partner of PricewaterhouseCoopers Accountants N.V. acting as an independent auditor is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants, KNBA*), the professional body for accountants in the Netherlands.

As of 2024, KPMG Accountants N.V., with registered offices in Amstelveen, the Netherlands, has been appointed as the independent auditor of the CBC. The auditors of KPMG Accountants N.V. are also members of the Royal Dutch Institute of Chartered Accountants, which is a member of the International Federation of Accountants (IFAC).

### **Statement by managing director of the CBC**

There has been no significant change in the financial performance and financial position of the CBC since 31 December 2022, the last day of the financial period for which financial information of the CBC has been published, to the date of this Base Prospectus and there has been no material adverse change in the prospects of the CBC since 31 December 2022, the last day of the financial period in respect for which audited financial statements of the CBC have been prepared.

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 and/or the CBC group'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 Transaction Documents (see further *Terms and Conditions of the Covered Bonds*).

The sole managing director of the CBC and Stichting Holding is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, M.M. Vermeulen-Atikian, B.G. Dinkla-Vente and K. Adamovich-van Doorn. The managing directors of the CBC 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 Administrative Services B.V. (the Back-up Administrator). 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.

The sole managing director of the Stichting Holding and the CBC, being Intertrust Management B.V., has entered into a management agreement with each of the entities of which it has been appointed as managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Covered Bonds outstanding. In addition each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the CBC other than the Transaction Documents to which it is a party, without the prior written consent of the Security Trustee and subject to Rating Agency Confirmation.

There are no potential conflicts of interest between any duties to the CBC of its managing director and private interests or other duties of the managing director.

## 9. THE SECURITY TRUSTEE

The Security Trustee is a foundation (*stichting*) incorporated under the laws of the Netherlands on 8 March 2021. 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 the creditors of the CBC, including the holders of Covered Bonds to be issued by the CBC and the beneficiaries of guarantees issued by the CBC for Covered Bonds issued by the Issuer, (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the CBC, including the holders of Covered Bonds issued by the CBC and holders of Covered Bonds issued by the Issuer in whose favour the CBC has issued guarantees, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the CBC, which is conducive to the holding of the above mentioned security rights, (c) to borrow money, (d) to make donations and (e) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of the above. The Security Trustee does not have the intent to make profits.

The sole director of the Security Trustee is IQ EQ Structured Finance B.V., having its registered office at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands.

The Security Trustee has agreed to act as security trustee for the holders of the Covered Bonds 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 Creditors and to pay to such Secured Creditors any amounts received from the Issuer or the CBC or amounts collected by the Security Trustee under the Security to which the relevant Secured Creditor is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Transaction Document to which it is a party, except in the event of its wilful misconduct (*opzet*) or gross negligence (*grove nalatigheid*), and it shall not be responsible for any act or negligence of persons or institutions selected by it in good faith and with due care.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Trust Deed or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed or otherwise.

As set out in the Trust Deed, the relevant Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer or the CBC to the Secured Creditors 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 Creditors, other than the Covered Bondholders, and subject to Rating Agency Confirmation, has been contracted to act as director of the Security Trustee.

## 10. 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 Issuer agreed in the Guarantee Support Agreement that it will use its best efforts to transfer or procure the transfer of sufficient Eligible Assets, either directly or indirectly. 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 Transferor and the CBC of a deed of assignment in the form attached to the Guarantee Support Agreement and offering the same for registration to the Dutch tax authorities (*Belastingdienst*) or by way of a notarial deed incorporating such deed of assignment. Notification (*mededeling*) of Assignment I (if applicable) and Assignment II to the relevant Borrowers will only take place if an Assignment Notification Event occurs or, in respect of Mortgage Receivables originated by Aegon Leven or Aegon Hypotheken, if both an Assignment Notification Event and an Originator Assignment Notification Event occur in respect of Aegon Leven or Aegon Hypotheken, as the case may be. Following receipt of notification of Assignment I (if applicable) and Assignment II by the relevant Borrowers, in principle, only payment to the CBC will be capable of discharging a Borrower's obligations under the relevant Mortgage Receivable; and/or
- (b) in the case of Eligible Collateral, by way of book-entry transfer (*girale overboeking*) and such further deed shall be executed as required and customary to effect the transfer of such Eligible Collateral.

On the first Transfer Date, the Transferor will transfer to the CBC the respective Eligible Assets. Thereafter:

- (i) the Issuer and the Transferor may at any time offer for transfer further Eligible Assets to the CBC;
- (ii) the Issuer will use its best efforts, upon request of the CBC, to offer to transfer or to procure the transfer of 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 has been breached (or would be breached when at that moment the Asset Cover Test would be performed) under the Asset Monitoring Agreement; and
- (iii) the CBC shall accept each such offer, subject to the relevant conditions precedent set out in the Guarantee Support Agreement, including in respect of the Mortgage Receivables to be transferred receipt of a confirmation that as at the relevant Transfer Date the Mortgage Receivables Warranties are true and correct in all material respects.

The Transferor may transfer to the CBC Mortgage Receivables resulting from Mortgage Loans originated by it or any of the other Originators. In case the Mortgage Loans are originated by an Originator other than the Issuer, legal title to the Mortgage Receivables (i) firstly will be transferred by way of an undisclosed assignment (*stille cessie*) or has been transferred by way of an undisclosed assignment (*stille cessie*) by the relevant Originator (other than the Issuer) to the Transferor ("**Assignment I**") and (ii) subsequently will be transferred by way of an undisclosed assignment (*stille cessie*) by the Transferor to the CBC on any Transfer Date through a deed of assignment and registration thereof with the appropriate tax authorities ("**Assignment II**"). If the Mortgage Loans are originated by the Issuer there will only be one assignment to the CBC, and such assignment is also referred to as Assignment II. At the date of this Base Prospectus, the Issuer does not originate mortgage loans.

If an Assignment Notification Event has occurred, unless the Security Trustee instructs it otherwise, the Transferor shall notify or ensure that the relevant Borrowers of Mortgage Loans originated by the Issuer 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 Assignment II. If both an Assignment Notification Event and an Originator Assignment Notification have occurred, unless the Security Trustee instructs it otherwise, the Transferor shall notify or ensure that the relevant Borrowers of Mortgage Loans originated by Aegon Leven or Aegon Hypotheken, as the case may be, 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 Assignment I and Assignment II.

Each of the CBC and the Security Trustee has the right to make these notifications itself.

The Transferor will undertake that it will use its best efforts (i) upon the occurrence of an Assignment Notification Event to terminate its appointment as beneficiary under the Insurance Policies relating to Mortgage Loans



originated by the Issuer and to appoint the CBC or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies and, (b) upon the occurrence of both an Assignment Notification Event and an Originator Assignment Notification Event to terminate the appointment of the relevant Originator as beneficiary under the Insurance Policies relating to Mortgage Loans originated by Aegon Leven or Aegon Hypotheken, as the case may be, and to appoint the CBC or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies.

For as long as no Assignment Notification Event has occurred and no Breach of Asset Cover Test Notice (which is not remedied), no Notice to Pay and no CBC Acceleration Notice has been served, pursuant to the Guarantee Support Agreement, the CBC is not entitled to receive or retain any proceeds from the Transferred Assets; such proceeds will all be received and retained by the Transferor for its own benefit. If an Assignment Notification Event occurs or a Breach of Asset Cover Test Notice (which is not remedied), a Notice to Pay or CBC Acceleration Notice is served on the CBC, pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Security Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following such Assignment Notification Event (unless remedied) or service of such Notice to Pay or CBC Acceleration Notice.

In the Guarantee Support Agreement the CBC, the Transferor and the Originators have agreed that following an Assignment Notification Event, but prior to an Originator Assignment Notification Event, the relevant Originator shall pay to the CBC all amounts paid by the relevant Borrowers to it, or to a party to which the relevant Borrower is instructed to pay by the Originator, under the Mortgage Receivables originated by it and which are assigned by the Transferor to the CBC, to the extent such proceeds relate to the period following such Assignment Notification Event (unless remedied) and the relevant Originator will no longer transfer such proceeds to the Transferor.

Pursuant to the Guarantee Support Agreement, if an Originator Assignment Notification event occurs, the CBC, unless the Security Trustee instructs it otherwise, may instruct the relevant Originator and Transferor (i) to notify the relevant Borrowers or ensure that the relevant Borrowers are notified of Assignment I and (ii) to notify or ensure that the relevant insurance companies are notified of Assignment I and use their best efforts to obtain the co-operation from the relevant insurance companies and all other parties (a) to waive its rights as first beneficiary under the relevant Insurance Policies (to the extent such rights have not been waived) and (b) to appoint as first beneficiary under the relevant Insurance Policies (to the extent such appointment is not already effective) the Transferor.

In the Guarantee Support Agreement the Transferor covenants, among other things, that if (i) it or an Originator makes any Further Advance under any mortgage loan agreement, (ii) such Further Advance is secured by the same Mortgage and/or a sequentially lower ranking Mortgage that secures the Mortgage Receivables and (iii) (a) such Further Advance results in an Eligible Receivable, then it will, after such Further Advance has been assigned to it by the relevant Originator (if required), offer to transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date, or (b) such Further Advance does not result in an Eligible Receivable, then it will request the retransfer of the relevant Mortgage Receivable in accordance with the Guarantee Support Agreement.

In the Guarantee Support Agreement the Transferor furthermore covenants, among other things, that each Originator and/or Transferor may amend the terms and conditions of the Mortgage Loans, provided that (i) after such amendment the Mortgage Loan or, as the case may be, the Mortgage Receivable meets the Eligibility Criteria and (ii) such amendment does not adversely affect the enforceability of the Mortgage Loan or, as the case may be, the Mortgage Receivable and the security rights granted in connection therewith. Therefore, if an Originator and/or Transferor wishes to amend the terms and conditions of the Mortgage Loans in such manner that such Mortgage Loan or, as the case may be, the Mortgage Receivable will no longer meet the Eligibility Criteria, such Mortgage Receivables should first be retransferred to the Transferor prior to such amendment.

Neither the CBC, nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Transferred Assets. Instead, each is relying entirely on the Transferor Warranties by the Transferor contained in the Guarantee Support Agreement. The parties to the Guarantee Support Agreement may, with the prior written consent of the Security Trustee and subject to Rating Agency Confirmation, amend the Transferor Warranties. The mortgage receivables warranties (the "**Mortgage**

**Receivables Warranties**") are as follows and are given on the relevant Transfer Date by the Transferor in respect of the Eligible Receivables to be transferred by it to the CBC:

- (i) each Mortgage Receivable is an Eligible Receivable; and
- (ii) the particulars of the Eligible Receivables set out in Annex 1 to the relevant deed of assignment and pledge, are true, complete and accurate in all material respects and the Outstanding Principal Amount in respect of each Eligible Receivable as at the relevant Transfer Date and the aggregate Outstanding Principal Amount of the Eligible Receivables is correctly stated in the relevant deed of assignment and pledge.

The Programme Agreement provides a mechanism for at the option of the Issuer, members of the Issuer Group wishing to transfer Eligible Assets to the CBC, to accede to the Transaction Documents as a New Transferor, subject always to Rating Agency Confirmation. New Transferors will be required to provide the same covenants, representations and warranties described herein as the initial Transferor. However, New Transferors will, contrary to the Issuer, not have a best efforts undertaking to transfer Eligible Assets if requested by the CBC.

In the Trust Deed, the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that an Assignment Notification Event or a Breach of Asset Cover Test has occurred.

For the purpose hereof:

**"Assignment Notification Event"** means in respect of the Transferor the earliest to occur of the following events:

- (i) a default is made by the Transferor in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to the Transferor;
- (ii) the Transferor fails to duly perform or comply with any of its obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to the Transferor;
- (iii) the Transferor takes any corporate action or other steps are taken or legal proceedings are started or threatened against it (unless as a consequence of a merger) for its dissolution (*ontbinding*), liquidation (*vereffening*) or legal demerger (*juridische splitsing*) involving the Transferor or for its being converted in a foreign entity, or its assets are placed under administration (*onder bewind gesteld*);
- (iv) the Transferor takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its suspension of payments (*surseance van betaling*), (ii) its bankruptcy (*faillissement*), (iii) any analogous insolvency proceedings under any applicable law or (iv) the appointment of a liquidator, administrator or a similar officer of it or of any or all of its assets;
- (v) a Notice to Pay is served on the CBC;
- (vi) an Issuer Acceleration Notice is served on the Issuer; or
- (vii) a CBC Event of Default has occurred.

**"Originator Assignment Notification Event"** means in respect of an Originator the earliest to occur of the following events:

- (i) a default is made by such Originator in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to such Originator;
- (ii) such Originator fails to duly perform or comply with any of its obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to such Originator;
- (iii) such Originator takes any corporate action or other steps are taken or legal proceedings are started or threatened against it (unless as a consequence of a merger) for its dissolution (*ontbinding*), liquidation (*vereffening*) or legal demerger (*juridische splitsing*) involving such Originator or for its being converted in a foreign entity, or its assets are placed under administration (*onder bewind gesteld*);
- (iv) such Originator takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its suspension of payments (*surseance van betaling*), (ii) its bankruptcy

- (v) (*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; or
- (v) Selected Mortgage Receivables which are originated by such Originator are sold and assigned by the CBC to any third party not being the Originator or part of the Originator Group, subject to and in accordance with the Guarantee Support Agreement and the Asset Monitoring Agreement.

## **RETRANSFERS**

Pursuant to the Guarantee Support Agreement:

1. Prior to the occurrence of a CBC Event of Default or the service of a Notice to Pay, the Transferor may from time to time request a retransfer from the CBC to it of any Transferred Asset.
2. Prior to the occurrence of a CBC Event of Default, the Issuer shall request a retransfer of the relevant Mortgage Receivable from the CBC to the Transferor if (i) it has an Other Claim and/or (ii) the Originator makes a Further Advance which is secured by the same security rights that secure such Mortgage Receivable and such Further Advance does not result in an Eligible Receivable.

The CBC shall in each case comply with such request so long as the Asset Cover Test is not breached upon such retransfer.

If the CBC intends to sell Transferred Assets on terms permitted or required by the Asset Monitoring Agreement, it shall first offer such Transferred Assets for sale on the same terms to the Transferor and the Originators (or any party within the Originator Group appointed by the relevant 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. If the retransfer concerns Mortgage Receivables which are transferred to the Transferor further to the Transferor's right of first refusal or the Transferor's right to match (*voorkeursrecht*), the underlying transfer will be concluded through execution and registration of a deed of assignment.

The Guarantee Support Agreement provides that an Originator may amend the terms and conditions of the Mortgage Loans, in respect of Mortgage Receivables, provided that (i) after such amendment the Mortgage Loan or, as the case may be, the Mortgage Receivable meets the Eligibility Criteria and (ii) such amendment does not adversely affect the enforceability of the Mortgage Loan or, as the case may be, the Mortgage Receivable and the security rights granted in connection therewith. Therefore, if an Originator wishes to amend the terms and conditions of the Mortgage Loans, in respect of Mortgage Receivables, in such manner that such Mortgage Loan or, as the case may be, the Mortgage Receivable will no longer meet the Eligibility Criteria, the relevant Mortgage Receivable must first be retransferred to the Transferor prior to such amendment.

***ELIGIBLE ASSETS***

The following assets are eligible to be transferred to the CBC by the Transferor 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

1. the Mortgage Loans are either:
  - (i) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*);
  - (ii) Linear Mortgage Loans (*lineaire hypotheken*);
  - (iii) Annuity Mortgage Loans (*annuïteitenhypotheken*);
  - (iv) Investment Mortgage Loans (*beleggingshypotheken*);
  - (v) Savings Mortgage Loans (*spaarhypotheken*);
  - (vi) Bank Savings Mortgage Loans (*bankspaarhypotheek*);
  - (vii) Life Mortgage Loans (*levenhypotheken*);
  - (viii) Universal Life Mortgage Loans (*levensloophypotheek*); or
  - (ix) Mortgage Loans which combine any of the above mentioned types of Mortgage Loans (*combinatiehypotheken*) and, for the avoidance of doubt, any of the above mentioned types of Mortgage Loans which qualify as starters Mortgage Loans (*startershypotheekleningen*);
2. the Mortgage Receivables and the Beneficiary Rights are duly and validly existing;
3. the Mortgage Loans are not subject to annulment or dissolution as a result of circumstances which have occurred prior to the relevant Transfer Date;
4. each Mortgage Receivable and each Mortgage and Borrower Pledge, if any, securing such Mortgage Receivable constitutes legal, valid, binding and enforceable obligations of the relevant Borrower in accordance with its terms and is not subject to annulment (*vernietiging*), subject, as to enforceability, to any applicable bankruptcy laws or similar laws affecting the rights of creditors generally;
5. the maximum Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, did not exceed the maximum amount as may be applicable under the relevant regulations at the time of origination;
6. each of the Mortgage Loans (i) has been granted in accordance with all applicable legal requirements, (ii) meets the Code of Conduct prevailing at the time of origination, (iii) meets the relevant Originator's underwriting policy and procedures prevailing at the time of origination including any manual overrules as permitted by and in accordance with internal policies and procedures in all material respects and (iv) is subject to terms and conditions acceptable at the time of origination to a reasonable lender of Dutch residential mortgage loans to borrowers in the Netherlands, which is acting as a reasonable creditor in protection of its own interests;
7. in respect of each NHG Mortgage Loan Receivable: (i) each NHG Mortgage Loan Receivable has the benefit of an NHG Guarantee which has been granted for the full Outstanding Principal Amount in respect of the NHG Mortgage Loan or Loan Part at origination and constitutes legal, valid and binding obligations of Stichting WEW enforceable in accordance with its terms, (ii) all the NHG Conditions were complied with and (iii) the Transferor is not aware of any reason why any claim under the NHG Guarantee granted by Stichting WEW in respect of any NHG Mortgage Loan Receivable should not be met in full and in a timely manner, provided that in respect of NHG Mortgage Loan Receivables or Further Advance Receivables originated after 1 January 2014, the relevant Originator (or its successor) is obliged to participate for 10% in any loss claims made under the NHG Guarantee;
8. the relevant Originator and each of the intermediaries for whose acts it is responsible pursuant to the Wft has complied in all material respects with its duty of care (*zorgplicht*) vis-à-vis the Borrowers applicable under Dutch law to, *inter alia*, offerors of mortgage loans, including but not limited to, *inter alia*, an investigation into the risk profile (*risicoprofiel*) of the customer and the appropriateness of the product offered in relation to such risk profile, the so-called appropriateness test (*geschiktheidstoets*), the provision of accurate, complete and non-misleading information about the Mortgage Loan and the Insurance Policy, which is provided by the insurance company, linked thereto and the risks, including particularities of the product, involved as reflected for example in the financial information leaflet (*financiële bijsluiter*) or the European Standardised Information Sheet (ESIS);
9. all Mortgage Receivables secured by a Mortgage on a long lease (*erfpacht*) provide that the principal sum of the Mortgage Receivable, including interest, will become immediately due and payable if, *inter alia*, the long lease terminates, if the lease holder materially breaches or ceases to perform his payment obligation under the long lease (*canon*) or if the lease holder in any other manner breaches the conditions of the long lease;

