

BASE PROSPECTUS DATED 23 FEBRUARY 2007

ACHMEA HYPOTHEEKBANK N.V.

(incorporated with limited liability in The Netherlands with its statutory seat in The Hague)

€10,000,000,000 Covered Bond Programme

guaranteed as to payments of interest and principal by

ACHMEA COVERED BOND COMPANY B.V.

(incorporated with limited liability in The Netherlands with its statutory seat in Amsterdam)

Under this €10,000,000,000 covered bond programme (the "**Programme**"), Achmea Hypotheekbank N.V. (the "**Issuer**") may from time to time issue bonds (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Achmea Covered Bond Company B.V. (the "**CBC**") will as an independent obligation irrevocably undertake to pay interest and principal payable under the Covered Bonds pursuant to a guarantee issued under the Trust Deed (as defined below) and will pledge to the Trustee (as defined below) the Transferred Assets (as defined below) and certain other assets as security therefor. Recourse against the CBC under its guarantee will be limited to the Transferred Assets and such other assets.

The aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined below)), subject to any increase as described herein.

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under *Summary of Programme* below and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer(s)**" shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Covered Bonds.

Application has been made to the Irish Stock Exchange Limited (the "**Stock Exchange**") for Covered Bonds issued under the Programme to be admitted to the official list of the Irish Stock Exchange (the "**Official List**") and trading on its regulated market during the period of 12 months from the date of this Base Prospectus. Notice of the aggregate nominal amount of the relevant Covered Bonds, interest (if any) payable in respect of such Covered Bonds, the issue price of such Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under Terms and Conditions of Covered Bonds below) of such Covered Bonds will be set out in the final terms (the "**Final Terms**") which, with respect to such Covered Bonds to be listed on the Stock Exchange, will be delivered to the Stock Exchange on or before the date of issue of such Tranche.

Application has been made to the Irish Financial Services Regulatory Authority (the "**Irish Financial Services Regulatory Authority**" or "**IFSR**"), in its capacity as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"), for this Base Prospectus to be approved. Such approval relates only to Covered Bonds which are to be admitted to trading on the regulated market of the Stock Exchange or other regulated markets for the purpose of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. This Base Prospectus constitutes a "base prospectus" for the purpose of the Prospectus Directive.

The Covered Bonds may be listed on such other or further stock exchange(s) or market as may be agreed between the Issuer, the CBC, the Trustee and the relevant Dealer(s) and specified in the applicable Final Terms. The Issuer may also issue unlisted Covered Bonds. References in this Base Prospectus to Covered Bonds being "listed" (and all related references) shall mean that such Covered Bonds have been admitted to trading and have been listed on the Stock Exchange or such other or further stock exchange(s) or market which may be agreed and which is a regulated market for the purposes of Directive 93/22/EEC (the "**Investment Services Directive**").

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

The Covered Bonds of each Tranche 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 of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other agreed clearance system or (ii) with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**"). Registered Covered Bonds will be issued to each relevant holder by a registered covered bonds deed. See *Section 1.1 Form of Covered Bonds*.

The Covered Bonds are expected on issue to be assigned an "AAA" rating by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and an "Aaa" rating by Moody's Investors Service Limited ("**Moody's**") and, together with "**S&P**", the "**Rating Agencies**" and each a "**Rating Agency**". A credit 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.

Particular attention is drawn to the section herein titled *Risk Factors*.

Arranger

BARCLAYS CAPITAL

Dealers

ABN AMRO BANK N.V.	BARCLAYS CAPITAL	BNP PARIBAS
DANSKE BANK	DEUTSCHE BANK	DRESDNER KLEINWORT
DZ BANK AG	JPMORGAN	LANDESBANK BADEN- WÜRTTEMBERG
IXIS CORPORATE & INVESTMENT BANK	RABOBANK INTERNATIONAL	SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING
UNICREDIT GROUP (HVB)	WESTLB AG	

The Issuer and the CBC (each a "Responsible Person") accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer and the CBC (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Arranger, the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Trustee as to the accuracy or completeness of the information contained or referred to in this Base Prospectus or any other information provided by the Issuer and the CBC in connection with the Programme. Neither the Arranger, the Dealers nor the Trustee accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer and the CBC in connection with the Programme.

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

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuer and/or the CBC and/or the Originators is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the CBC or the Originators during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Investors should review, among other things, the most recently published documents referred to into this Base Prospectus when deciding whether or not to purchase any Covered Bonds. The Issuer and/or the CBC have

no obligation to update this Base Prospectus, except when required by and in accordance with the Prospectus Directive).