10. there are no other receivables having the same details as the Mortgage Receivables, and (i) in the administration of the Transferor and the relevant Originator the Mortgage Receivables which are purported to be assigned and pledged, can be identified without uncertainty, and (ii) one can determine in the administration of the Transferor and the Originator without any uncertainty which Beneficiary Rights and ancillary rights belong to which Mortgage Receivables;
11. at origination, none of the Borrowers is an employee of the Transferor or the Originators;
12. each Borrower is a private individual and a resident of the Netherlands;
13. the Mortgage Conditions applicable at the transfer date provide that all payments by the Borrower should be made without any deduction or set-off (for the avoidance of doubt, other than in respect of Construction Deposits);
14. each Mortgage Loan is governed by Dutch law and is denominated in euro;
15. to the best knowledge of the Transferor, the Borrowers are not in material breach of their Mortgage Loans;
16. none of the Mortgage Loans or the Further Advances has a remaining maturity date beyond 30 years, except that the Long Term Mortgage Loans may have longer or no maturities;
17. the principal sum was in case of each Mortgage Loan fully disbursed to the relevant Borrower whether or not through the relevant civil law notary and no amounts are held in deposit with respect to premia and interest payments (*rente en premiedepots*) except for any Construction Deposits;
18. at least one (interest) payment has been made in respect of the Mortgage Loan by the relevant Borrower;
19. all Mortgage Loans have been originated by an Originator;
20. all Mortgage Loans secured by All Moneys Security Rights either (i) provide that in case of assignment or pledge of the Mortgage Receivable the assignee or pledgee will have the benefit of the Mortgage and/or a Borrower Pledge, or (ii) do not contain any reference nor indication nor wording to the effect that in case of assignment or pledge of the receivable the mortgage or pledge will not follow the receivable if assigned or pledged;
21. none of the Mortgage Loans originated by Aegon Hypotheken are secured by All Moneys Security Rights;
22. the Mortgage Conditions applicable to the Mortgage Loans do not stipulate that the mortgage right(s) and rights of pledge securing such Mortgage Receivable(s) are created as personal rights (*persoonlijke rechten*);

#### *Transfer*

23. the Transferor has full right and title to the Mortgage Receivables and the Beneficiary Rights and ancillary rights relating thereto, and no restrictions on the assignment of the Mortgage Receivables and the Beneficiary Rights are in effect and the Mortgage Receivables and the Beneficiary Rights are capable of being transferred;
24. the Transferor has power (*is beschikkingsbevoegd*) to assign and transfer the Mortgage Receivables, the Beneficiary Rights and the NHG Advance Rights;
25. the Mortgage Receivables, the Beneficiary Rights and for the NHG mortgage loans only the NHG Advance Rights are free and clear of any rights of pledge or other similar rights (*bepaalde rechten*), other encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables, other than pursuant to the relevant Transaction Documents;
26. the Transferor has not been notified and is not aware of anything affecting its title to the Mortgage Receivables;
27. neither the Mortgage Loan nor the Mortgage or Borrower Pledges contain any reference or indication or wording to the effect that in case of assignment or pledge of the receivable the mortgage or pledge will not follow the receivable if assigned or pledged;
28. 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;
29. each Mortgage Loan constitutes the entire Mortgage Loan granted to the relevant Borrower and not merely one or more loan parts (*leningdelen*);

#### *Security*

30. each Mortgage Receivable is secured by a Mortgage governed by Dutch law on Mortgaged Assets which is located in the Netherlands and is predominantly used for a residential purpose in the Netherlands;

31. all Mortgages and rights of pledge granted to secure the Mortgage Receivables (i) constitute valid Mortgages (*hypothekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are the subject of such Mortgages and rights of pledge and, to the extent relating to such Mortgages, have been entered into the appropriate public register, (ii) have first priority or are first and sequentially lower ranking Mortgages (together with the Mortgage Receivables of the CBC at such time secured on the same property) and rights of pledge, (iii) were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with an amount customary for a prudent lender of Dutch mortgage loans from time to time in respect of interest, penalties and costs and (iv) are vested on real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands and (ii) governed by Dutch law;
32. each Mortgaged Asset (other than in case of construction Mortgage Loans) is occupied by the Borrower at the moment of (or shortly after) origination;
33. each Mortgaged Asset concerned was valued according to the then prevailing guidelines of the relevant Originator, which guidelines are in a form as may reasonably be expected from a prudent mortgage lender of residential mortgage loans in the Netherlands. No revaluation of the Mortgaged Assets has been made for the purpose of this Programme;

#### *Insurance*

34. when a Mortgage Loan has the benefit of a life insurance policy or risk insurance policy then either (i) the relevant Originator has been validly appointed as beneficiary under such policy or (ii) the insurance company or the relevant Originator is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;
35. the Mortgage Conditions provide that each of the properties on which a Mortgage has been vested to secure the Mortgage Receivable should at the time of origination of the Mortgage Loan, have the benefit of buildings insurance (*opstalverzekering*) satisfactory to the relevant Originator;
36. each Savings Mortgage Receivable has the benefit of a Savings Insurance Policy, each Life Mortgage Receivable has the benefit of a Life Insurance Policy, each Universal Life Mortgage Receivable has the benefit of a Savings Investment Insurance Policy;

#### *Savings Mortgage Loans*

37. with respect to Savings Mortgage Loans the relevant Originator has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the relevant Originator has been validly appointed as beneficiary under such policy or (ii) the Insurance Company is irrevocable authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;

#### *Bank Savings Mortgage Loans*

38. all Bank Savings Accounts are held with the Bank Savings Participant;
39. with respect to each of the Bank Savings Mortgage Receivables, the Transferor has the benefit of the Borrower Bank Savings Deposit Pledge and such right of pledge has been notified to the Bank Savings Participant;

#### *Investment Mortgage Loans*

40. with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a valid right of pledge has been granted to the relevant Originator by the relevant Borrower with respect to the relevant Borrower Investment Accounts and such right of pledge has been notified to Knab N.V.; and
41. with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant 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.



## 11. OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

This section 11 (*Overview of the Dutch Residential Mortgage Market*) is derived from the overview which is available at the website of the Dutch Securitisation Association (<https://www.dutchsecuritisation.nl>) regarding the Dutch residential mortgage market over the period until March 2024. 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 information published by the Dutch Securitisation Association, no facts have been omitted which would render the information in this section 11 (*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 823.3 billion in Q3 2023 <sup>7</sup>. This represents a rise of EUR 12.3 billion compared to Q3 2022.

#### *Tax system*

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for partial 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.

A second reform imposed in 2013 was to reduce the tax deductibility by gradually lowering the maximum deduction percentage. As a result, the highest tax rate against which the mortgage interest may now be deducted is 36.93% (equal to the lowest income tax bracket) in 2023. No further reductions are currently planned.

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% is due when a house is acquired for owner-occupation. From 2021, house buyers aged between 18 and 35 years will no longer pay any transfer tax. Currently, this exemption only applies to houses sold for 440,000 euros or less and can only be applied once. For 2023, a transfer tax of 10.4% is due upon transfer of houses which are not owner-occupied (compared to 8% in 2022).

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

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<sup>7</sup> Statistics Netherlands, household data.

until 2013, and even today, grandfathering of older tax benefits still results in a considerable amount of interest-only loan originations.

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 and 15 years. Rate term fixings differ by vintage, however. In recent years, there has been a strong bias to longer term fixings (20-30 years) but since Q2 2022 10 year fixings have rapidly increased in popularity as the sharply increased mortgage rates drove 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% or 106% when financing energy saving measures. 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 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% 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**

Prices of homes for sale continued to rise in recent months, and were only 1.85% away from a new price record in January 2024. This has already made up the lion's share of the 6.2% price decline between the summer of 2022 and the spring of 2023.

In 2022, mortgage rates rose rapidly, allowing households to borrow less. But with wages now rising strongly, borrowing capacity is recovering rapidly. The effect of this on the borrowing space of homebuyers is large enough to offset the effect of higher interest rates: households with an income of three times modal can still borrow slightly less than in 2022, but it is estimated that homebuyers with an income of one or two times modal can borrow more than before the interest rate increase in 2022.

Just over 182,000 existing homes were sold last year, significantly less than in the previous five years when an average of about 218,000 owner-occupied homes changes hands each year. This is not due to a lack of demand, but to a lack of supply: the number of homes for sale is steadily declining.

Despite years of firm policy ambitions to boost new construction, we now seem to be heading into another few years in which fewer new homes are being added to the housing stock. This puts pressure on the flow in the housing market and also reduces the opportunities for first-time buyers. Although many newly-built homes are purchased by people who already own owner-occupied homes, almost every completed home eventually yields a home that becomes available to a rental or owner-occupied starter. Only if the buyer at the end of the chain permanently withdraws the home from the housing market – for example, by turning it into a vacation home – does this not apply.

### **Forced sales**

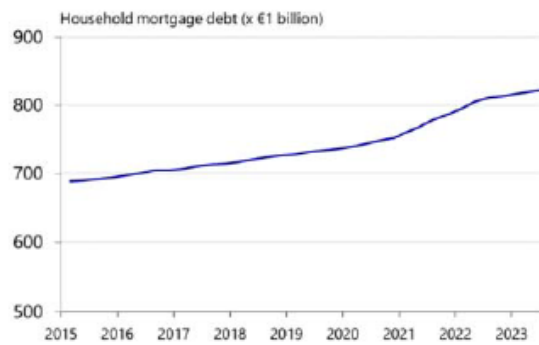
Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>8</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn post financial crisis was increasingly 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 Registry recorded 72 forced sales by auction in Q4 2023 (0.143% of total number of sales in those months).

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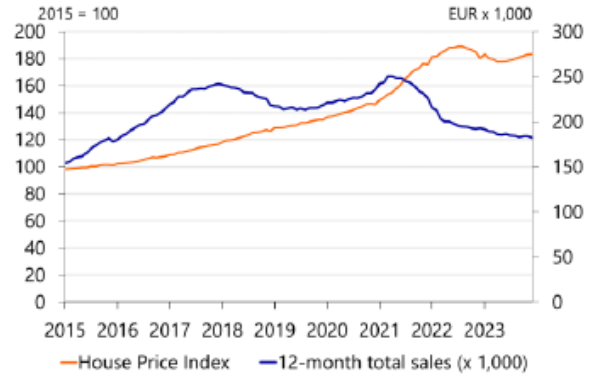
<sup>8</sup> Comparison of Moody's RMBS index delinquency data.

**Chart 1: Total mortgage debt**



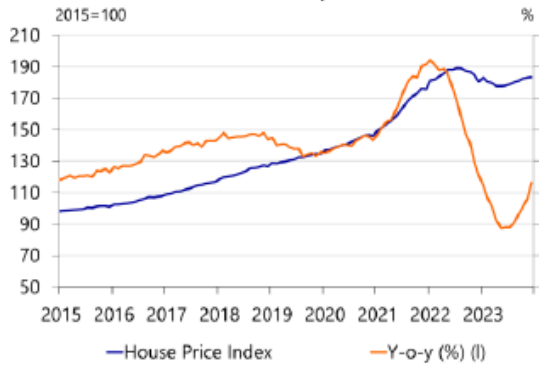
Sources: Statistics Netherlands, Rabobank

**Chart 2: Sales**



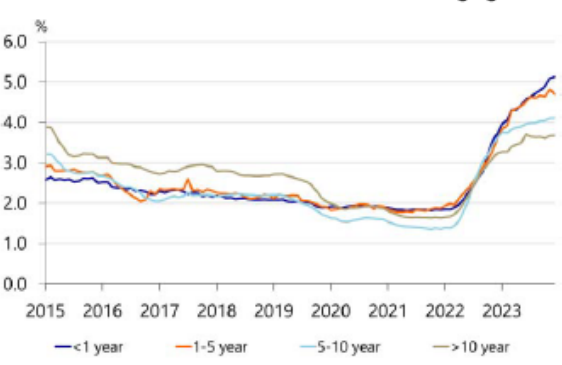
Sources: Dutch Land Registry (Kadaster), Statistics Netherlands (CBS)

**Chart 3: Price index development**



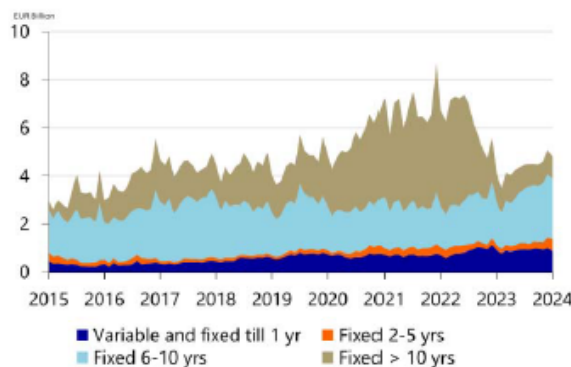
Sources: Statistics Netherlands, Rabobank

**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**



Sources: Statistics Netherlands, OTB TU Delft and VEH

## 12. 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 under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to the principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (see section 3 (*Risk Factors*)).

### **Financing of Stichting WEW**

Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower by a current charge of 0.60 per cent. (as of 1 January 2022) of the principal amount of the mortgage loan at origination. Besides this, the scheme provides for liquidity support to Stichting WEW from the Dutch State and the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, (i) in respect of all loans issued before 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 50 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level and municipalities participating in the NHG Guarantee scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the difference and (ii) in respect of all loans issued on or after 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 100 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### **Terms and conditions of the NHG Guarantee**

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application and the binding offer (*bindend aanbod*) meet the NHG terms and 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 terms and conditions of the NHG Guarantee, 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 that will be subject to change from time to time (these documents are available on: [www.nhg.nl](http://www.nhg.nl)).

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 are registered and are kept in the register up until five (5) years after full repayment. Arrears, also

on mortgage loans, are also registered. 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 property must be met. In addition, *inter alia*, the mortgage loan must be secured by a first ranking mortgage right (or a sequential lower 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 reinstatement value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy or the bank savings account connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds or bank accounts (if applicable).

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 relevant life (savings) insurance policy or the investment funds or the balance standing to the credit of the bank savings account shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

### **Claiming under the NHG Guarantees**

When a borrower is in arrears with payments under the mortgage loan for a period of three (3) months, a lender informs Stichting WEW that the borrower is in default. 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. In case of a forced private sale and an execution sale permission of Stichting WEW is in any case required.

Within one month after the 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 in respect of an additional mortgage loan to be granted by the relevant lender. This additional loan is called a '*woonlastenfaciliteit*'. The aim of the additional loan is to avoid a forced sale by providing a bridging facility (*overbruggingsfaciliteit*). 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 2024 (Normen 2024-1)**

On 1 November 2022, new NHG terms and conditions were published, which entered into force on 1 January 2023. As of 1 January 2024, the NHG terms and conditions currently in force will be replaced by new NHG terms and conditions. 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 (employer statement). For workers with flexible working arrangements or during a probation period (*proeftijd*) a three year history of income statements or an employer statement is acceptable as well as a *Perspectiefverklaring* or *Arbeidsmarktscan*. Self-employed workers need to provide an income statement (*Inkomensverklaring Ondernemer*) which is approved by Stichting WEW. This income statement may not be older than six months on the date of the binding offer of a mortgage loan.
- The maximum loan based on the income of the borrowers is based on the '*financieringslast acceptatiecriteria*' tables as determined by the National budgeting institute (Nibud) 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 loans and further advances 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 2021, 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 435,000 for loans without energy saving improvements (as of 1 January 2024); and
  - (ii) EUR 461,100 for loans with energy saving improvements (as of 1 January 2024).

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 sum of (i) the purchase price or amount contracted for, increased with a number of costs such as the cost of construction, interest and loss or interest during the construction period (to the extent not already included in the purchase or construction cost).

### **NHG Advance Rights**

In the NHG underwriting criteria which entered into force on 1 June 2020 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 new underwriting criteria, as stated above, Stichting WEW will offer lenders the opportunity to receive an advance payment of expected loss, subject to certain conditions being met, including foreclosure procedures not having been completed twenty-one (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 upon the transfer of the mortgage receivable. 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, a transfer is not necessary. After a transfer of the Mortgage Receivable, the transferor can no longer exercise the NHG Advance Right, regardless of whether the NHG Advance Right is transferred to the transferee. This prevents the NHG Advance Right payment being made to a party other than the transferee of the mortgage receivable. However, at the request of the transferee the transferor can on its behalf exercise the right to an NHG Advance Right on behalf of the transferee.

The new underwriting criteria include a repayment obligation by the person that exercises the NHG Advance Right in case the payment exceeded the amount payable by Stichting WEW under the surety as actual loss eligible for compensation. This would for example be the case if the proceeds of the enforcement are higher than estimated, but also if the borrower in arrears resumes payment under the Mortgage Loan. The Transferor 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.



### 13. ORIGATION & SERVICING OF THE MORTGAGE LOANS

This section describes the generic origination and servicing procedures applied by the Originators for mortgage loans originated by each of them. Both the origination and servicing processes are subject to ISAE 3402 Type II assurance. Aim of the origination process is that all mortgage loans adhere to the Aegon Hypotheken policies and, when the Mortgage Loans and Loan Parts have the benefit of an NHG Guarantee, the origination procedures prescribed by Stichting WEW. For further information about such origination procedures, see section 12 (*NHG Guarantee Programme*) above.

Aegon has a long track record in originating mortgage loans. Until approximately 1 May 2011 all mortgage loans were originated by Aegon Leven. and as of 1 May 2011 by Aegon Hypotheken all standard origination and servicing activities are performed by Aegon Hypotheken.

The underwriting, servicing and credit management processes are well documented, periodically reviewed and regularly audited.

#### **Underwriting and approval process**

Aegon's mortgage loan underwriting and approval process is performed by the approval and underwriting department which is part of Aegon Hypotheken. All mortgage loans originated by Aegon are originated in the Netherlands. In 2023, the underwriting department received approximately 24,000 applications for mortgage loans. Of these applications 27% was either rejected or withdrawn, resulting in approximately 17,500 originated mortgage loans in 2023. All applications are received through digitalized channel Hypotheken Data Netwerk (HDN), which is the Dutch market standard. Approximately 60% of these are processed within 24 hours. Before granting the applicant a binding offer, all information that has to be submitted by the applicant (through its intermediary) will be checked by an Aegon underwriter. The binding offer prepared by the primary underwriter is subject to review and approval by a second underwriter. Communication with the civil-law notary, who registers both the proof of ownership of the mortgage property and the mortgage rights and manages the disbursement of funds, takes place digitally through ECH (*Elektronische Communicatie Hypotheken*). ECH is also the Dutch market standard.

All mortgage loans are sold through intermediaries. Aegon uses a wide range of intermediaries (self-owned as well as other independent financial advisors). Only professional parties that adhere to Aegon's standards and requirements can act as intermediary for Aegon. Intermediaries only collect data from the client which they then analyse and advise upon, but they are not involved in the underwriting and approval process.

In the underwriting process, three key aspects are reviewed: i) applicant (credit history, employment, customer due diligence, etc), ii) borrower income, and iii) collateral/property. Aegon's underwriting criteria are compliant with all applicable rules and regulations such as (non-exhaustive) the Code of Conduct (*Gedragcode hypothecaire financieringen*), the Wft, the Temporary regulation on mortgage credit (*Tijdelijke regeling hypothecair krediet, "TRHK"*) and the Mortgage Credit Directive. These laws and regulations prescribe amongst others responsible credit granting (*verantwoorde kredietverstrekking*) and prevent over-indebtedness (*overkreditering*).

If a borrower requests a further advance, the borrower must meet Aegon's underwriting criteria for further advances. These criteria are consistent with TRHK and all other applicable rules and regulations.

#### *Applicant*

The credit history of all applicants is checked with the Stichting Bureau Krediet Registratie (BKR, the mandatory public credit registry). All consumer credit loans provided by a professional party are registered by BKR, as well as an adverse credit history (arrears) when applicable. All applicants are checked on fraud history through the fraud register of Stichting Fraudebestrijding Hypotheken (SFH) and Externe Verwijzings Applicatie (EVA). Applicants are required to provide proof of employment and current salary information. Self-employed applicants are nowadays required to provide a current income statement (*Inkomensverklaring Ondernemer*) which is prepared by an expert agent and approved and registered by Stichting WEW. This income statement may not be older than six months on the date of the binding offer of a mortgage loan. Other types of income are acceptable in accordance with Aegon's underwriting policy.