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the CBC, the Originators, the Arranger, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the CBC, the Originators, the Arranger, the Dealers or the Trustee which would permit a public offering of any Covered Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Covered Bonds. In particular, there are selling restrictions in relation to the United States, the United Kingdom, France, Japan, Ireland and The Netherlands and such other restrictions as may apply, see *Section 1.5: Subscription and Sale*.

The Covered Bonds and the Guarantee (as defined below) from the CBC have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Bearer Covered Bonds are in bearer form and are therefore subject to U.S. tax law requirements. Subject to certain exceptions, the Covered Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

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

In connection with the issue and distribution of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds (provided that, in the case of any Tranche of Covered Bonds to be listed or admitted to trading on the Stock Exchange or another regulated market, the aggregate principal amount of Covered Bonds allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Covered Bonds of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising

Manager) will undertake such stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Such stabilising shall be in compliance with all relevant laws and regulations.

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A. PROGRAMME SUMMARY

This summary must be read as an introduction to this Base Prospectus and does not purport to be complete and is taken from, and is qualified in all respects by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms and in relation to the terms and conditions of any particular Transaction Document, the applicable Transaction Document.

Any decision to invest in the Covered Bonds should be based on a consideration of this Base Prospectus as a whole, including any amendment and supplement hereto and the documents referred to herein. Following the implementation of the relevant provisions of the Prospectus Directive in each relevant Member State of the European Economic Area, no civil liability attaches to the Issuer or the CBC solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus.

The subsequent numbers and headings used in the left columns of the summary below, correspond to the numbers and headings of the subsequent chapters as contained elsewhere in this Base Prospectus, where additional and more detailed information on the same heading can be found. Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this summary. An index of certain defined terms is contained at the end of this Base Prospectus.

1. COVERED BONDS

Issuer: Achmea Hypotheekbank N.V. a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in The Hague, The Netherlands and its registered office at Hervenplein 2, 5232 JE 's-Hertogenbosch, The Netherlands and registered with the Trade Register (*Handelsregister*) of the Chamber of Commerce (*Kamer van Koophandel*) Oost-Brabant, The Netherlands under number 27154399 (the "**Bank**").

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme. These include the fact that the Issuer's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity, legal risk and certain factors which are material for the purpose of assessing the

market risks associated with Covered Bonds issued under the Programme, see *Section B. Risk Factors* in this Base Prospectus.

- Programme Description:** Programme for the issue of Covered Bonds by the Issuer to Covered Bondholders on each issue date (each, an "**Issue Date**").
- Programme Size:** Up to €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the CBC may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
- Distribution:** Covered Bonds may be distributed outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act) by way of private or public placement and in each case on a syndicated or non-syndicated basis.
- Selling Restrictions:** There are selling restrictions in relation to the United States, the United Kingdom, France, Japan, Ireland and The Netherlands and such other restrictions as may apply in connection with the offering and sale of a particular Tranche or Series. See *Section 1.5 Subscription and Sale* below.
- Specified Currencies:** Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
- Certain Restrictions:** Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the restrictions applicable at the date of this Base Prospectus.
- Maturities:** Such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency, subject to a maximum maturity for each Series of 30 years.
- Amortisation:** All Covered Bonds will have soft bullet maturities (allowing payment by the CBC of Guaranteed Final Redemption Amounts to be extended to the relevant Extended Due for

Payment Date). In the future it may be decided that the Issuer will issue Covered Bonds with a hard bullet maturity (such Covered Bonds to be issued without an Extended Due for Payment Date), provided that this Base Prospectus has been updated and that the Transaction Documents have been amended to reflect this. The issue or amortisation of a Series with a hard bullet maturity shall not affect the issue or amortisation of any Series with a soft bullet maturity.

Issue Price:

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

Interest Payment Dates:

Interest shall be payable and principal repayable on the Covered Bonds of each Series on the Interest Payment Dates agreed by the Issuer and the Dealers and specified in the applicable Final Terms up to the Final Maturity Date. The Issuer and the Dealers may agree that (in respect of Covered Bonds other than zero coupon Covered Bonds) interest shall be payable monthly, bi-monthly, quarterly, semi-annually, annually or upon redemption of the relevant Covered Bonds.

Form of Covered Bonds:

Each Covered Bond will be a Bearer or Registered Covered Bond.

Each Tranche of Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Covered Bond. Each Temporary Global Covered Bond (i) which is intended to be issued in NGN form (an "**NGN Temporary Global Covered Bond**") will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream Luxembourg, (ii) which is not intended to be issued in NGN form (a "**Classic Temporary Global Covered Bond**") may be deposited on or around the relevant Issue Date with Euroclear Netherlands and/or (iii) will be deposited with (a common depository for) any other agreed clearing system. A Temporary Global Covered Bond will be exchangeable as described therein for a Permanent Global Covered Bond.