### *Borrower income*

Under the TRHK loan to income (LTI) limits are set according to a set of fixed tables including references to gross income of the borrower and mortgage interest rates (LTI rules/standard). Aegon's origination policy complies with these LTI tables. Every application is checked automatically against these tables in the FHS framework. Under the applicable rules and regulations, it is possible for Aegon to deviate from the LTI standard if individual circumstances justify such an individual assessment.

### *Collateral/Property*

Aegon has historically not granted a loan to an applicant with an LTV that exceeds 130%. The maximum outstanding principal amount under a mortgage loan originated from 1 January 2018 onwards is limited to 100% of the market value of the property (and 106% in case of energy savings measures in respect of the property).

To determine the value of the property securing the mortgage loan a recent valuation report is mandatory which can be a valuation report of a qualified appraiser or (dependent on LTV) a model-based valuation report validated by a qualified appraiser. In case of a newly built house a so called 'building and purchase agreement' (*koop aanneemovereenkomst*) suffices instead of a valuation report. All property must be covered by insurance and proof of ownership is required. When recommended in the valuation report, a structural report which confirms the structural integrity of the building is mandatory.

Currently, three types of valuations are acceptable in the underwriting and servicing processes of Aegon to determine the value of a property:

1. A valuation by a qualified appraiser (Appraisal Report in accordance with the NRV market standard), subject to validation by an independent party;
2. A model-based valuation (hybrid appraisal report) by a qualified appraiser is accepted for mortgages with or without NHG.

For mortgages with NHG, the below condition (a) applies and for mortgages without NHG, the below conditions (a) and (b) apply:

- (a) The amount of the requested loan (excluding bridge loan) is a maximum of 90% of the market value of the property.
  - (b) The requested loan is a maximum of € 750,000 (excluding bridge loan); and
3. A building and purchase agreement in the context of newly built properties.

The types of valuation reports described above are generally acceptable as part of the standard market practice by financial institutions originating mortgage loans in the Netherlands. In the Netherlands appraisers operate under the code of conduct of the Dutch association of real estate appraisers (*Stichting Nederlands Register Vastgoed Taxateurs* (NRVT)) that adhere to the European Valuation Standards (EVS) and International Valuation Standards (IVS).

Appraisers use reporting forms prepared by the professional associations of appraisers (NVM, VBO, Vastgoed Pro) and the Dutch Association of Banks (NVB and NHG). The appraisal report contains a market valuation (*marktwaarde*) and as additional information at least one model-based valuation. Aegon only accepts appraisal reports which have been validated by certified valuation institutes like NWWI (*Nederlands Woning Waarde Instituut*/Dutch institute for property valuations). *Stichting Nederlands Register Vastgoed Taxateurs* supervises valuation institutes like NWWI and all validated valuation institutes can be found on [www.nrvt.nl](http://www.nrvt.nl). Whilst the use of NWWI or similar organisations approved by Stichting WEW is mandatory for NHG mortgage loans, Aegon chooses to submit the appraisal reports for non-NHG mortgage loans for verification by such validated valuation institute as well.

The review of valuation reports is performed by a mortgage loan underwriter of Aegon not related to the intermediary or sales organisation of Aegon. As part of this review process, a mortgage loan underwriter compares the market valuation of the property, as shown on the applicable valuation report, with the purchase price of the property to confirm that the amount to be paid for the property is reasonable. In case of significant

differences, where the amount to be paid for the property appears to be unreasonably high or unreasonably low, the mortgage loan underwriter will investigate the reasons for the differential with a particular focus on potential fraud and the appraiser will be asked to explain the significant difference. During the review process, the mortgage loan underwriter also confirms proof of ownership.

### **Servicing**

Aegon Hypotheken is responsible for the regular servicing of Aegon's residential mortgage loan portfolio which is owned by several Aegon units and several external parties. Aegon Hypotheken holds a license under the Wft to act as offeror (*aanbieder*) and intermediary (*bemiddelaar*) with respect to the servicing and administration of the Mortgage Loans and Mortgage Receivables. Aegon Hypotheken has wide expertise in servicing exposures of the Originators of a similar nature to those securitised and has well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures. The underwriting of mortgage loans is done by approximately 100 full-time employees. The regular servicing of the portfolio is done by approximately 170 full-time employees. Aegon Hypotheken is using a highly automated and robust underwriting system (FHS) that allows it to make lending decisions on a timely basis and a mortgage administration system (HAS). Aegon has more than 20 years' experience as a servicer in the Dutch mortgage market and has an ISAE 3402 Type 2 report as of 2015.

Aegon engages an appropriate and independent party to undertake an agreed-upon procedures review on a regular basis on mortgage loans on the balance sheets of Aegon entities which at that moment may potentially be used for securitisation, capital markets or other funding transactions.

Since the business combination between ASR Nederland N.V. and Aegon Nederland N.V. has taken effect, the integration of the two mortgage companies is being worked on. This may ultimately lead to the outsourcing of a part of the servicing activities related to the Aegon mortgage portfolio to a reputable servicer in the Dutch mortgage market. It is anticipated that at some point in the future Stater Nederland B.V. will be appointed as sub-servicer by the Servicer.

### **Collection and Foreclosures**

Principal and interest is collected by direct debit and is collected in arrears on the first business day of every month.

The Financial Services department (**Financial Services**) of Aegon is responsible for collections and foreclosures (**C&F**) and manages the payments from both performing and non-performing loans.

The arrears and foreclosure activities are divided over three different divisions: 'Hulp bij Geldzorgen' ("**HBG**"), 'Bijzonder Beheer Hypotheken' ("**BBH**") and 'Restschulden Beheer' ("**RSB**"). HBG is responsible for the arrears procedures, BBH is responsible for the foreclosure procedures and RSB takes care of the post-foreclosure procedures.

The C&F employees have approximately ten years of relevant experience (on average) and use the standard operating procedures for loan management. Resources available to the C&F employees include (non-exhaustive): FHS, HAS, Land Registry, Chamber of Commerce, information desk Ultimoo, BAAB claimcare B.V., Service op Maat (SOM, the tailored servicing department of Aegon) division and the internal legal department.

### **SOM**

A transfer of the loan file to the SOM division within Aegon Hypotheken can be considered by the C&F departments. SOM is looking into alternative solutions with the goal of preventing foreclosures in case of (foreseeable) arrears due to "life-events" (unemployment, inability to work, divorce, death of one of the borrowers etc.) The goal is a sustainable solution, based on affordability/net disposable income (*netto besteedbaar inkomen*) of the borrower. C&F employees determine if a borrower is handed over to SOM within a period of 90 days after the first missed payment. In case of foreseeable arrears, borrower can also contact SOM. In case of the latter the SOM procedure is part of the regular servicing. SOM employees have different remedies available to prevent foreclosure procedures (non-exhaustive):

- debt restructuring;
- payment holidays; and
- other asset performance remedies like budget and job coaching or budget management.

### **Arrears Procedures**

Payments are scheduled to be collected on the first day of each month by direct debit. If such payment remains unpaid HBG will send a letter within eighteen (18) business days that will give an overview of all possible payment options. HBG will contact the borrower, either by writing or by telephone, to remind the borrower of the payment due. If the borrower cannot be reached HBG starts an investigation to get in touch with the borrower.

If the risk of non-payment of the arrears is perceived to be high, the loan file is immediately transferred to BBH. After two missed payments, the client receives a warning that a registration will be made in the BKR and subsequently such an application is made after missing three payments (90 days) with the code A (in arrears). When all the arrears are solved, the customer is registered with a code H (recover) which will remain visible for five (5) years (after the arrear is solved) and can have serious consequences for the borrower. In case of an NHG mortgage loan, notice is also given to the Stichting WEW.

The preceding steps of the process are necessary to be able to eventually start enforcement of the mortgage rights. Consequently, the loan file is transferred to BBH, which is responsible for the final phase of the arrears process and the foreclosure.

The entire mortgage loan (including accrued but unpaid interest) will be declared immediately due and payable. If no payment is received, an additional letter is sent to the borrower, announcing that the notary will be requested to start the foreclosure procedures.

### **Foreclosure Procedures**

The foreclosure procedure is managed by BBH and will differ depending on the likelihood of realising a loss on the mortgage loan. If there is a limited risk of loss, the debt collection department will manage the enforcement. If there is a substantial risk of loss, BBH will proceed with a private sale or begin an auction process.

BBH has the right to select its preferred enforcement method. In the case of a private sale the borrower must sign an irrevocable sales authorisation at the notary, a real estate agent will be contacted by BBH who will manage the sale. In case of an auction, BBH will first consult the Credit Committee (*Krediet Commissie*), which committee will check if all procedures leading up to the auction were performed according to policy. If that is the case, BBH will normally attend the auction to ensure a minimum price is achieved at the auction. In rare occasions, BBH will actually purchase the property at the auction and sell the property in the market.

### **Post-foreclosure Procedures**

To the extent there is a loss at the end of the foreclosure process, the process for post-foreclosure procedures differs depending on whether it concerns an NHG or a non-NHG mortgage loan. In the case of non-NHG mortgage loans the process is outsourced to BAAB-claimcare B.V., which will attempt to negotiate a repayment agreement or start sequestration procedures. Any proposals for full discharge of any remaining payment obligations will need to be approved by the Aegon Credit Committee. BAAB-claimcare B.V. also ensures that the running period of a claim will be interrupted (*gestuit*).

For NHG mortgage loans Aegon will claim any loss with the Stichting WEW. This is done by filing a standard 'loss declaration form', a payment overview and a full loan file based on the information requested by NHG. In those cases where the claim is rejected or partially rejected by the Stichting WEW and the client is not acquitted by Stichting WEW, Aegon will engage BAAB-claimcare B.V. to attempt to retrieve any remaining outstanding debt. In case both BBH and RSB consider a debt-forgiveness, this must be approved by (senior) management of C&F. If the borrower is acquitted by Stichting WEW, the CBC must write off the claim.

Aegon may (but is not obliged to) request for a payment under the NHG Advance Rights in respect of NHG mortgage loans. In such case, subject to and in accordance with the NHG Conditions, Stichting WEW will, by means of an independent obligation (i.e., not a part of the NHG Guarantee) make a payment of an amount based on the expected losses to be incurred by the CBC upon completion of the foreclosure procedure. In case the amount received upon exercise of the NHG Advance Right exceeds the amount to which the CBC is entitled under the NHG Guarantee, the CBC is obligated to pay the difference to Stichting WEW.

## 14. SERVICING AND ADMINISTRATION

### Servicing

In the Servicing Agreement Aegon Hypotheken agrees to act as the Servicer in respect of the Mortgage Receivables. The Servicer will agree (i) to provide management services to the CBC on a day-to-day basis in relation to the relevant Mortgage Loans and the relevant Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the relevant Mortgage Receivables and the implementation of arrears procedures including the enforcement of relevant Mortgages; (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 Aegon Hypotheken in its capacity as Servicer. The Servicer is 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.

### Administration

In the Administration Agreement the Administrator will agree to provide certain administration, calculation and cash management services to the CBC, including (i) all calculations to be made in respect of the Covered Bonds and the Transaction Documents and (ii) to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test.

### Back-up Administration

In the Back-up Administration Agreement, the Back-up Administrator is appointed as substitute administrator to perform certain administration, calculation and cash management services for the CBC on a day-to-day basis, in accordance with and subject to the provisions of the Administration Agreement and the provisions of the Back-up Administration Agreement, under the condition precedent (*opschortende voorwaarde*) that the appointment of Knab as Administrator under the Administration Agreement has been terminated.

### Termination

The Servicing Agreement and the Administration Agreement may be terminated by the Security Trustee or the CBC (with the consent of the Security Trustee) in certain circumstances (in respect of the relevant party only), including (a) a default by the Servicer and/or the Administrator in the payment on the due date of any payment due and payable by it under the Servicing Agreement or, as the case may be, Administration Agreement, (b) a default is made by the Servicer and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or, as the case may be, Administration Agreement, (c) the Servicer and/or the Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its suspension of payments or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) the Servicer is no longer licensed to act as intermediary (*bemiddelaar*) or offeror (*aanbieder*) under the Wft.

Upon termination of the Servicing Agreement or, as the case may be, the Administration Agreement in respect of the Administrator or the Servicer, the Security Trustee and the CBC undertake to appoint a substitute servicer and/or substitute administrator, as the case may be, and such substitute servicer and/or substitute administrator, as the case may be, shall enter into an agreement with the CBC and the Security Trustee substantially on the terms of the Servicing Agreement or, as the case may be, Administration Agreement, provided that such substitute servicer and/or substitute administrator shall have the benefit of a servicing fee and an administration fee at a level to be then determined. Any such substitute servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence under the Wft. The CBC shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Security Trustee Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Servicing Agreement and the Administration Agreement may be terminated by the CBC or the Servicer or, as the case may be, the Administrator upon the expiry of not less than 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 relevant Servicing Agreement or, as the case may be, the Administration Agreement until such substitute servicer or administrator has entered into such new agreement.

## 15. PARTICIPATION AGREEMENTS

### A. Insurance Savings Participation

Under the Insurance Savings Participation Agreement entered into between the CBC, the Insurance Savings Participant and the Security Trustee, the CBC grants the Insurance Savings Participant a sub-participation in the Savings Mortgage Receivables and the Savings Investment Mortgage Receivables, originated by the relevant Originator.

#### Participations

In an Insurance Savings Participation Agreement the Insurance Savings Participant has undertaken to pay to the CBC:

- (i) (a) in respect of Savings Mortgage Receivables and Savings Investment Mortgage Receivables on the Transfer Date on which a Savings Mortgage Receivable or a Savings Investment Mortgage Receivable is transferred to the CBC or (b) in respect of a switch from any type of Universal Life Mortgage Loan with the Investment Alternative into a Savings Investment Mortgage Loan, on the CBC Payment Date succeeding such switch, an amount equal to the sum of (i) the Savings Premiums or (ii) the Savings Investment Premiums received by the Insurance Savings Participant in relation to such Savings Mortgage Loan or Savings Investment Mortgage Loan with accrued interest up to the first day of the month in which such Transfer Date or CBC Payment Date, as applicable, falls (the "**Initial Insurance Savings Participation**") in relation to each of the Savings Mortgage Receivables and each of the Savings Investment Mortgage Receivables;
- (ii) on each CBC Payment Date thereafter an amount equal to the amount received by the Insurance Savings Participant as Savings Premium and Savings Investment Premium during the previous month in respect of the relevant Savings Insurance Policies and the Savings Investment Insurance Policy, respectively,

provided that in respect of the relevant Savings Mortgage Receivable and the relevant Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation, no amounts will be paid to the extent that, as a result thereof, the Insurance Savings Participation in the relevant Savings Mortgage Receivable and the relevant Savings Investment Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Savings Mortgage Receivable or the relevant Savings Investment Mortgage Receivable, respectively.

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 Savings Mortgage Receivables or each of the relevant Savings Investment Mortgage Receivable, which is equal to the Initial Insurance Savings Participation in respect of the relevant Savings Mortgage Receivables or Savings Investment Mortgage Receivable increased during each month on the basis of the following formula (the "**Insurance Savings Participation Increase**"):

$(P/H \times R) + S$ , whereby:

- P = the Insurance Savings Participation on the first day of the relevant month in the relevant Savings Mortgage Receivable or the relevant Savings Investment Mortgage Receivable;
- S = the amount received by the CBC from or on behalf of the Insurance Savings Participant in such month in respect of the relevant Savings Mortgage Receivable or the relevant Savings Investment Mortgage Receivable pursuant to the Insurance Savings Participation Agreement;
- H = the Outstanding Principal Amount of the relevant Savings Mortgage Receivable or the relevant Savings Investment Mortgage Receivable on the first day of the relevant month;
- R = the amount of interest, due by the Borrower on the relevant Savings Mortgage Receivable or the relevant Savings Investment 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, in respect of each Savings Mortgage Receivable and each Savings Investment Mortgage Receivable, which is subject to an Insurance Savings Participation for an amount equal to the amounts received during the relevant month or, in the case of a

transfer during a month, which falls in the period which commences on the Transfer Date or the date the Universal Life Mortgage Loans are switched from the Investment Alternative to investments in LHR and ends on the last day of such month up to the amount received (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivable or the relevant Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivable or the relevant savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation, (ii) in connection with the retransfer of a Savings Mortgage Receivable or a Savings Investment 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 a Savings Mortgage Receivable or a Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation to the extent such amounts relate to principal and (iv) as Net Proceeds on any Savings Mortgage Receivable or any Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation to the extent such amounts relate to principal, in each case with a maximum of the Insurance Savings Participation (the "**Insurance Savings Participation Redemption Available Amount**").

#### **Reduction of Insurance Savings Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person, in respect of a Savings Mortgage Receivable or a Savings Investment Mortgage Receivable, which is subject to an Insurance Savings Participation or 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 or the relevant Savings Investment Insurance Policy, and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable or such Savings Investment Mortgage Receivable, the Insurance Savings Participation of the Insurance Savings Participant in respect of such Savings Mortgage Receivable or Savings Investment Mortgage Receivable will be reduced by an amount equal to the amount which the CBC has failed to so receive. 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;
- (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 Savings Mortgage Receivables and the Savings Investment Mortgage Receivables, which are subject to an Insurance Savings Participation.

#### **Termination**

If one or more of the Savings Mortgage Receivables or the Savings Investment Mortgage Receivables which are subject to an Insurance Savings Participation are sold by the CBC to a third party or the Transferor pursuant to the Asset Monitoring Agreement or are retransferred to the Transferor, the Insurance Savings Participation in such Savings Mortgage Receivables or such Savings Investment Mortgage Receivables will terminate and the Insurance Savings Participation Redemption Available Amount in respect of such Savings Mortgage Receivables or such Savings Investment 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 Savings Mortgage Receivables and/or the Savings Investment 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 Savings Mortgage Receivable and/or the relevant Savings Investment Mortgage Receivable.



If, in case of a Savings Investment Mortgage Loan, all or part of the premia accumulated in the relevant Savings Investment Insurance Policy are switched to 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 Savings Mortgage Receivable or such Savings Investment 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.

#### **B. Bank Savings Participation**

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 Bank Savings Participant on the relevant Bank Savings Account held with Knab.

#### **Bank Savings Participation**

In the Bank Savings Participation Agreement the Bank Savings Participant has undertaken to pay to the CBC:

- (i) on the Transfer Date on which a Bank Savings Mortgage Receivable is transferred to the CBC, an amount equal to the sum of the Bank Savings Deposits received by the Bank Savings Participant in relation to such Bank Savings Mortgage Receivable with accrued interest up to the first day of the month in which such Transfer Date falls (the "**Initial Bank Savings Participation**");
- (ii) on each CBC Payment Date thereafter an amount equal to the amount received by the 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, 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 Bank Savings Participation in each of the relevant Bank Savings Mortgage Receivables, which is equal to the Initial 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 in respect of the Bank Savings Mortgage Receivables which are subject to a Bank Savings Participation an amount equal to the amounts 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 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, in each case with a maximum of the relevant Bank Savings Participation (the "**Bank Savings Participation Redemption Available Amount**").

#### **Reduction of Bank Savings 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, the 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 Participant 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 the Bank Savings Participant shall, by notice to the CBC:

- (i) declare that the obligations of the Bank Savings Participant under the Bank Savings Participation Agreement are terminated;
- (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 or the Transferor pursuant to the Asset Monitoring Agreement or are retransferred to the Transferor, 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 Bank Savings Participant. If so requested by the 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 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 Bank Savings Participant has received the Bank Savings Participation in respect of the relevant Bank Savings Mortgage Receivables.

## 16. ASSET MONITORING

### ASSET COVER TEST

Under the Asset Monitoring Agreement and the Guarantee Support Agreement, the CBC and the Issuer, have undertaken on a reasonable efforts or best efforts basis, respectively, that as at the end of each calendar month *until* the service of a Notice to Pay or CBC Acceleration Notice, that:

- (i) the Adjusted Aggregate Asset Amount will be an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month (or with respect to item B as defined below, up to the date specified in item (B)), all as calculated on the immediately succeeding Calculation Date;
- (ii) the First Regulatory Current Balance Amount 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 (or with respect to item B as defined below, up to the date specified in item (B)) all as calculated on the immediately succeeding Calculation Date; and
- (iii) the Second Regulatory Current Balance Amount 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 (or with respect to item B as defined below, up to the date specified in item (B)) all as calculated on the immediately succeeding Calculation Date,

(item (i) up to and including item (iii), the "**Asset Cover Test**").

Pursuant to the Administration Agreement the Administrator will calculate the Asset Cover Test on each Calculation Date. If at the end of a calendar month (or with respect to item (B) as defined below, up to the date specified in item B) the Asset Cover Test has not been met, then the Administrator will notify the CBC thereof under the Asset Monitoring Agreement, and the CBC will notify the Issuer thereof under the Guarantee Support Agreement, and the Issuer will undertake its best efforts to transfer or procure the transfer of sufficient further Eligible Assets to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met at the end of the next succeeding calendar month.

Such a breach of the Asset Cover Test will not constitute an Issuer Event of Default. However, it will prevent the Issuer from issuing any further Series after such Calculation Date, until remedied and, if it is not remedied on the next Calculation Date (such failure to remedy the Asset Cover Test as calculated on the next succeeding Calculation Date being a "**Breach of Asset Cover Test**") the Security Trustee will be entitled to serve a Breach of Asset Cover Test Notice on the Issuer and the CBC. Upon receipt of such a Breach of Asset Cover Test Notice, the Issuer will (continue to) use its best efforts to transfer or procure the transfer of sufficient Eligible Assets to the CBC, either directly or indirectly by it. A Breach of Asset Cover Test may be remedied and after being remedied the Issuer may issue new Series subject to other conditions being met. After the service of a Breach of Asset Cover Test Notice and provided that the Breach of Asset Cover Test has not been remedied, the CBC shall be allowed to retain the proceeds received on the Transferred Assets until the Breach of Asset Cover Test is remedied.

Save where otherwise agreed with any Rating Agency, the Asset Percentage will be adjusted in accordance with the various methodologies prescribed by any Rating Agency or will otherwise be in compliance with the relevant methodologies agreed with any Rating Agency from time to time with a view to maintain the rating of the highest rated Series of Covered Bonds. Any adjustment of the Asset Percentage will appear from the relevant Investor Report as the new Asset Percentage as determined in accordance with the Asset Monitoring Agreement. If more than one Rating Agency assigns ratings to the Covered Bonds under the Programme, then in the event the Asset Percentages (as computed in response to the relevant Rating Agency calculations) prior to any Calculation Date differ, the CBC (or the Administrator on its behalf) shall on such Calculation Date apply the lowest Asset Percentage. Prior to the date on which a relevant Rating Agency has provided the CBC (or the Administrator on

its behalf) with a new Asset Percentage, the CBC (or the Administrator on its behalf) will be entitled to rely on the previously provided Asset Percentage.

The Asset Percentage will be included in the Investor Report.

In the Administration Agreement, the Administrator agrees to prepare the Asset Cover Reports 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 purposes hereof:

**"Adjusted Aggregate Asset Amount"** means  $A + B + C + D - Z$ .

**"A"** means the lower of:

- (a) the sum of all Adjusted Current Balances of all Mortgage Receivables. The "Adjusted Current Balance" of a Mortgage Receivable is the lower of:
  - (i) the Current Balance of such Mortgage Receivable minus  $\alpha$ ; and
  - (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Mortgage Receivable, minus  $\beta$ ; and
- (b) the Asset Percentage of the sum of the Current Balance minus  $\alpha$  of all Mortgage Receivables.

**" $\alpha$ "** means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable, a Savings Investment Mortgage Receivable or a Bank Savings Mortgage Receivable an amount calculated on the basis of a method proposed to the Rating Agency, related to the built-up of savings in connection with such Savings Mortgage Receivable, Savings Investment Mortgage Receivable or Bank Savings Mortgage Receivable, provided that no amount will be deducted for as long as the Insurance Savings Participation Agreement or the Bank Savings Participation Agreement, respectively, is in place in relation to the Savings Mortgage Receivable, the Savings Investment Mortgage Receivable or Bank Savings Mortgage Receivable, respectively;
- (ii) if it is a Non-Eligible Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iii) if it is three (3) months or more in arrears or it is a Defaulted Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iv) if the Long-Term Issuer Credit Rating from S&P falls below 'BBB', an additional amount in connection with the possible set-off risk pertaining to deposits maintained by Borrowers with the Issuer for mortgage loans issued by the Issuer being equal to (i) the amount deposited with the Issuer by the relevant Borrower minus any amounts which are guaranteed under the Deposit Guarantee Scheme (*depositgarantiestelse*) from time to time or (ii) such lower amount as long as this will not adversely affect the rating of any Series;
- (v) if it corresponds to a Construction Deposit: the amount of the Construction Deposit;
- (vi) if it is a Long Term Mortgage Loan: an amount equal to the outcome of (i) the Current Balance of such Long Term Mortgage Loan multiplied by (ii) the Excess Long Term Mortgage Loans Ratio, provided that the outcome shall not be lower than zero.

**"Excess Long Term Mortgage Loans Ratio"** means a ratio equal to (i) the aggregate Current Balance of the Long Term Mortgage Loans that exceeds fifteen per cent. of the aggregate Current Balance of the Mortgage Loans, divided by (ii) the aggregate Current Balance of the Long Term Mortgage Loans.

**" $\beta$ "** 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, at the date of this Base Prospectus, 91.5% or such other percentage figure as is determined from time to time in accordance with the Asset Monitoring Agreement as described above.

"LTV Cut-Off Percentage" means 80% for all Mortgage Receivables or such other percentage as may be notified to the Rating Agency from time to time in respect of the relevant Mortgage Receivables, or such lower percentage as is (a) required from time to time for Covered Bonds to qualify as 'covered bonds' as defined in Article 129 of the CRR or (b) otherwise determined from time to time in accordance with the Asset Monitoring Agreement.

"B" means the aggregate amount of all Principal Receipts on the Mortgage Receivables up to the end of the immediately preceding calendar month which have not been applied in accordance with the Trust Deed.

"C" means the aggregate amount of (i) all Transferred Collateral in cash which has not been applied in accordance with the Trust Deed and (ii) the amounts standing to the credit of the Reserve Account.

"D" means the aggregate outstanding principal balance of all Transferred Collateral in Substitution Assets and accrued interest thereon which has not been applied in accordance with the Trust Deed. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount, based on a methodology proposed to the Rating Agency.

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

"Interest Cover Required Amount" means on the date with respect to which the Asset Cover Test is calculated, the higher of zero and (i) U minus W on such date; or (ii) such lower amount as notified by the Issuer to the CBC as long as this will not adversely affect the rating of any Series; where

"U" means the sum of the aggregate amount of interest payable in respect of all Series of Covered Bonds from the relevant date up to and including the relevant Maturity Date minus any amount of interest to be received under a Portfolio Swap Agreement in connection with a Series of Covered Bonds and in the event floating rate interest has to be calculated, it is assumed that such rates remain at the same level as at the relevant Calculation Date preceding the relevant CBC Payment Date.

"W" means the Estimated Portfolio Interest Income.

"Estimated Portfolio Interest Income" means on the date with respect to which the Asset Cover Test is determined (i.e. the end of each calendar month), the aggregate amount, as determined by the CBC (or the Administrator on its behalf) (and such estimation, absent manifest error, being final and binding), of future interest receipts on the Mortgage Receivables and future interest income derived from Substitution Assets on such date, and such estimation to be calculated as the sum of:

- (i) all Fixed Interest Loan Payment Amounts;
- (ii) all Variable Interest Loan Payment Amounts; and
- (iii) all Substitution Assets Payment Amounts.

"Fixed Interest Loan Payment Amount" means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a fixed interest rate, the product of (x) the expected weighted average life (expressed in years) of all Mortgage Receivables with a fixed interest rate; and (y) the weighted average interest rate (expressed as a percentage) of all Mortgage Receivables (where upon the interest reset date of such Mortgage Receivable the interest rate is assumed to be reset at the Assumed Mortgage Interest Rate); and (z) the aggregate Outstanding Principal Amount of such Mortgage Receivable.

"Variable Interest Loan Payment Amount" means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a variable interest rate, the product of (x) the expected weighted average life

(expressed in years) of all Mortgage Loans with a variable interest rate, (y) the Assumed Mortgage Interest Rate; and (z) the aggregate Outstanding Principal Amount of such outstanding Mortgage Receivable.

**"Substitution Assets Payment Amount"** means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each Substitution Asset the sum of the aggregate interest expected to be received up to and including the maturity date of the respective Substitution Asset.

**"Assumed Mortgage Interest Rate"** means the expected mortgage interest rate to be offered by the Servicer (acting on behalf of the CBC) in relation to Mortgage Loans which have an interest rate reset, which interest rate will be notified by the Servicer to the CBC and the Rating Agency upon request.

**"Indexed Valuation"** in relation to any Mortgaged Asset at any date means:

- (a) where the Original Market Value of that Mortgaged Asset is equal to or greater than the Price Indexed Valuation as at that date, the Price Indexed Valuation; or
- (b) where the Original Market Value of that Mortgaged Asset is less than the Price Indexed Valuation as at that date, the Original Market Value plus 90% (or, if a different percentage is required or sufficient from time to time for the Covered Bonds to qualify as "covered bonds" as defined in the CRR and the Issuer wishes to apply such different percentage, then such different percentage) of the difference between the Price Indexed Valuation and the Original Market Value.

**"Price Indexed Valuation"** in relation to any property at any date means the Original Market Value of that property increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value.

**"Index"** means the index of increases or decreases, as the case may be, of house prices issued by the Dutch land registry (*kadaster*) in relation to residential properties in the Netherlands.

**"Selected Mortgage Receivables"** means Mortgage Receivables to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitoring Agreement.

**"First Regulatory Current Balance Amount"** means an amount equal to 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.

**"Substitution Assets Amount"** means an amount equal to the Transferred Collateral, which amount will be limited to a maximum of 20% 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.

**"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.

**"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.

## **AMORTISATION TEST**

Under the Asset Monitoring Agreement and the Guarantee Support Agreement, the CBC must ensure that as at the end of each calendar month *following* service of a Notice to Pay (but prior to service of a CBC Acceleration Notice), the Amortisation Test Aggregate Asset Amount will be an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds as at the end of such calendar month (or with respect to item B as defined below, up to the date specified in item B), all as calculated on the immediately succeeding Calculation Date (the "**Amortisation Test**").

If on any Calculation Date following the service of a Notice to Pay the Amortisation Test is not met per the end of the previous calendar month, then that shall constitute a breach of the Amortisation Test and the CBC (or the Administrator on its behalf) shall immediately notify the Security Trustee thereof in writing, and the Security Trustee shall be entitled to serve a CBC Acceleration Notice under the Terms and Conditions.

For this purpose:

**"Amortisation Test Aggregate Asset Amount"** means  $A + B + C - Z$ .

**"A"** means the sum of all Amortisation Test Current Balances of all Mortgage Receivables. The **"Amortisation Test Current Balance"** of a Mortgage Receivable is the Current Balance of such Mortgage Receivable minus  $\alpha$ .

**" $\alpha$ "** means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable, Savings Investment Mortgage Receivable or a Bank Savings Mortgage Receivable an amount calculated on the basis of a method proposed to the Rating Agency, related to the built-up of savings in connection with such Savings Mortgage Receivable, Savings Investment Mortgage Receivable or Bank Savings Mortgage Receivable, provided that no amount will be deducted for as long as the Insurance Savings Participation Agreement or the Bank Savings Participation Agreement, respectively, is in place in relation to the Savings Mortgage Receivable, Savings Investment Mortgage Receivable or Bank Savings Mortgage Receivable, respectively;
- (ii) if it is a Non-Eligible Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero; and
- (iii) if it is 3 months or more in arrears or it is a Defaulted Receivable: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero.

**"B"** means the amount of any cash standing to the credit of the CBC Account up to the end of the immediately preceding Calculation Period which have not been applied in accordance with the Trust Deed.

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

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

**"Interest Cover Required Amount"** means on the date with respect to which the Amortisation Test is calculated, the higher of zero and (i)  $U$  minus  $W$  on such date; or (ii) such lower amount as notified by the Issuer to the CBC as long as this will not adversely affect the rating of any Series; where

**"U"** means the sum of the aggregate amount of interest payable in respect of all Series of Covered Bonds from the relevant date up to and including the relevant Maturity Date minus any amount of interest to be received under a Portfolio Swap Agreement in connection with a Series of Covered Bonds and in the event floating rate interest has to be calculated, it is assumed that such rates remain at the same level as at the relevant Calculation Date preceding the relevant CBC Payment Date.

**"W"** means the Estimated Portfolio Interest Income.

**"Estimated Portfolio Interest Income"** means on the date with respect to which the Amortisation Test is determined (i.e. the end of each calendar month), the aggregate amount, as determined by the CBC (or the

Administrator on its behalf) (and such estimation, absent manifest error, being final and binding), of future interest receipts on the Mortgage Receivables and future interest income derived from Substitution Assets on such date, and such estimation to be calculated as the sum of:

- (i) all Fixed Interest Loan Payment Amounts;
- (ii) all Variable Interest Loan Payment Amounts; and
- (iii) all Substitution Assets Payment Amounts.

**"Fixed Interest Loan Payment Amount"** means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a fixed interest rate, the product of (x) the expected weighted average life (expressed in years) of all Mortgage Receivables with a fixed interest rate; and (y) the weighted average interest rate (expressed as a percentage) of all Mortgage Receivables (where upon the interest reset date of such Mortgage Receivable the interest rate is assumed to be reset at the Assumed Mortgage Interest Rate); and (z) the aggregate Outstanding Principal Amount of such Mortgage Receivable.

**"Variable Interest Loan Payment Amount"** means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each outstanding Mortgage Receivable with a variable interest rate, the product of (x) the expected weighted average life (expressed in years) of all Mortgage Loans with a variable interest rate, (y) the Assumed Mortgage Interest Rate; and (z) the aggregate Outstanding Principal Amount of such outstanding Mortgage Receivable.

**"Assumed Mortgage Interest Rate"** means the expected mortgage interest rate to be offered by the Servicer (acting on behalf of the CBC) in relation to Mortgage Loans which have an interest rate reset, which interest rate will be notified by the Servicer to the CBC and the Rating Agency upon request.

**"Substitution Assets Payment Amount"** means (as determined by the CBC (or the Administrator on its behalf) and such determination, absent manifest error, being final and binding), with respect to each Substitution Asset the sum of the aggregate interest expected to be received up to and including the maturity date of the respective Substitution Asset.



## **SALE OR REFINANCING OF SELECTED ASSETS**

The Asset Monitoring Agreement provides that the CBC shall sell or refinance Selected Transferred Assets following the service of a Notice to Pay on the CBC and an Issuer Acceleration Notice on the Issuer, but prior to the service of a CBC Acceleration Notice, if on any date the relevant Series that has the earliest Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a CBC Event of Default) (the "**Earliest Maturing Covered Bonds**") have an Extended Due for Payment Date which falls within twelve (12) months, or such other date as the Security Trustee may approve, of such date.

The proceeds from any such sale or refinancing will, in the case of each Mortgage Receivable, and in respect of a Savings Mortgage Receivable or a Savings Investment Mortgage Receivable to which an Insurance Savings Participation applies or a Bank Savings Mortgage Receivable to which a Bank Savings Participation applies, after deduction of an amount equal to such Insurance Savings Participation or Bank Savings Participation, respectively, form part of the Available Principal Funds.

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 as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any) (and increased with an Insurance Savings Participation and/or a Bank Savings Participation), and provided that the Amortisation Test is not breached following the proposed sale or refinancing,

where:

**"Adjusted Required Redemption Amount"** means an amount equal to the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the CBC Account and the principal amount of any Substitution Assets (excluding all amounts to be applied on the following CBC Payment Date to repay higher ranking amounts in the CBC Priority of Payments and excluding those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series).

**"Required Redemption Amount"** means in respect of a Series, the amount calculated as follows: the aggregate Principal Amount Outstanding of such Series  $\times (1 + (0.005 \times (\text{days to the Extended Due for Payment Date of such Series} / 365)))$ .

The CBC shall first offer all the Selected Transferred Assets for sale to the Transferor and the relevant Originator or any third party within the Originator Group appointed by the relevant Originator after the occurrence of an Issuer Event of Default. If, for whatever reason, the Transferor or the relevant Originator informs the CBC, within a period of twenty (20) Business Days after the CBC has made such offer, that it (or any third party within the Originator Group appointed by the relevant Originator) will not repurchase the Selected Transferred Assets, or if the Transferor or the relevant Originators fails to inform the CBC, within a period of twenty (20) Business Days after the CBC has made such offer, that it (or any third party within the Originator Group appointed by the relevant Originator) wishes to repurchase the Selected Transferred Assets, then the Selected Transferred Assets shall be offered for sale by the CBC to a third party or third parties.

If the CBC receives, after each of the Transferor and the relevant Originator or any third party within the Originator Group appointed by the relevant Originator has refused the offer for sale of all Selected Transferred Assets, an offer from a third party to purchase the Selected Transferred Assets, the CBC will notify the Transferor and the relevant Originator of such offer and, within five (5) Business Days after such notice, the Transferor, the relevant Originator or any third party within the Originator Group appointed by the relevant Originator has the right to match the offer to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party and, if the Transferor, the relevant Originator or any third party within the Originator Group appointed by the relevant Originator offers to purchase the Selected Transferred Assets on the same terms and conditions as the offer of such third party, the CBC shall accept such offer of such the Transferor, the relevant Originator or such third party within the Originator Group appointed by the relevant Originator.

If the CBC is required or permitted to sell or refinance Selected Mortgage Receivables, the CBC will offer the Selected Mortgage Receivables for sale to purchasers for the best terms reasonably available but in any event for an amount not less than the Adjusted Required Redemption Amount as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any), plus, in the case of Savings Mortgage Receivables, Savings Investment Mortgage Receivables and Bank Savings Mortgage Receivables which are subject to an Insurance Savings Participation or a Bank Savings Participation, respectively, an amount equal to the aggregate Insurance Savings Participations and the Bank Savings Participations.

If, on the date falling six (6) months before the first Extended Due for Payment Date of any Series outstanding, the Selected Mortgage Receivables have not been sold or refinanced (in whole or in part) for an amount equal to the Adjusted Required Redemption Amount (as reduced by or increased with, as the case may be, any swap termination payment due by the CBC to the relevant Swap Counterparty, or by the relevant Swap Counterparty to the CBC, in connection with the termination of the Swap Agreement related to the relevant Series or a relevant part thereof (if any)), plus, in the case of Savings Mortgage Receivables, Savings Investment Mortgage Receivables and Bank Savings Mortgage Receivables which are subject to an Insurance Savings Participation or a Bank Savings Participation, respectively, an amount equal to the aggregate Insurance Savings Participations and the Bank Savings Participations, then each month up to and including such Extended Due for Payment Date 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 (a) each Savings Mortgage Receivable or Savings Investment Mortgage Receivable to which an Insurance Savings Participation applies, an amount equal to the relevant Insurance Savings Participation and (b) each Bank Savings Mortgage Receivable to which a Bank Savings Participation applies, an amount equal to the relevant Bank Savings Participation).

If the CBC intends to sell Selected Mortgage Receivables to a third party, it may appoint a Portfolio Manager. The CBC shall pay to the Portfolio Manager a success fee, which may consist of a percentage of the portfolio as agreed between the CBC and the Portfolio Manager and which shall only be payable upon sale of such portfolio and which may be deducted from the proceeds of the sale of the Selected Mortgage Receivables.

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 an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, the CBC will instruct the Portfolio Manager to use all best efforts to procure that Selected Mortgage Receivables are sold as quickly as reasonably practicable (in accordance with the recommendations of the Portfolio Manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Guarantee Support Agreement and the Asset Monitoring Agreement.

#### **General Sales Requirements**

The CBC shall ensure that the purchaser to which it sells the Selected Mortgage Receivables shall on or before the date of such purchase represent that it has not been granted a suspension of payments (*surséance van betaling verleend*), been declared bankrupt (*failliet verklaard*) or become subject to analogous insolvency proceedings under applicable law or otherwise be limited in its rights to dispose of its assets.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Receivables or the terms of any refinancing will be subject to the prior written approval of the Security Trustee.

If purchasers accept the offer or offers from the CBC, the CBC will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant purchasers which will require, among other things, a cash payment from the relevant purchasers.

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

After a CBC Acceleration Notice has been served on the CBC, the Security Trustee may institute such proceedings or take such action as it thinks fit against the Issuer and the CBC to enforce its rights under the Trust Deed and the Security in accordance with the terms of the Trust Deed.

**Sale of Substitution Assets**

The Asset Monitoring Agreement provides that the CBC (or the Administrator on its behalf) shall sell all Substitution Assets as quickly as reasonably practicable, subject to the pre-emption rights enjoyed by the Transferor 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 accountant to perform the role of Asset Monitor. The Asset Monitor shall, inter alia, under the terms of the Asset Monitor Appointment Agreement report on the findings resulting from certain agreed upon procedures on certain calculations performed by the Administrator in respect of the Asset Cover Test, the Amortisation Test and the Mandatory Liquidity Required Amount 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. The Issuer and the CBC have appointed the internal audit department of Knab as internal cover pool monitor for the purpose of the CB Regulations and Knab's audit department shall 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 Internal Cover Pool Monitor may sub-contract all or part of the performance of its obligations, provided such subcontracting does not result in a violation of the CB Regulations. The Issuer may at any time appoint another internal cover pool monitor without the approval of the CBC or the Trustee being required, subject to the requirements for such internal cover pool monitor as set out in Article 40n of the Decree.

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 monitor compliance with 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 carry out procedures in respect of such tests (i) in respect of one (1) Asset Cover Test conducted by the Administrator on or before the Calculation Date immediately preceding each anniversary of the Programme Date; (ii) as of the date on which an Amortisation Test will be performed, in respect of the Amortisation Test conducted by the Administrator on or before each Calculation Date; and (iii) in respect of one (1) calculation of the Mandatory Liquidity Required Amount as calculated by the Administrator on or before the Calculation Date immediately preceding each anniversary of the Programme Date.

Following a determination by the Asset Monitor of any material errors in the arithmetic accuracy of the calculations performed by the Administrator such that (a) the Asset Cover Test has been failed on the applicable Calculation Date (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 procedure in relation to the Mandatory Liquidity Required Amount reveals errors in the relevant calculations and consequently, such agreed upon procedure 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 carrying out procedures in relation to such agreed upon procedures is true and correct and is complete and not misleading, and is not required to carry out procedures in relation to an agreed upon procedure or otherwise take steps to verify the accuracy of any such information. The Asset Monitor Report will be delivered by the Asset Monitor to the Administrator, the CBC, the Issuer and the Security Trustee and upon request of the Rating Agency, to the Rating Agency in accordance with the Asset Monitor Appointment Agreement. If the calculations performed by the Administrator have not been performed correctly, the Asset Monitor Report shall set out the correct calculation of the Asset Cover Test, the Amortisation Test or the Mandatory Liquidity Required Amount, as applicable. In addition, subject to the terms of the Asset Monitoring Agreement, the Asset Monitor will monitor and perform 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 per test for the tests in relation to which the Asset Monitor will carry out procedures.

The CBC may, at any time, but subject to the prior written consent of the Security Trustee, terminate the appointment of the Asset Monitor by providing at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the CBC (such replacement to be approved by the Security Trustee, such approval not to be unreasonably withheld) 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 Agency) with 60 days' prior written notice. If a replacement asset monitor has not been found by the CBC within 60 days of notice of resignation by the Asset Monitor, the Asset Monitor shall immediately undertake to seek a replacement (such replacement to be approved by the Security Trustee, such approval not to be unreasonably withheld) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

If a replacement asset monitor has not been found by the CBC within 30 days of the giving of notice of termination by the CBC, the Asset Monitor may identify a replacement (such replacement to be approved by the Security Trustee, such approval not to be unreasonably withheld) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

In the Trust Deed the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether it states that the Asset Cover Test or Amortisation Test, as the case may be, has been passed or failed.

#### **Pool Audit**

Under the terms of the Trust Deed and pursuant to the Wft, the Issuer shall undertake to request, at least once a year, an independent auditor to perform an agreed upon procedure on a sample of randomly selected mortgage files.

## 17. SWAPS

### *General*

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

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. All Swap Agreements must comply with the requirements set out in Article 40j subsection 3 of the Decree.

Rating downgrade language acceptable to the Rating Agency will be included in the Swap Agreements in relation to the Swap Counterparties.

Upon the termination of a Swap Agreement, the CBC or any Swap Counterparty may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this early termination payment will be calculated and made in euro or such other currency as may be agreed. In the event that such a termination payment is payable by the CBC following the service of an Issuer Acceleration Notice, such amount will in most cases (see the applicable priority of payments below) rank ahead of any principal amounts in respect of Swap Agreements due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Counterparty has caused the relevant Swap Agreement to terminate.

### *Portfolio Swap Agreements*

There may be differences between the amounts of interest (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts and (ii) payable in respect of the outstanding Covered Bonds. The CBC may at the instruction of the Issuer elect to enter into Portfolio Swap Agreements in order to hedge certain mismatches in respect of one or more Series or all Series of Covered Bonds, whereby the revenue scheduled to be received on all Transferred Assets multiplied by the Portfolio Swap Fraction is exchanged for a fixed or floating rate of interest on the relevant Series of Covered Bonds.

### *Interest Rate Swap Agreements*

There may be differences between the amounts of interest (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets and the CBC Transaction Accounts and (ii) payable in respect of the outstanding Covered Bonds. The CBC may at the instruction of the Issuer elect to enter into Interest Rate Swap agreements in order to hedge certain mismatches in respect of one or more Series.

## 18. CASH FLOWS

- A. For as long as no Assignment Notification Event has occurred or a Breach of Asset Cover Test Notice is served (which is not remedied) and no Notice to Pay or CBC Acceleration Notice has been served, pursuant to the Guarantee Support Agreement, the CBC is not entitled to receive or retain any proceeds from the Transferred Assets; such proceeds will all be received and retained by the Transferor for its own benefit. Pursuant to the Trust Deed, the following will then apply:
- (i) all costs and expenses of the CBC, including but not limited to any costs and expenses of the Security Trustee and the Stichting Holding and other amounts due listed under item (a) up to and including (d) of the CBC Priority of Payments and any NHG Advance Right Repayment Amount to be repaid to Stichting WEW, but excluding any negative interest amounts and expenses already paid in accordance with the CBC Account Agreement, will be paid on behalf of the CBC by the Issuer for its own account as consideration for the CBC issuing the Guarantee;
  - (ii) all amounts to be paid and received, respectively by the CBC under the Insurance Savings Participation Agreement, the Bank Savings Participation Agreement and/or any Swap Agreement will be paid and received, respectively on behalf of the CBC by the Issuer for its own account, except that any Swap Collateral Amounts will be delivered directly by the relevant Swap Counterparty to the CBC irrespective of whether any Assignment Notification Event has occurred or any Breach of Asset Cover Test Notice is served (which is not remedied) or Notice to Pay or CBC Acceleration Notice has been served at such time and, accordingly, any payments or deliveries to be made in respect of the Collateral Return Payments shall be made directly by the CBC to the relevant Swap Counterparty;
  - (iii) on each CBC Payment Date the CBC (or the Administrator on its behalf) will distribute all amounts (if any) then standing to the credit of the CBC Transaction Accounts (except for any collateral provided by a Swap Counterparty and the balance standing to the credit of the Reserve Account) to the Issuer to the extent such will not result in a breach of the Asset Cover Test.
- B. If an Assignment Notification Event occurs or a Breach of Asset Cover Test Notice (which is not remedied) or a Notice to Pay or CBC Acceleration Notice is served on the CBC, pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Security Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following such Assignment Notification Event or service of a Breach of Asset Cover Test Notice (which is not remedied) or a Notice to Pay or a CBC Acceleration Notice. Pursuant to the Trust Deed, the following will apply:
- (i) if an Assignment Notification Event has occurred or a Breach of Asset Cover Test Notice has been served (which is not remedied) (but no Notice to Pay or Issuer Acceleration Notice or CBC Acceleration Notice has been served), all costs and expenses and all amounts to be paid and received under the Swap Agreements, the Insurance Savings Participation Agreements and/or the Bank Savings Participation Agreement will continue to be settled on behalf of the CBC by the Issuer (except that (i) the Collateral Return Payments shall be made directly to the relevant Swap Counterparty 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) and all amounts standing to the credit of the CBC Transaction Accounts (except for Swap Collateral Amounts and the Reserve Account) will after payment of costs be distributed as set out abovementioned, provided that after a Breach of Asset Cover Test Notice is served no amounts will be distributed until such breach is remedied;
  - (ii) if an Issuer Acceleration Notice and a Notice to Pay have, but no CBC Acceleration Notice has, been served, the CBC (or the Administrator on its behalf) will apply the Available Revenue Funds and the Available Principal Funds in accordance with the CBC Priority of Payments and pay the Insurance Savings Participation Redemption Available Amounts to the Insurance Savings Participant and the Bank Savings Participation Redemption Available Amount to the Bank Savings Participant; and
  - (iii) if a CBC Acceleration Notice has been served, all moneys received or recovered by the Security Trustee or any other Secured Creditor 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 Savings Participant and except for any Bank Savings Participation Available Amount which will be paid to the Bank Savings Participant and except for any collateral to be provided by a Swap Counterparty

following its downgrade which shall first be subject to the provisions set out in the relevant Swap Agreement.

#### **Reserve Account Required Amount and Mandatory Liquidity Required Amount**

Pursuant to the Trust Deed, on the Programme Date and on each date thereafter the Issuer will be required to credit to the Reserve Account an amount equal the Reserve Account Required Amount (see further section 18 (*Cash Flows - CBC Transaction Accounts, Swap Replacement Ledger and Custody*) below).

#### **Payments with respect to Covered Bonds and Swap Agreements during a CBC Payment Period (other than on the CBC Payment Date on which the CBC Payment Period commences)**

Following the service of an Issuer Acceleration Notice and a Notice to Pay, pursuant to the Trust Deed, the Available Revenue Funds and the Available Principal Funds (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will be applied in accordance with the CBC Priority of Payments on each CBC Payment Date, which dates will occur monthly. Payments in respect of interest and principal on a Series of Covered Bonds and, in respect of Swap Agreements, may however become due and payable on other days than on the relevant CBC Payment Date during a CBC Payment Period. Such amounts will be payable by the CBC on the date on which such payments become due and payable as follows:

- (i) in respect of a Series of Covered Bonds to the extent that the CBC has entered into a Swap Agreement with respect to such Series of Covered Bonds, from the amounts received under the relevant Swap Agreement connected to such Series after the CBC Payment Date on which the relevant CBC Payment Period commenced;
- (ii) from the amounts reserved for such Series of Covered Bonds or such Swap Agreement pursuant to item (e) or (f) of the CBC Priority of Payments (as applicable) on the CBC Payment Date on which the relevant CBC Payment Period commenced; and
- (iii) in respect of a Series of Covered Bonds to the extent not so paid in full following application of the funds available in accordance with (i) and (ii) above, from the amounts as were credited to the CBC Transaction Accounts in accordance with item (i) of the CBC Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced.

#### **Cash Collection Arrangements**

Payments by the Borrowers under the Mortgage Loans are due on the first day of each calendar month, interest being payable in arrear. Prior to the notification of an Assignment Notification Event or, in case of Mortgage Receivables originated by Aegon Leven or Aegon Hypotheken, prior to notification of both an Assignment Notification Event and an Originator Assignment Notification Event in respect of Aegon Leven or Aegon Hypotheken, respectively, all payments made by Borrowers will be paid into the collection account held by a.s.r. with the a.s.r. Collection Account Bank. The balance on this account is not pledged to any party, other than to the a.s.r. Collection Account Bank pursuant to the applicable general terms and conditions. Such collection account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans and in respect of other moneys belonging to entities of the Issuer Group.

In the Guarantee Support Agreement the CBC, the Transferor and the Originators have agreed that following an Assignment Notification Event, but prior to an Originator Assignment Notification Event, the relevant Originator shall pay to the CBC all amounts paid by the relevant Borrowers to it, or to a party to which the relevant Borrower is instructed to pay by the Originator, under the Mortgage Receivables originated by it and which are assigned by the Transferor to the CBC on a monthly basis to the extent such proceeds relate to the period following such Assignment Notification Event (unless remedied) and the relevant Originator will no longer transfer such proceeds to the Transferor.

For the purposes hereof:

**"Available Principal Funds"** means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Principal Receipts received during the previous calendar month;



- (ii) any amounts of principal received from any Substitution Asset (not forming part of the Available Revenue Funds);
- (iii) the principal amount of any Transferred Collateral in the form of cash (other than pursuant to a Swap Agreement) received during the previous calendar month;
- (iv) any amount required to be transferred to the CBC Account in accordance with item (i) of the CBC Priority of Payments (for the purpose of determining such amount this item (iv) will not be included in the Available Principal Funds for determining the amount available for application to such item (i));
- (v) all amounts in respect of principal (if any) received or to be received by the CBC under the Transaction Documents (other than the Savings 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);
- (vi) any amounts received in the preceding calendar month as Excess Proceeds to the extent such proceeds do not relate to interest; and
- (vii) any amounts reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement or a higher ranking item than payment of the relevant Series of Covered Bonds or the relevant Swap Agreement in the CBC Priority of Payments prior to the relevant CBC Payment Date to the extent relating to principal.

**"Available Revenue Funds"** means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Interest Receipts received during the previous calendar month;
- (ii) other net income of the CBC including all amounts of interest received on the CBC Transaction Accounts (excluding the Swap Cash Collateral Account) and the Substitution Assets in the preceding calendar month;
- (iii) all amounts in respect of interest received or to be received by the CBC under the Swap Agreements on the relevant CBC Payment Date (or in the CBC Payment Period immediately preceding the relevant CBC Payment Date but excluding the preceding CBC Payment Date) except for any payments in respect of interest received under the Swap Agreements (other than the Portfolio Swap Agreements) that have been applied towards payment of a Series of Covered Bonds (and, for the avoidance of doubt, excluding Swap Collateral Amounts);
- (iv) any amounts on the Reserve Account released in accordance with the Trust Deed;
- (v) any amounts received as Excess Proceeds in the CBC Payment Period immediately preceding the relevant CBC Payment Date to the extent such proceeds do not relate to principal;
- (vi) any amounts to the extent not relating to principal, reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement or a higher ranking item than payment of the relevant Series of Covered Bonds or the relevant Swap Agreement in the CBC Priority of Payments prior to the relevant CBC Payment Date;
- (vii) any Excess Swap Replacement Amounts as shall be standing to the credit of the Swap Replacement Ledger on the relevant CBC Payment Date; and
- (viii) any other amounts standing to the credit of the CBC Account, to the extent not relating to principal, not excluded by virtue of (i) to (vii) above;

less

- (ix) on the first CBC Payment Date of each year, an amount equal to 10 per cent. of the annual fixed operational expenses of the CBC, with a minimum of euro 2,500.

**"Mandatory Liquidity Required Amount"** means 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 Reserve 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).

**"Reserve Account Required Amount"** means:

- a) until the occurrence of a Reserve Account Trigger Event: an amount equal to the Mandatory Liquidity Required Amount; and
- b) following the occurrence of a Reserve Account Trigger Event: an amount equal to the higher of:
  - (i) the Mandatory Liquidity Required Amount; and
  - (ii) the Reserve Trigger Required Amount;

**"Reserve Account Trigger Event"** means if any of the Long-Term Issuer Credit Ratings falls below the minimum ratings as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the Programme Date a Long-term Issuer Credit Rating of 'A' by S&P.

**"Reserve Trigger Required Amount"** means an amount equal to:

- (a) the aggregate for all Series of:
  - (i) to the extent that no Swap has been entered into in relation to a Series, the aggregate Scheduled Interest for each such Series due in the three following CBC Payment Periods; and
  - (ii) to the extent that a Swap has been entered into in relation to a Series;
    - A. if Knab is the Swap Counterparty for such Swaps in relation to the relevant Series, the higher of:
      - 1. the aggregate Scheduled Interest due; and
      - 2. the aggregate interest component due by the CBC under such Swap for such Series in the three following CBC Payment Periods, all as calculated on each relevant Calculation Date; or
    - B. if a party other than Knab is the relevant Swap Counterparty for such Swaps entered into in respect of the relevant Series, the aggregate interest component due by the CBC under the relevant Swap Agreements in the three following CBC Payment Periods; or
    - C. if a party other than Knab is the relevant Swap Counterparty in respect of the Swaps entered into in respect of that Series and Knab is the Swap Counterparty in respect of the other Swap(s) entered into in respect of that Series, the higher of: (1) the aggregate Scheduled Interest due; and (2) the aggregate interest component due by the CBC under such Swaps for such Series in the three following CBC Payment Periods, all as calculated on each relevant Calculation Date,

plus

- (b) to the extent not covered in the relevant Swap, the sum of 0.045 per cent. of the Principal Amount Outstanding of the Covered Bonds on such Calculation Date (or, as applicable, such last issue date) and EUR 30,000.

## **CBC PRIORITY OF PAYMENTS**

On each CBC Payment Date following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay, but prior to the service of a CBC Acceleration Notice, the Available Revenue Funds and the Available Principal Funds (less any amounts payable to third parties incurred by the CBC in the ordinary course of its business, which may be paid on each day by the CBC) will pursuant to the Trust Deed be applied or reserved (in respect of the immediately following CBC Payment Period (which, for the avoidance of doubt, in this priority of payments commences on such CBC Payment Date)), as the case may be, in the following order of priority (the "**CBC Priority of Payments**"), 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 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 Available Revenue Funds);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing *thereto* of any remuneration and any costs, charges, liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of:
  - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately following CBC Payment Period under the provisions of the Servicing Agreement;
  - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately following CBC Payment Period under the provisions of the Administration Agreement;
  - (iii) any remuneration then due and payable to the Back-up Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-up Administrator in the immediately following CBC Payment Period under the provisions of the Back-up Administration Agreement;
  - (iv) any amounts (if any) due and payable to the CBC Account Bank (including any costs and negative interest) pursuant to the terms of the CBC Account Agreement;
  - (v) any amounts (including costs and expenses) due and payable to the Directors; and
  - (vi) any amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (k) below) pursuant to the terms of the Asset Monitor Appointment Agreement;
- (e) *fifth*, to each Portfolio Swap Counterparty in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of all amounts (including any termination payment due and payable by the CBC under the relevant Portfolio Swap Agreement to the extent *not* paid from any Swap Replacement Amounts, but excluding any Excluded Portfolio Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Portfolio Swap Agreement;
- (f) *sixth*, in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of:
  - (i) all amounts (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 Amount) then due to each Swap Counterparty (other than to a Portfolio Swap Counterparty, which is paid under item (e) above) or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Interest Swap Agreement; and
  - (ii) all Scheduled Interest that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be paid in the relevant CBC Payment Period from amounts received (or to be received) under 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 Administrator determines in its sole discretion may not be available as scheduled due to the potential non-performance by a Swap Counterparty of its obligations pursuant to the relevant Swap Agreement;

- (g) *seventh*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (h) *eighth*, in or towards satisfaction or to be reserved for payment, *pro rata* and *pari passu* according to the respective amounts owing thereto, of all Scheduled Principal that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of any Series of Covered Bonds;
- (i) *ninth*, to deposit the remaining moneys in the CBC Account for application on the next following CBC Payment Date in accordance with this priority of payments of items (a) to (h) (inclusive), until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series);
- (j) *tenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto of any Excluded Swap Termination Amount due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (k) *eleventh*, in or towards satisfaction of any indemnity amount due to the Transferor pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement; and
- (l) *twelfth*, thereafter any remaining moneys will be paid to the Issuer.

## **POST CBC ACCELERATION NOTICE PRIORITY OF PAYMENTS**

Under the terms of the Trust Deed, each of the Secured Creditors agrees that all moneys received or recovered by the Security Trustee or any other Secured Creditor (and paid to the Security Trustee in accordance with the Parallel Debt Agreement, 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, the Security shall become enforceable, less an amount to which the Insurance Savings Participant and the Bank Savings Participant shall be entitled (which shall be equal to (A) the Insurance Savings Participation in each of the Savings Mortgage Receivables and each of the Savings Investment Mortgage Receivables to which the Insurance Savings Participation Agreement apply or, if the amount recovered in respect of such Savings Mortgage Receivable or Savings Investment Mortgage Receivable is less than the Insurance Savings Participation, an amount equal to the amount actually recovered, or (B) the Bank Savings Participation in each of the Bank Savings Mortgage Receivables to which the Bank Savings Participation Agreements apply or, if the amount recovered in respect of such Bank Savings Mortgage Receivable is less than the Bank Savings 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 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 *pro rata* and *pari passu* according to the respective amounts owing thereto, of any remuneration and any costs, charges, liabilities and expenses then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement or Agency Agreement;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of:
  - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement;
  - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement;
  - (iii) any remuneration then due and payable to the Back-up Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Back-up Administrator under the provisions of the Back-up Administration Agreement;
  - (iv) any amounts (if any) due and payable to the CBC Account Bank (including any costs and negative interest) pursuant to the terms of the CBC Account Agreement;
  - (v) amounts (including costs and expenses) due to the Directors;
- (d) *fourth*, to each Portfolio Swap Counterparty in or towards satisfaction, *pro rata* and *pari passu* in accordance with the respective amounts owing thereto, of any amounts due under the relevant Portfolio Swap Agreement (including any termination payment due and payable by the CBC under the relevant Portfolio Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Portfolio Swap Termination Amount);
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts owing thereto, of any amounts due and payable:
  - (i) to the Swap Counterparties under the relevant Swap Agreements (other than under a Portfolio Swap Agreement, which is paid under item (d) above) (including, but not limited to, any termination payment due and payable by the CBC under the relevant Interest Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts); and
  - (ii) to the Covered Bondholders *pro rata* and *pari passu* in respect of interest due and payable on each Series in accordance with the Guarantee;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts due and payable to the Covered Bondholders *pro rata* and *pari passu* in respect of principal due and payable on each Series in accordance with the Guarantee;

- (g) *seventh*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts owing thereto, of any Excluded Swap Termination Amounts due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (h) *eighth*, in or towards satisfaction of any indemnity amount due to the Transferor 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
- (i) *ninth*, thereafter any remaining moneys will be paid to the Issuer.

The Security Trustee shall give notice to the Covered Bondholders in accordance with Condition 14 (*Notices*) of the date fixed for any payment under the Priorities of Payments. Any payment to be made in respect of the Covered Bonds or Coupons of any Series by the Issuer, the CBC or the Security Trustee may be made in the manner provided in the Conditions, the Agency Agreement and the Trust Deed and any payment so made shall discharge (*kwijten*) the Security Trustee to the extent made.

## **CBC TRANSACTION ACCOUNTS, SWAP REPLACEMENT LEDGER AND CUSTODY**

### **CBC Account**

Pursuant to the terms of the CBC Account Agreement entered into on the Programme Date between the CBC, BNG Bank N.V. as CBC Account Bank and the Security Trustee, the CBC will maintain, with the CBC Account Bank, the CBC Account:

- into which are paid all amounts received by the CBC in respect of Transferred Assets; and
- moneys standing to the credit of which will on each CBC Payment Date be applied by the Administrator in accordance with the relevant Priority of Payments as described above in more detail.

### **CBC Account Bank Rating**

If the unsecured, unsubordinated and unguaranteed debt obligations of the CBC Account Bank cease to be rated the relevant ratings (as required at the date of this Base Prospectus being at least the Requisite Credit Rating) then within the Relevant Remedy Period of such occurrence either (unless no financial institution is available that has the Requisite Credit Rating):

- the CBC Account will be closed and new accounts opened under the terms of a new CBC Account Agreement substantially on the same terms as the CBC Account Agreement with a financial institution whose ratings are at least the Requisite Credit Rating; or
- the CBC Account Bank will obtain a guarantee of its obligations under the CBC Account Agreement on terms acceptable to the Security Trustee, acting reasonably, from a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Requisite Credit Rating in accordance with the guarantee criteria of S&P prevailing at such time.

### **Interest Rate**

Pursuant to the CBC Account Agreement, the CBC Account Bank has agreed to pay interest on the CBC Transaction Accounts Funds at the rate determined in accordance with the CBC Account Agreement. In the event that the interest rate in respect of any of the CBC Transaction Accounts is less than zero, such amount will be payable by the CBC or the Issuer on behalf of the CBC to the CBC Account Bank.

### **Additional Accounts**

The CBC and the CBC Account Bank may from time to time agree to create additional accounts for the purpose of making deposits with a different interest rate in the name of the CBC with the CBC Account Bank (provided that the Security Trustee has consented in writing). Any such additional accounts will be kept separate from the CBC Account to which it is connected. The CBC may only transfer amounts from such additional accounts to the relevant CBC Account to which it is connected and any amount to be transferred to such additional accounts may only be transferred from the relevant CBC Account.

In the event the CBC is obliged to open any other accounts than the CBC Account, the CBC Account Bank will, on the instructions of the CBC, open such new accounts under the terms of this CBC Account Agreement in the name of the CBC.

### **Reserve Account**

Pursuant to the Trust Deed, the CBC has opened the Reserve Account which will be credited by the Issuer with an amount equal to the Reserve Account Required Amount.

After the earlier of (i) the date falling three (3) months after the occurrence of an Assignment Notification Event pursuant to which the relevant Borrowers have been notified and have been instructed to direct any payments under such Mortgage Receivables to the CBC or (ii) the date on which the CBC demonstrates that the relevant Borrowers pay the required amounts under the Mortgage Receivables to the CBC, the Reserve Trigger Required Amount will be reduced to zero. Any amounts which may be released from the Reserve Account will be added to certain other income of the CBC in calculating the Available Revenue Funds and applied in accordance with the relevant Priority of Payments.

In case the Available Revenue Funds and the Available Principal Funds are, on a CBC Payment Date, insufficient to meet items (a) to (f) inclusive of the CBC Priority of Payments, all amounts credited to the Reserve Account will be available on such CBC Payment Date to meet items (a) to (f) inclusive of the CBC Priority of Payments and will be released accordingly and form part of the Available Revenue Funds.

In the Interim Period all amounts credited to the Reserve Account will be available to meet any amount of interest due on any Series of Covered Bonds in such Interim Period and will be released accordingly to pay directly, outside any Priority of Payments, any amount of Scheduled Interest due on the Covered Bonds. If the amount credited to the Reserve Account exceeds the Reserve Account Required Amount, such excess will be released and will form part of the Available Revenue Funds.

#### **Swap Replacement Ledger**

The CBC has opened a Swap Cash Collateral Account. The CBC shall maintain the Swap Replacement Ledger to which it shall credit the Swap Replacement Amounts. Pursuant to the Administration Agreement, the CBC has agreed that it shall only debit to the Swap Replacement Ledger the following amounts:

- (i) those amounts payable to the replacement Swap Counterparty by the CBC in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Swap Agreement, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so replaced; and
- (ii) those amounts payable by the CBC to a Swap Counterparty in respect of the termination of any Swap Agreement, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so terminated,

provided that 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 Available Revenue Funds on the immediately succeeding CBC Payment Date and shall be distributed on such CBC Payment Date accordingly.

#### **Custody**

The CBC has appointed the Custodian to provide custody services in relation to certain securities which qualify as Substitution Assets or other collateral transferred to the CBC if such securities are transferred to the CBC or other collateral transferred to the CBC. Such securities and any other collateral will be serviced in accordance with the Custody Agreement.



## 19. 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) an English translation of the Articles of Association (*statuten*) of the Issuer, which can be obtained from <https://assets-eu-01.kc-usercontent.com/35355cb5-f8a5-0105-c237-9bab7d11ff84/1d5e2713-ad55-4534-bb88-87cb1fd0be28/Articles%20of%20association%20of%20Knab%20N.V.%20%282024%29.pdf>;
- (b) a copy of the Articles of Association (*statuten*) of the CBC (in the original Dutch language as well as an English translation), which can be obtained from <https://assets-eu-01.kc-usercontent.com/35355cb5-f8a5-0105-c237-9bab7d11ff84/0d073b85-ddc5-42f2-8b7c-a6396c45b10e/Deed%20of%20amendment%20-%20articles%20of%20association%20Knab%20SB%20CBC.pdf>;
- (c) the English language publicly available audited consolidated financial statements (as set out on pages 30 up to and including 117) and the auditor's reports on the financial statements (as set out on pages 119 up to and including 133) as of and for each of the financial years ended 31 December 2022 of the Issuer, which can be obtained from <https://www.knab.nl/-/media/knab/public/investors-page/pdfs/financial-reports/aegon-bank-annual-report-2022.pdf>;
- (d) the English language publicly available audited consolidated financial statements (as set out on pages 33 up to and including 120) and the auditor's reports on the financial statements (as set out on pages 122 up to and including 135) as of and for each of the financial years ended 31 December 2023 of the Issuer, which can be obtained from <https://assets-eu-01.kc-usercontent.com/35355cb5-f8a5-0105-c237-9bab7d11ff84/44b16e25-6db6-46cc-b19c-958a67208e06/KnabAR2023.pdf>; and
- (e) the English language publicly available audited financial statements as of and for the financial year ended 31 December 2022 and the audited financial statements as of 31 December 2021 and for the period 9 March 2021 to 31 December 2021 of the CBC, which can be obtained from <https://www.knab.nl/-/media/knab/public/investors-page/pdfs/funding/soft-bullet-covered-bond-programme/annual-reports-sb-cbc/aegon-sb-covered-bond-company-bv-2022.pdf> and <https://www.knab.nl/-/media/knab/public/investors-page/pdfs/funding/soft-bullet-covered-bond-programme/annual-reports-sb-cbc/aegon-sb-cbc-annual-report-2021.pdf>.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Any information contained in or accessible through any website, including <https://www.knab.nl>, does not form a part of the Base Prospectus and has not been scrutinised or approved by the AFM, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus. Any statements on the Issuer's competitive position included in a document which is incorporated by reference herein and where no external source is identified are based on the Issuer's internal assessment of generally available information.

## 20. GENERAL INFORMATION

1. The establishment and update of the Programme and the issue of Covered Bonds under the Programme from time to time have been duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 11 March 2021, 26 April 2022, 10 May 2023 and 21 May 2024. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under Dutch law have been given for the issue of Covered Bonds and for the Issuer to undertake and perform its obligations under the Transaction Documents.
2. The issuing of the Guarantee has been duly authorised by a resolution of the Board of Managing Directors of the CBC dated 3 May 2021, 8 April 2022, 11 May 2023 and 14 May 2024.
3. Application may be made for Covered Bonds issued under the Programme to be listed on the official list of Euronext Amsterdam during the period of twelve (12) months from the date of this Base Prospectus. Notice of any terms and conditions not contained herein which are applicable to the Covered Bonds will be set out in the Final Terms which, with respect to such Covered Bonds to be listed on Euronext Amsterdam, will be delivered to Euronext Amsterdam on or before the date of issue. Covered Bonds issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms or be unlisted.
4. PricewaterhouseCoopers Accountants N.V. have given and have 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. Each of the partners of PricewaterhouseCoopers Accountants N.V. acting as an independent auditor is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants, NBA*), the professional body for accountants in the Netherlands.
5. Copies of the following documents may for the life of the Base Prospectus be inspected at the specified offices of the Security Trustee and the Principal Paying Agent during normal business hours and will be made available on <https://www.knab.nl/investors/sbcb-programme>:
  - (i) the Articles of Association of the Issuer, the Security Trustee and the CBC;
  - (ii) the Pledge Agreements;
  - (iii) the Administration Agreement;
  - (iv) the Back-up Administration Agreement;
  - (v) the Servicing Agreement;
  - (vi) the CBC Account Agreement;
  - (vii) the Trust Deed;
  - (viii) the Parallel Debt Agreement;
  - (ix) the Agency Agreement;
  - (x) the Guarantee Support Agreement;
  - (xi) the Asset Monitoring Agreement;
  - (xii) the Asset Monitor Appointment Agreement;
  - (xiii) the Master Definitions Agreement;
  - (xiv) the Savings Participation Agreements;
  - (xv) the Management Agreements;
  - (xvi) the Deposit Agreement; and
  - (xvii) the Custody Agreement.
6. The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer and on <https://www.knab.nl/investors>.
7. The audited annual financial statements of the CBC prepared annually will be made available, free of charge, at the specified offices of the CBC and on <https://www.knab.nl/investors/sbcb-programme>.
8. A copy of all Final Terms will be made available on <https://www.knab.nl/investors/sbcb-programme>.

9. 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.
10. A monthly report on the Covered Bonds under this Programme will be published on and can be obtained at: <https://www.knab.nl/investors/sbcb-programme>.
11. 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 5 (*Knab N.V.*) in this Base Prospectus under 'Litigation and 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 Knab Group's financial position or profitability.
12. Up to the date of this Base Prospectus there has been no material adverse change in the prospects of the Issuer since 31 December 2023, which is the date of its last published audited financial statements.
13. Up to the date of this Base Prospectus there has been no significant change in the financial position and the financial performance of Knab Group since 31 December 2023, which is the end of the last financial period for which audited financial information has been prepared.

## 21. GLOSSARY OF DEFINED TERMS

<b>€STR</b>	means (i) in respect of the Covered Bonds, the euro short-term rate as published by the ECB and (ii) in respect of the CBC Transaction Accounts, the euro short-term rate as published by the ECB (or any replacement reference rate as agreed with the CBC Account Bank in accordance with the CBC Account Agreement).
<b>a.s.r.</b>	means ASR Nederland N.V.
<b>a.s.r. Collection Account Bank</b>	means ABN AMRO Bank N.V. (or any of its successors).
<b>a.s.r. group</b>	means the group formed by ASR Nederland N.V. and its affiliates ( <i>groepsmaatschappijen</i> ).
<b>Accrued Interest</b>	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.
<b>Adjusted Aggregate Asset Amount</b>	has the meaning ascribed thereto in the section 16 ( <i>Asset Monitoring</i> ) under <i>Asset Cover Test</i> of this Base Prospectus.
<b>Adjusted Current Balance</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
<b>Adjusted Required Redemption Amount</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under <i>Sale or Refinancing of Selected Assets</i> of this Base Prospectus.
<b>Administration Agreement</b>	means the administration agreement dated the Programme Date between 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>Administrator</b>	means Knab.
<b>Aegon Hypotheken</b>	means Aegon Hypotheken B.V. and any of its successors.
<b>Aegon Leven</b>	means Aegon Levensverzekering N.V. and any of its successors.
<b>Aegon Nederland</b>	means Aegon Nederland N.V. prior to the merger with ASR Nederland N.V. (as acquiring entity) on 1 October 2023.
<b>AFM</b>	means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> ).
<b>Agency Agreement</b>	means the agency agreement entered into between the Issuer, the CBC, the Security Trustee and the Principal Paying Agents and the Registrar.
<b>Agent</b>	means NautaDutilh N.V.
<b>All Moneys Mortgage</b>	means any mortgage right ( <i>hypotheekrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and any moneys that the Borrower, now or in the future, may owe to the relevant Originator and/or Transferor either (i) regardless of the

	basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the relevant Originator and/or Transferor.
<b>All Moneys Pledge</b>	means any pledge ( <i>pandrecht</i> ) which secures (i) not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator and/or Transferor either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the relevant Originator and/or Transferor.
<b>All Moneys Security Rights</b>	means All Moneys Mortgages and All Moneys Pledges jointly.
<b>Amortisation Test Aggregate Asset Amount</b>	has the meaning ascribed thereto in section 16 ( <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>ASR Transaction</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<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 16 ( <i>Asset Monitoring</i> ) under <i>Asset Cover Test</i> of this Base Prospectus.
<b>Asset Monitor</b>	means PricewaterhouseCoopers Accountants N.V. as appointed under the Asset Monitor Appointment Agreement.
<b>Asset Monitor Appointment Agreement</b>	means the asset monitor appointment agreement dated the Programme Date 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 which includes the results of the agreed upon procedures conducted by the Asset Monitor in accordance with the Asset Monitor Appointment Agreement.
<b>Asset Monitoring Agreement</b>	means the asset monitoring agreement dated the Programme Date between the Administrator, 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.
<b>Asset Percentage</b>	means 91.5% or such other percentage figure as is determined from time to time in accordance with the Asset Monitoring Agreement as described above.

<b>Assignment I</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ) in the risk factor <i>Risk related to payments received by the Transferor or the Originators prior to notification of the assignment to the CBC</i> and section 10 ( <i>Guarantee Support</i> ) of this Base Prospectus.
<b>Assignment II</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ) in the risk factor <i>Risk related to payments received by the Transferor or the Originators prior to notification of the assignment to the CBC</i> and section 10 ( <i>Guarantee Support</i> ) of this Base Prospectus.
<b>Assignment Notification Event</b>	means any of the events specified as such in section 10 ( <i>Guarantee Support</i> ) of this Base Prospectus.
<b>Assumed Mortgage Interest Rate</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under Asset Cover Test of this Base Prospectus.
<b>Available Principal Funds</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>Available Revenue Funds</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>Back-up Administration Agreement</b>	means the back-up administration agreement entered into on the Programme Date between the CBC, the Back-up Administrator, the Administrator and the Security Trustee as the same may be amended, restated, supplemented, novated or otherwise modified from time to time.
<b>Back-up Administrator</b>	means Intertrust Administrative Services B.V.
<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 relevant Bank Savings Account.
<b>Bank Savings Mortgage Loans</b>	means a mortgage loan or part thereof in respect of which the Borrower is not required to repay the principal until maturity but instead makes a deposit into the relevant Bank Savings Account.
<b>Bank Savings Mortgage Receivables</b>	means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan.
<b>Bank Savings Participant</b>	means Knab.
<b>Bank Savings Participation</b>	means, on any CBC Payment Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable increased with each Bank Savings Participation Increase up to (and including) the Calculation Period immediately preceding such CBC Payment Date, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable.
<b>Bank Savings</b>	means the bank savings participation agreement between the CBC, the

<b>Participation Agreement</b>	Security Trustee and the Bank Savings Participant dated the Programme Date 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 Fraction</b>	means an amount equal to the net amount received or recovered multiplied by the Bank Savings Participation divided by the Outstanding Principal Amount of such Bank Savings Mortgage Receivable.
<b>Bank Savings Participation Increase</b>	has the meaning ascribed thereto in section 15 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>Bank Savings Participation Redemption Available Amount</b>	has the meaning ascribed thereto in section 15 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>Base Prospectus</b>	means this base prospectus dated 22 May 2024.
<b>Basel Committee</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<b>Basel III Reforms</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<b>BAWAG Transaction</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<b>Bearer Covered Bonds</b>	means the Covered Bonds in bearer form.
<b>Benchmark Event</b>	has the meaning ascribed thereto in Condition 5(B)(ii)(c).
<b>Benchmarks Regulation</b>	means 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 and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.
<b>Benchmarks Regulation Requirements</b>	means the requirements imposed on the administrator of a benchmark pursuant to the Benchmarks Regulation, which includes a requirement for the administrators of a benchmark to be licensed by or to be registered with the competent authority as a condition to be permitted to administer the benchmark.
<b>Beneficiary Rights</b>	means all rights and/or claims which the relevant Originator (and after the assignment thereof to the Transferor, the Transferor) has vis-à-vis an insurance company in respect of an insurance policy, under which the relevant Originator has been appointed by the Borrower as beneficiary ( <i>begunstigde</i> ) in connection with the relevant Mortgage Receivable.
<b>Borrower</b>	means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan.
<b>Borrower Bank Savings Deposit Pledge</b>	means a pledge ( <i>pandrecht</i> ) originally created in favour of the relevant Originator on the rights of the relevant pledgor against Knab in relation to the Bank Savings Account to secure the relevant Mortgage Receivable.
<b>Borrower Insurance Pledge</b>	means a pledge ( <i>pandrecht</i> ) originally created in favour of the relevant Originator on the rights of the relevant pledgor against the Insurance Company under the relevant Insurance Policy securing the relevant

	Mortgage Receivable.
<b>Borrower Insurance Proceeds Instruction</b>	means an instruction by a beneficiary under an Insurance Policy to the Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created.
<b>Borrower Investment Account</b>	means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower.
<b>Borrower Investment Pledge</b>	means a right of pledge ( <i>pandrecht</i> ) on the rights of the relevant Borrower in connection with the Borrower Investment Account in relation to Investment Mortgage Loans.
<b>Borrower Pledge</b>	means a right of pledge ( <i>pandrecht</i> ) securing the relevant Mortgage Receivable, including a Borrower Bank Savings Deposit Pledge, a Borrower Insurance Pledge and a Borrower Investment Pledge.
<b>Breach of Asset Cover Test</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under <i>Asset Cover Test</i> of this Base Prospectus.
<b>Breach of Asset Cover Test Notice</b>	means the notice from the Security Trustee to the CBC and the Issuer in writing stating that a Breach of Asset Cover Test has occurred after the Asset Cover Test is breached for the second time in a row.
<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, as amended from time to time.
<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 T2 or any successor or replacement for that system 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 Agent</b>	has the meaning ascribed thereto in Condition 5 (B) ( <i>Interest</i> ).
<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 Knab SB 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.
<b>CBC Account</b>	means the bank account of the CBC designated as such in the CBC Account Agreement.
<b>CBC Account Agreement</b>	means the CBC account agreement entered into on the Programme Date between the CBC, the CBC Account Bank 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>CBC Account Bank</b>	means BNG Bank N.V.
<b>CBC Event of Default</b>	means any of the events specified as such 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 Priority of Payments</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>CBC Transaction Account Funds</b>	means the balance standing to the credit of each CBC Transaction Account from time to time.
<b>CBC Transaction Accounts</b>	means the CBC Account, the Reserve Account, the Swap Cash Collateral Account and any additional replacement accounts opened in the name of the CBC with the CBC Account Bank.
<b>CBC Transaction Documents</b>	means (i) the Guarantee Support Agreement, (ii) the Servicing Agreement, (iii) the Administration Agreement, (iv) any Swap Agreement, (v) the Asset Monitor Appointment Agreement; (vi) the Agency Agreement; (vii) the CBC Account Agreement; (viii) the Custody Agreement and (ix) the Back-up Administration Agreement.
<b>Clearstream, Luxembourg</b>	means Clearstream Banking, société anonyme.
<b>Collar</b>	means the structure in which both a Cap and a Floor apply to a Floating Rate Covered Bond.
<b>Collateral Market Value</b>	means the market value of the relevant Transferred Collateral on any date.
<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 pursuant to the relevant Swap Agreement.
<b>Compensation Schemes</b>	means the Netherlands and other jurisdictions deposit guarantee schemes and similar funds.

<b>Compounded Daily €STR</b>	has the meaning ascribed thereto in Condition 5(B)(ii)(d).
<b>Conditions</b>	means in respect of a Series or Tranche the Terms and Conditions as supplemented, amended and/or disapplied by the relevant Final Terms.
<b>Construction Deposit</b>	means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the relevant Originator, the proceeds of which can only be applied towards (i) construction of, or improvements to, the relevant Mortgaged Asset or (ii) payment of interest in relation to such Mortgage Loan which can only be applied during the construction of, or improvements to, the relevant Mortgaged Asset.
<b>Convertibility Event</b>	means the (indirect or direct) determination by government of the Netherlands, that the euro is substituted by another currency.
<b>Couponholders</b>	means the holders of the Coupons.
<b>Coupons</b>	means the interest coupons appertaining to 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/EC.
<b>Covered Bondholders</b>	means the holders for the time being of the Covered Bonds.
<b>Covered Bonds</b>	means the covered bonds issued or to be issued under the Programme.
<b>CRD IV</b>	means the CRD IV Directive and the CRR together.
<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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.
<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, and includes any regulatory technical standards and any implementing technical standards issued by the European Banking Authority or any successor body, from time to time.
<b>CRS</b>	means Common Reporting Standard.
<b>CSDDD</b>	means the proposal for a Directive of the European Parliament and of the Council as regards corporate sustainability due diligence.
<b>Current Balance</b>	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.

<b>Custodian</b>	means ABN AMRO Bank N.V.
<b>Custody Agreement</b>	means the custody agreement entered into on the Programme Date between the CBC, the Custodian 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>Cut-Off Date</b>	means the first day of the month immediately preceding the date on which Mortgage Receivables are transferred or, in respect of other Transferred Assets, the date of transfer.
<b>Dealers</b>	means Rabobank 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.
<b>Decree</b>	means the covered bond directive implementation decree ( <i>Implementatiebesluit richtlijn gedekte obligaties</i> ) dated 24 May 2022, as amended from time to time.
<b>Deed of Assignment and Pledge</b>	means a deed of assignment and pledge in the form set out in the Guarantee Support Agreement.
<b>Defaulted Receivable</b>	means any Mortgage Receivable in respect of which: <ul style="list-style-type: none"> <li>(i) a declaration has been made by the Transferor or the relevant Originator that such Mortgage Receivable is irrecoverable (other than any Mortgage Receivable which has been written off by the Transferor or the relevant Originator as irrevocable for accounting purposes in accordance with the Transferor's or the relevant Originator's general accounting practices);</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 calendar month during which such Mortgage Receivable becomes more than 90 days overdue for payment from the original date on which such Mortgage Receivable is due and payable within the meaning of Article 178 of the CRR (and the relevant guideline issued on the application of this Article 178 CRR from time to time) as applicable to the Issuer and payment is not disputed (in whole or in part, with or without justification) by the Borrower owing such Mortgage Receivable.</li> </ul>
<b>Definitive Covered Bonds</b>	means Covered Bonds in definitive form in respect of any Series of Covered Bonds.
<b>Delivery Event</b>	means the event that Euroclear Nederland has been closed for business for a continuous period of 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 always that in such case Definitive Covered Bonds may be delivered ( <i>uitgeleverd</i> ) pursuant to the Dutch Securities Giro Transfer Act ( <i>Wet giraal</i>

	<i>effectenverkeer</i> ).
<b>Deposit Agreement</b>	means the deposit agreement entered into between the CBC, the Security Trustee, the Issuer, the Transferor, the Servicer and the Agent as amended, supplemented, restated or otherwise modified from time to time.
<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 4 ( <i>Redenomination</i> ).
<b>Directors</b>	means Intertrust Management B.V., the sole director of the CBC and the sole director of the Stichting Holding and IQ EQ Structured Finance B.V., the sole director of the Security Trustee.
<b>DNB</b>	means the Dutch Central Bank ( <i>De Nederlandsche Bank</i> ).
<b>Due for Payment Date</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>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under Sale or Refinancing of Selected Assets of this Base Prospectus.
<b>Early Redemption Amount</b>	has the meaning ascribed thereto in Condition 7(e) ( <i>Redemption and Purchase</i> ).
<b>EBA</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<b>EBA Guidelines</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<b>EC</b>	means the European Commission.
<b>ECB</b>	means the European Central Bank.
<b>EDIS</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<b>Eligibility Criteria</b>	means the eligibility criteria set out in section 10 ( <i>Guarantee Support</i> ) of this Base Prospectus.
<b>Eligible Assets</b>	means the Eligible Receivables and the Eligible Collateral.
<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 entities and whose unsecured, unsubordinated and unguaranteed debt obligations are rated not lower than

	the minimum ratings as the Rating Agency may be comfortable with to maintain the then current rating of the Covered Bonds.
<b>EMIR</b>	means EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (commonly known as the European Market Infrastructure Regulation).
<b>EMMI</b>	means the European Money Markets Institute.
<b>ESG</b>	means environmental, social and governance.
<b>ESMA</b>	means the European Securities and Markets Authority.
<b>ESRS</b>	means the European Sustainability Reporting Standards.
<b>EU Banking Reforms</b>	has the meaning ascribed thereto in section 3 (Risk Factors).
<b>EU CRA Regulation</b>	means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended from time to time.
<b>EU MiFID II</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended, supplemented and/or replaced from time to time.
<b>EU PRIIPs Regulation</b>	means Regulation (EU) No. 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.
<b>EU 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>EU Treaty</b>	means the treaty on the functioning of the European Union, as amended from time to time.
<b>EURIBOR</b>	means the Euro-zone inter-bank offered rate.
<b>euro</b>	means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the EU Treaty.
<b>Euroclear</b>	means Euroclear Bank S.A./N.V.
<b>Euroclear Nederland</b>	means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
<b>Euronext Amsterdam</b>	means Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.
<b>Eurosystem</b>	means the central banking system for the euro.
<b>EUWA</b>	means the European Union (Withdrawal) Act 2018.
<b>Excess Long Term Mortgage Loans</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) of this Base Prospectus.

**Ratio**

<b>Excess Proceeds</b>	means all moneys (including Swap Collateral) received by the Security Trustee from the Issuer or any administrator, liquidator, trustee or other similar official appointed in relation to the Issuer following the service of an Issuer Acceleration Notice and a Notice to Pay but prior to a CBC Acceleration Notice.
<b>Excess Swap Replacement Amounts</b>	means any excess proceeds in the event that any Swap Agreement has been replaced and the Swap Replacement Amounts received by the CBC with respect to such transaction as is being so replaced exceed the amounts debited to the Swap Replacement Ledger pursuant to the Administration Agreement in respect of the replacement of such transaction (or the relevant Series will be redeemed or has been redeemed with the proceeds of a sale of Transferred Assets and the Swap Agreement has been terminated in connection with such redemption).
<b>Exchange Date</b>	means the date, not earlier than forty (40) days (nor (if the Temporary Global Covered Bond has been deposited with Euroclear Nederland) more than 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.
<b>Exchange Event</b>	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 have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to cease business permanently or have in fact done so and no successor clearing system is available or (iii) the Issuer or the CBC has or will become subject to adverse tax consequences which would not be suffered if the Covered Bonds represented by the Permanent Global Covered Bond, were in definitive form.
<b>Excluded Swap Termination Amount</b>	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) 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 or (b) a downgrade with respect to such Swap Counterparty.
<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>	has the meaning ascribed thereto in Condition 3 ( <i>The Guarantee</i> ).
<b>Extraordinary Resolution</b>	has the meaning ascribed thereto in Condition 15 ( <i>Meeting 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>Final Redemption</b>	means the final redemption amount specified in, or determined in the manner

<b>Amount</b>	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 7 ( <i>Covered Bonds</i> ) of this Base Prospectus.
<b>First Regulatory Current Balance Amount</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) of this Base Prospectus.
<b>Fiscal Treaty</b>	means the Treaty of Stability, Coordination and Governance signed by 25 Member States on 2 March 2012.
<b>Fixed Rate Covered Bonds</b>	means Covered Bonds which will bear interest at a fixed rate, payable on such date or dates as set forth in the applicable Final Terms.
<b>Floating Interest Amount</b>	means the amount of interest payable on the Floating Rate Covered Bonds, in respect of each Calculation Amount for the relevant Interest Period.
<b>Floor</b>	means a minimum interest rate that may apply to Floating Rate Covered Bonds.
<b>FSB</b>	means the Financial Stability Board.
<b>FSMA</b>	means the United Kingdom Financial Services and Markets Act 2000.
<b>Further Advance</b>	means either (i) further advances made under a Mortgage Loan which will be secured by the same Mortgage as the loan previously disbursed under such Mortgage Loan ( <i>onderhandse verhoging</i> ) and (ii) further advances made under a Mortgage Loan which will also be secured by a second or sequentially lower ranking Mortgage as the loan previously disbursed under such Mortgage Loan ( <i>verhoging</i> ).
<b>Further Advance Receivable</b>	means any and all rights of the Transferor or an Originator under or in connection with a Further Advance.
<b>Global Covered Bond</b>	means any Temporary Global Covered Bond or Permanent Global Covered Bond.
<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 entered into on the Programme Date between the CBC, the Transferor, the Originators 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:  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 with respect to any date after the service of a CBC Acceleration Notice, an amount equal to the aggregate of (i) the relevant Early Redemption Amount specified in the Conditions as being payable on that date and (ii) all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds and all amounts payable by the CBC under the Trust Deed,

provided that any Guaranteed Amounts representing interest paid after the Maturity Date shall be paid on such dates and at such rates as specified in the applicable Final Terms.

<b>Guaranteed Final Redemption Amount</b>	means the Guaranteed Amount relating to Scheduled Principal payable on the Maturity Date.
<b>ICSDs</b>	means one of the International Central Securities Depositories.
<b>IDD</b>	means Directive 2016/97/EU 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>Indexed Valuation</b>	has the meaning ascribed thereto in section 16 ( <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 15 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>Initial Insurance Savings Participation</b>	has the meaning ascribed thereto in section 15 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>Insurance Company</b>	means Aegon Leven.
<b>Insurance Policy</b>	means a Life Insurance Policy, a Savings Insurance Policy or a Savings Investment Insurance Policy or another life insurance policy entered into as security for the Mortgage Loan.
<b>Insurance Savings Participant</b>	means Aegon Leven.
<b>Insurance Savings Participation</b>	means, on any CBC Payment Date, in respect of each Savings Mortgage Receivable, an amount equal to the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable increased with each Insurance Savings Participation Increase up to (and including) the Calculation Period immediately preceding such CBC Payment Date, but not exceeding the Outstanding Principal Amount of such Savings Mortgage Receivable.
<b>Insurance Savings Participation Agreement</b>	means the insurance savings participation agreement dated the Programme Date entered into between the CBC, the Security Trustee and the Insurance 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>Insurance Savings Participation Fraction</b>	means an amount equal to the net amount received or recovered multiplied by the Insurance Savings Participation divided by the Outstanding Principal Amount of such Savings Mortgage Receivable or such Savings Investment Mortgage Receivable.
<b>Insurance Savings Participation Increase</b>	has the meaning ascribed thereto in section 15 ( <i>Participation Agreements</i> ) of this Base Prospectus.
<b>Insurance Savings Participation Redemption</b>	has the meaning ascribed thereto in section 15 ( <i>Participation Agreements</i> ) of this Base Prospectus.



**Available Amount**

**Interest Calculation Period** has the meaning ascribed thereto in Condition 5.

**Interest Commencement Date** means the interest commencement date as specified in the applicable Final Terms.

**Interest Determination Date** means the interest determination date as specified in the applicable Final Terms.

**Interest Payment Date** means each 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.

**Interest Receipts** means:

- (i) interest and fees and other amounts received by the CBC in respect of the Mortgage Receivables (including any penalties for late payments), other than Principal Receipts, less (A) in respect of each Savings Mortgage Receivable or Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation, an amount equal to the net amount received or recovered multiplied by the Insurance Savings Participation Fraction and (B) in respect of each Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation, an amount equal to the net amount received or recovered multiplied by the Bank Savings 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 (A) in respect of each Savings Mortgage Receivable or Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation, an amount equal to the net amount received or recovered multiplied by the Insurance Savings Participation Fraction and (B) in respect of each Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation, an amount equal to the net amount received or recovered multiplied by the Bank Savings Participation Fraction.

**Interest Swap Agreement** means any interest swap agreement entered into by the CBC and the Interest Swap Counterparty.

**Interest Swap Counterparty** means any swap counterparty under any Interest Swap Agreement.

**Interim Period** means the period from the day of the service of a Notice to Pay up to the immediately succeeding CBC Payment Date.

**Internal Cover Pool Monitor** means Knab Internal Audit (as part of Knab) 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 (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).

**Investment** means in respect of the Universal Life Mortgage Loan, the alternative

<b>Alternative</b>	whereby the Savings Investment Premiums are invested in investment funds (and not in the LHR).
<b>Investment 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 undertakes to invest defined amounts through a Borrower Investment Account.
<b>Investment Mortgage Receivable</b>	means the Mortgage Receivable resulting from an Investment Mortgage Loan.
<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>IRS</b>	means the U.S. Internal Revenue Service.
<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 the International Swaps and Derivatives Association, Inc.
<b>Issue Date</b>	means, in respect of a Series or Tranche, the date on which such Covered Bonds have been or will be issued as set out in the relevant Final Terms.
<b>Issuer</b>	means Knab.
<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>Issuer Group</b>	means the group formed by Knab N.V. and its direct or indirect parent company and any fully owned subsidiaries of it or such parent companies and only at the relevant time on which the "group" is to be determined and excludes any former affiliates.
<b>Italian Banking Act</b>	means the Italian Legislative Decree No. 385 of 1 September 1993, as amended from time to time.
<b>Knab</b>	means Knab N.V. and any of its successors.
<b>Knab Group</b>	means Knab N.V. and any of its subsidiaries.
<b>Knab Internal Audit</b>	means the internal audit department of the Issuer.
<b>LHR</b>	means, in relation to a Universal Life Mortgage Loan, the fund under the name of <i>Levensloop Hypotheek Rekening</i> .

<b>Life Insurance Policy</b>	means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life.
<b>Life Mortgage Loans</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>Life Mortgage Receivable</b>	means the Mortgage Receivable resulting from a Life Mortgage Loan.
<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>Listing Agent</b>	means Rabobank.
<b>Loan Parts</b>	means one or more loan parts ( <i>leningdelen</i> ) of which a mortgage loan consists.
<b>Long Term Mortgage Loans</b>	means a Mortgage Loan (or one or more loan part ( <i>leningdelen</i> ) thereof) which does not provide for a maturity date in its conditions or has a remaining maturity beyond thirty (30) years.
<b>Long-Term Issuer Credit Rating</b>	has the meaning ascribed thereto in section 7 ( <i>Covered Bonds</i> ) under 'Credit Ratings' of this Base Prospectus.
<b>LTV Cut-Off Percentage</b>	has the meaning ascribed thereto in section 16 ( <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>Mandatory Liquidity Required Amount</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of this Base Prospectus.
<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 entered into between, among others, the Issuer, the Transferor, the CBC, the Security Trustee and the Arranger dated the Programme Date as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>Maturity Date</b>	has the meaning ascribed thereto in Condition 5.
<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>Mortgage</b>	means a mortgage right ( <i>hypothekrecht</i> ) securing the relevant Mortgage

Receivables.

<b>Mortgage Conditions</b>	means, in relation to a Mortgage Loan, the terms and conditions applicable to such Mortgage Loan, as set forth in the relevant Mortgage Deed and/or in any loan document, offer document or any other document and/or in any applicable general terms and conditions for mortgages of the relevant Originator as from time to time in effect.
<b>Mortgage Credit Directive</b>	means Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010.
<b>Mortgage Loans</b>	means the mortgage loans granted by the relevant Originator to the relevant borrower which may consist of one or more loan part ( <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 Transferor (and after assignment of such rights to the CBC, the CBC) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Transferor (or the CBC after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void.
<b>Mortgage Receivables Warranties</b>	has the meaning ascribed thereto in section 10 ( <i>Guarantee Support</i> ) of this Base Prospectus.
<b>Mortgaged Assets</b>	means (i) a real property ( <i>onroerende zaak</i> ), (ii) an apartment right ( <i>appartementsrecht</i> ) or (iii) a long lease ( <i>erfpachtsrecht</i> ) situated in the Netherlands on which a Mortgage is vested.
<b>Mover Option</b>	means the option of a Borrower to retain, pursuant to the Mortgage Conditions and in accordance with the underwriting criteria and procedures prevailing at that time, the contractual interest rate for the remainder of the fixed interest rate period if such Borrower moves to a new property, and in which case the Mortgage Loan on the old property will be redeemed and the Originator will offer a new mortgage loan on the new property.
<b>MREL</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<b>Net Outstanding Principal Amount</b>	means in relation to a Mortgage Receivable, at any date, the Outstanding Principal Amount of the relevant Mortgage Loan less (A) if it is a Savings Mortgage Loan or a Savings Investment Mortgage Loan subject to an Insurance Savings Participation, an amount equal to the Insurance Savings Participation on such date and (B) if it is a Bank Savings Mortgage Loan subject to a Bank Savings Participation, an amount equal to the Bank Savings Participation on such date.
<b>Net Proceeds</b>	means in respect of a Mortgage Receivable the higher of (i) zero and (ii) 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 cash amounts received under any guarantees or sureties, including but not limited to the NHG Guarantee, in relation to the relevant

	Mortgage Receivables, (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs and (f) any cash amounts received under the NHG Advance Right, less (g) any NHG Advance Right Repayment Amount.
<b>New Transferor</b>	means any member of the Issuer Group which at the option of the Issuer accedes to the Programme and the Transaction Documents as new transferor.
<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 12 ( <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 Guarantee</b>	means a guarantee ( <i>borgtocht</i> ) under the NHG Conditions granted by Stichting WEW.
<b>Non-Eligible Receivable</b>	means a Mortgage Receivable which was in breach of the Mortgage Receivables Warranties as of the relevant Transfer Date.
<b>Non-Market Conditions</b>	means, in relation to any Series or Tranche of Covered Bonds issued to members of the Issuer Group (including the Issuer), the Conditions applicable thereto which are not substantially in line with reasonable market terms.
<b>Notice to Pay</b>	means the notice from the Security Trustee in writing to the CBC to pay pursuant to the Guarantee.
<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 the foreclosure value ( <i>executiewaarde</i> ) given to that Mortgaged Asset by the most recent valuation before the relevant Mortgage Receivable was transferred to the CBC, divided by 0.90 or such other factor as required from time to time by the applicable rules and regulations or any internal requirement of the Transferor in relation thereto or, as applicable, the market value ( <i>marktwaarde</i> ) given to that Mortgaged Asset by the most recent valuation before the relevant Mortgage Receivable was transferred to the CBC.
<b>Originator</b>	means Aegon Leven, Aegon Hypotheken and/or Knab.
<b>Originator Assignment Notification Event</b>	has the meaning ascribed thereto in section 10 ( <i>Guarantee Support</i> ) of this Base Prospectus.
<b>Originator Group</b>	means (i) the group formed by the relevant Originator and its affiliates

(*groepsmaatschappijen*) or (ii) in case the relevant Mortgage Loan originated by Aegon Leven or Aegon Hypotheken has been transferred to Knab, the group formed by Knab and its affiliates (*groepsmaatschappijen*).

<b>Other Claims</b>	means any claim the Transferor or the relevant 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 Loan, including any Further Advance Receivable transferred to the CBC, and after the foreclosure of the relevant Mortgage Receivable resulting in a loss being realised, zero.
<b>Parallel Debt</b>	has the meaning ascribed thereto in section <i>Security</i> of this Base Prospectus.
<b>Parallel Debt Agreement</b>	means the parallel debt agreement entered into by, <i>inter alia</i> , the CBC and the Security Trustee dated the Programme Date as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>Paying Agents</b>	means the Principal Paying Agent and any paying agent appointed under the Agency Agreement.
<b>Permanent Global Covered Bonds</b>	means a permanent global covered bond in respect of a Series without interest coupons attached.
<b>Pledge Agreements</b>	means the Security Trustee Rights Pledge Agreement, the Security Trustee Receivables Pledge Agreement and any other agreement pursuant to which security is granted to the Security Trustee on any Transferred Asset other than the Mortgage Receivables, the Beneficiary Rights relating thereto and the NHG Advance Rights entered into with the Security Trustee.
<b>Portfolio Manager</b>	means a portfolio manager appointed by the CBC to arrange the sale of Selected Mortgage Receivables to a third party.
<b>Portfolio Swap Agreement</b>	means any portfolio swap agreement entered into by the CBC and the relevant Portfolio Swap Counterparty.
<b>Portfolio Swap Counterparty</b>	means any swap counterparty under any Portfolio Swap Agreement.
<b>Portfolio Swap Fraction</b>	means the fraction to be calculated in relation to the relevant Portfolio Swap Agreement by dividing (i) the Principal Amount Outstanding of the relevant Series of Covered Bonds by (ii) the Principal Amount Outstanding of all outstanding Covered Bonds.
<b>Post CBC Acceleration Notice Priority of Payments</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>Price Indexed Valuation</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
<b>Principal Amount Outstanding</b>	has the meaning ascribed thereto in Condition 5 ( <i>Interest</i> ).

<b>Principal Paying Agent</b>	means Citibank, N.A., London Branch.
<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 (A) in respect of each Savings Mortgage Receivable and each Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Savings Mortgage Receivable or such Savings Investment Mortgage Receivable and (B) in respect of each Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation, the Bank Savings Participation in such Bank Savings Mortgage Receivable;</li> <li>(ii) any amounts received or recovered as Net Proceeds to the extent relating to principal less (A) in respect of each Savings Mortgage Receivable and each Savings Investment Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Savings Mortgage Receivable or such Savings Investment Mortgage Receivable and (B) in respect of each Bank Savings Mortgage Receivable which is subject to a Bank Savings Participation, the Bank Savings Participation in such Bank Savings Mortgage Receivable; and</li> <li>(iii) any amounts received as Bank Savings Participation Increase and Insurance Savings Participation Increase and Initial Bank Savings Participation and the Initial Insurance Savings Participation.</li> </ul>
<b>Priority of Payments</b>	means the CBC Priority of Payments and the Post CBC Acceleration Notice Priority of Payments.
<b>Programme</b>	means the EUR 5,000,000,000 Covered Bond Programme of the Issuer.
<b>Programme Agreement</b>	means the programme agreement dated the Programme Date between, <i>inter alia</i> , the Issuer, the Arranger, the Dealer and the CBC as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>Programme Date</b>	means 4 May 2021.
<b>Programme Resolution</b>	has the meaning ascribed thereto in Condition 15 ( <i>Meeting of Covered Bondholders, modification and waiver</i> ).
<b>Rabobank</b>	means Coöperatieve Rabobank U.A.
<b>Rate Determination Agent</b>	has the meaning ascribed thereto in Condition 5(B)(ii)(c).
<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 Agency</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 S&P.

<b>Rating Agency Confirmation</b>	<p>means, with respect to a matter which requires Rating Agency Confirmation under the Transaction Documents and which has been notified to each Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:</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 "confirmation");</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 "indication"); or</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: <ul style="list-style-type: none"> <li>(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</li> <li>(ii) if such Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Rating Agency.</li> </ul> </li> </ul>
<b>Recalcitrant Holders</b>	means investors that do not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "reportable account" in relation to FATCA.
<b>Recast Deposit Guarantee Directive</b>	means the (recast) EU Directive on deposit guarantee schemes (2014/49/EU).
<b>Recast DGS Directive</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).
<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>Reference Banks</b>	means, in the case of a determination of EURIBOR, the principal office of four major banks in the Eurozone inter-bank market selected by the Administrator.
<b>Refinance Date</b>	means the date on which the CBC shall sell or refinance the Selected Transferred Asset after the occurrence of an Event of Default.
<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 Citibank, N.A., London Branch.
<b>Regulated Status</b>	means the status of being compliant with the requirements for the legal covered bonds as set out in the CB Regulations.
<b>Regulation No. 11971</b>	means the Italian CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time.
<b>Regulation S</b>	means the Regulation S under the Securities Act.
<b>Regulatory Cut-Off Percentage</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under ' <i>Asset Cover Test</i> ' of this Base Prospectus.
<b>Relevant Date</b>	has the meaning ascribed thereto in Condition 8 ( <i>Taxation</i> ).
<b>Relevant Remedy Period</b>	means the maximum remedy period from time to time, as required to sustain the then current rating of the Covered Bonds, as of the date of the Programme Date being in case of a loss of the Requisite Credit Rating by S&P, the later of (i) sixty (60) calendar days of any such event and (ii) if, on or before the 60th calendar day following the relevant event, the responsible party has submitted a written proposal for a remedy to S&P and S&P has confirmed in writing to the responsible party, the CBC and/or the Security Trustee that the implementation of that proposal will not cause it to downgrade the Covered Bonds, ninety (90) days following such event.
<b>Relevant Screen Page</b>	means the screen page specified in the applicable Final Terms.
<b>Replacement Reference Rate</b>	has the meaning ascribed thereto in Condition 5(B)(ii)(c).
<b>Required Redemption Amount</b>	means in respect of a Series, the aggregate Principal Amount Outstanding of such Series.
<b>Requisite Credit Rating</b>	means in respect of the ratings other than the ratings of an Eligible Swap Counterparty, the minimum ratings from time to time, as at the Programme Date being equal (i) the Long-Term Issuer Credit Rating of at least 'BBB' by S&P, or (ii) such other lower rating or ratings as may be agreed by the Security Trustee, the CBC and the Issuer and which is based on the criteria of the relevant Rating Agency as would be sufficient to maintain the then current ratings of the Covered Bonds.
<b>Reserve Account</b>	means the bank account of the CBC designated as such in the CBC Account Agreement.
<b>Reserve Account Required Amount</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of this Base Prospectus.
<b>Reserve Account</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of this Base

<b>Trigger Event</b>	Prospectus.
<b>Reserve Trigger Required Amount</b>	has the meaning ascribed thereto in section 18 ( <i>Cash Flows</i> ) of the Base Prospectus.
<b>S&amp;P</b>	means S&P Global Ratings Europe Limited.
<b>Savings Insurance Policy</b>	means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life.
<b>Savings Investment Insurance Policy</b>	means an insurance policy taken out by any Borrower, in connection with a Universal Life Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life.
<b>Savings Investment Mortgage Loans</b>	means a Universal Life Mortgage Loan or the relevant part thereof whereby the premiums are invested in the LHR.
<b>Savings Investment Mortgage Receivables</b>	the means the Mortgage Receivable resulting from a Savings Investment Mortgage Loan.
<b>Savings Investment Premium</b>	means the premiums to be invested in the LHR under a Savings Investment Policy in respect of a Universal Life 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 a Mortgage Receivable resulting from a Savings Mortgage Loan.
<b>Savings Premium</b>	means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the Insurance Company on the basis of the Savings Insurance Policy.
<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 (Interest) (but excluding (a) any additional amounts relating to premiums, default interest or interest upon interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 ( <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 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) (*Redemption at Maturity*) (but excluding (a) any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Security Trustee on account of scheduled principal and on-paid to the CBC in accordance with the Trust Deed.

<b>Second Regulatory Current Balance Amount</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) of this Base Prospectus.
<b>Secured Creditors</b>	means (i) the Covered Bondholders, (ii) the Directors, (iii) the Servicer, (iv) the Administrator, (v) the Paying Agents, (vi) the Registrar, (vii) the Calculation Agent, (viii) the Swap Counterparties (if any), (ix) the Asset Monitor, (x) the CBC Account Bank, (xi) the Transferor, (xii) the Custodian, (xiii) the Back-up Administrator, (xiv) the Insurance Savings Participant, (xv) the Bank Savings Participant, (xvi) any Originator and (xvii) such other party designated by the Security Trustee to become a secured creditor.
<b>Securities Act</b>	means the U.S. Securities Act of 1933, as amended from time to time.
<b>Security</b>	means the Transferred Assets and the rights of the CBC under or in connection with the Transaction Documents relating to the CBC.
<b>Security Documents</b>	means all deeds and/or other documents under which the CBC creates first ranking security in favour of the Security Trustee over the Transferred Assets and certain other assets of the CBC.
<b>Security Trustee</b>	means Stichting Security Trustee Knab SB Covered Bond Company.
<b>Security Trustee Pledge Notification Events</b>	means any of the events specified as such in section 10 ( <i>Guarantee Support</i> ) of this Base Prospectus.
<b>Security Trustee Receivables Pledge Agreement</b>	means the security trustee receivables pledge agreement entered into on the Programme Date between 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>Security Trustee Rights Pledge Agreement</b>	means the security trustee rights pledge agreement entered into on the Programme Date between the CBC, the Security Trustee, the Transferor, the Servicer, the Administrator, CBC Account Bank, the Asset Monitor, the Registrar and the Paying Agent as the same may be amended and/or supplemented and/or restated and/or novated or otherwise modified from time to time.
<b>Security Trustee Secured Liabilities</b>	means any and all liabilities (whether actual or contingent), whether principal, interest or otherwise, to the extent such liabilities result in a claim for payment of money ( <i>geldvordering</i> ), which are now or may at any time hereafter be due, owing or payable from or by the CBC to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and as amended, restated, novated, supplemented or otherwise modified from time to time and any of the other Transaction Documents.

<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 Transferred Assets</b>	means the Transferred Assets that are randomly selected by the CBC pursuant to the terms of the Asset Monitoring Agreement on a Refinance Date.
<b>Series</b>	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.
<b>Servicer</b>	means Aegon Hypotheken in its capacity as servicer, in respect of the relevant Mortgage Receivables originated by it or in respect of which it has been appointed as Servicer under the Servicing Agreement or its successor or successors.
<b>Servicing Agreement</b>	means the servicing agreement entered into on the Programme Date between the CBC, the Servicer 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>Short-Term Issuer Credit Rating</b>	has the meaning ascribed thereto in section 7 ( <i>Covered Bonds</i> ) under ' <i>Credit Ratings</i> ' of this Base Prospectus.
<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 Interest Payment Date</b>	means the specified interest payment date as specified in the applicable Final Terms.
<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>Stabilising Manager</b>	means the appointed stabilising manager in connection with the relevant issue of Covered Bonds.
<b>Standardised Approach</b>	means section 2 (Standardised Approach) of the CRR (as amended, varied and/or supplemented from time to time), as applicable.
<b>Stichting Holding</b>	means Stichting Holding Knab SB Covered Bond Company.
<b>Stichting WEW</b>	means Stichting Waarborgfonds Eigen Woningen (WEW).
<b>Stub Amount</b>	has the meaning ascribed thereto in section 3 ( <i>Risk Factors</i> ).

<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 the CB Regulations to collateralise covered bonds, subject to certain limitations, and which assets on an aggregate basis are subject to a limit of 20%, or such other percentage as required from time to time to comply with the CB Regulations, of the nominal value of the Transferred Assets and which are further subject to the minimum requirements as set by the Rating Agency in its criteria at such time which apply on the basis of the then current ratings assigned to the outstanding Covered Bonds.
<b>Substitution Assets Amount</b>	has the meaning ascribed thereto in section 16 ( <i>Asset Monitoring</i> ) under 'Asset Cover Test' of this Base Prospectus.
<b>Supplemental Prospectus</b>	means a supplement to the Base Prospectus pursuant to Article 23 of the Prospectus Regulation.
<b>Swap Agreements</b>	means any Portfolio Swap Agreement and any Interest Swap Agreement.
<b>Swap Cash Collateral Account</b>	means the bank account of the CBC designated as such in the CBC Account Agreement.
<b>Swap Collateral Amounts</b>	means any collateral to be provided by a Swap Counterparty following its downgrade.
<b>Swap Counterparty</b>	means the Portfolio Swap Counterparty or Portfolio Swap Counterparties and/or the Interest Swap Counterparty or Interest Swap Counterparties.
<b>Swap Replacement Amounts</b>	means (a) those amounts received from any replacement Swap Counterparty in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Swap Agreement and (b) those amounts received from any Swap Counterparty in respect of any Swap Agreement which has terminated for any reason.
<b>Swap Replacement Ledger</b>	means the swap replacement ledger held by the CBC in relation to the Swap Replacements Amounts.
<b>T2</b>	means the real time gross settlement system operated by the Eurosystem or any successor or replacement for that system.
<b>Talons</b>	means, if indicated in the Final Terms, talons for further Coupons.
<b>Tax Event</b>	means (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.
<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 7 ( <i>Covered Bonds</i> ) of the Base Prospectus.
<b>Tranche</b>	means a tranche of a Series.
<b>Transaction Documents</b>	means the Pledge Agreements, the Administration Agreement, the Back-up Administration Agreement, the Servicing Agreement, the CBC Account Agreement, the Trust Deed, the Parallel Debt Agreement, the Agency Agreement, the Guarantee Support Agreement, the Asset Monitoring Agreement, the Asset Monitor Appointment Agreement, the Master Definitions Agreement, the Programme Agreement, the Deposit Agreement, the Swap Agreements (if any), any Calculation Agency Agreement (if any), the Savings Participation Agreements, the Management Agreements and the Custody Agreement.
<b>Transfer Date</b>	means the date of transfer of any Eligible Assets to the CBC in accordance with the Guarantee Support Agreement.
<b>Transferor</b>	means Knab.
<b>Transferor Warranties</b>	means the representations and warranties given by the Transferor with respect to it as set out in the Guarantee Support Agreement including the Mortgage Receivables Warranties.
<b>Transferred Assets</b>	means the Mortgage Receivables and the Beneficiary Rights relating thereto 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 redeemed, retransferred, sold or otherwise disposed, or agreed to be disposed, of by the CBC.
<b>Trust Deed</b>	means the trust deed entered into by the Issuer, the CBC, the Stichting Holding and the Security Trustee dated the Programme Date as the same may be amended and/or supplemented and/or restated and/or novated 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 MiFIR</b>	means EU Regulation 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending EU Regulation 648/2012.
<b>UK PRIIPS</b>	means Regulation (EU) No 1286/2014 as it forms part of the laws of the United Kingdom by virtue of the EUWA.
<b>UK Prospectus Regulation</b>	means Regulation (EU) 2017/1129 as if forms part of the laws of the United Kingdom by virtue of the EUWA.
<b>Universal Life Mortgage Loan</b>	means a Mortgage Loan which is offered by the relevant Originator under the name of Aegon Levensloophypothek and Universal Life Hypotheek, under which loan the Borrower does not pay principal towards redemption prior to

the maturity but instead takes out a Savings Investment Insurance Policy.

**Universal Life Mortgage Receivable** means the Mortgage Receivables resulting from Universal Life Mortgage Loans.

**US IR Code** means U.S. Internal Revenue Code of 1986.

**VAT and Value Added Tax** means (i) value added tax levied in accordance with the Directive 2006/112/EC as implemented in the laws of the relevant Member State and (ii) any tax of a similar nature levied by reference to added value, sales and/or consumption.

**Wft** means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

**Wge** means the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

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**BNG Bank N.V.**



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