A Permanent Global Covered Bond is exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event, all as described in *Section 1.1 Form of Covered Bonds* below. Any interest in a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system or (ii) Euroclear Netherlands, as appropriate. *See*

Section 1.1 Form of Covered Bonds.

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

Fixed Rate Covered Bonds: Fixed Rate Covered Bonds will bear interest at a fixed rate, payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Floating Rate Covered Bonds: Floating Rate Covered Bonds will bear interest at a rate determined:

- (i) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (ii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Covered Bonds (as set out in the applicable Final Terms).

Index Linked Covered Bonds: Payments of interest in respect of Index Linked Interest Covered Bonds will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as set out in the applicable Final Terms).

Equity Linked Covered Bonds: Payments of interest in respect of Equity Linked Covered Bonds will be calculated by reference to the nature of an underlying share and/or formula as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Other provisions in relation to Floating Rate Covered Bonds, Index Linked Covered Bonds and Equity Linked Covered Bonds: Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds may also have a maximum interest rate ("**Cap**"), a minimum interest rate ("**Floor**") or both ("**Collar**"). Interest on Floating Rate Covered Bonds, Index Linked Covered Bonds and Equity Linked Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed

between the Issuer and the relevant Dealer(s).

Dual Currency Covered Bonds:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Covered Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as set out in the applicable Final Terms).

Zero Coupon Covered Bonds:

Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment.

Redemption:

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

Denomination of Covered Bonds:

Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) save that the minimum denomination of each Covered Bond will be €50,000 or any minimum denominations as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency provided that the minimum denomination of each Covered Bond will at all times be at least €50,000.

Taxation:

All payments in respect of the Covered Bonds will be made without withholding or deduction of taxes imposed by any Tax Jurisdiction, subject to restrictions. In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted or, if the Issuer elects, it may redeem the Series affected. The CBC will not be liable to pay any such additional amounts under the Guarantee.

Cross Default:

None of the Covered Bonds will accelerate automatically on an Issuer Event of Default or a CBC Event of Default. All Covered Bonds will accelerate following a failure to pay (subject to applicable grace periods) by the Issuer or the CBC in respect of such Series (or any other Issuer Event of Default or CBC Event of Default) if (a) the Trustee exercises its discretion to

accelerate or (b) the Trustee is instructed to accelerate by a Programme Resolution.

Status of the Covered Bonds:

The Covered Bonds issued from time to time in accordance with the Programme will constitute unsecured and unsubordinated obligations of the Issuer, guaranteed by the Guarantee, and will rank *pari passu* without any preference among themselves and 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.

Listing:

Application has been made to the Stock Exchange for the Covered Bonds to be issued under the Programme to be admitted to trading and listed on the Stock Exchange. The Covered Bonds may also be listed, quoted and/or traded on or by such other or further competent listing authority(ies), stock exchange(s) and/or quoted system(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series.

Unlisted Covered Bonds may also be issued.

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

Clearing:

Euroclear and/or Clearstream, Luxembourg, Euroclear Netherlands and/or any other agreed clearing system.

Governing Law:

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

2. ASSET-BACKED GUARANTEE

Guarantee, Security, CBC:

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

**Extendable obligations
under the Guarantee**

An Extended Due for Payment Date shall be specified as applying in relation to each Series of Covered Bonds in the applicable Final Terms. In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the Extension Date or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher and *pari passu* ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 13 (*Notices*)), the Rating Agencies, the Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least two Business Days prior to the Extension Date and/or such Interest Payment Date, respectively, and (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for this Series falls (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on the Extension Date and/or such Interest Payment Date, respectively; and

- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 4 (*Interest*), provided that for this purpose all references in Condition 4 to the Final 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.

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

3. GUARANTEE SUPPORT

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

As consideration for the CBC assuming the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Initial Originator will transfer Eligible Assets to the CBC in accordance with the Guarantee Support Agreement. At the option of the Issuer, subject always to Rating Agency Confirmation, New Originators may accede to the Guarantee Support Agreement. The Originators are obliged, and the CBC will use reasonable endeavours, to ensure, among other things, that the Asset Cover Test is satisfied on each Calculation Date.

Principal Transaction Document: Guarantee Support Agreement.

4. ASSET MONITORING

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

Up to three tests will be carried out so as to monitor the CBC's assets from time to time. The Asset Cover Test is intended to ensure that the ratio of the Transferred Assets to the Covered Bonds is maintained at a certain level. The Portfolio Tests (if implemented) are intended to replace the Total Return Swap at the option of (i) the Issuer at any time or (ii) the CBC following a downgrade of the Total Return Swap Provider. A Breach of the Asset Cover Test or any Portfolio Test will entitle the Trustee to serve a Notice to Pay on the CBC. The Amortisation Test is only carried out following service of a Notice to Pay, and is like the Asset Cover Test intended to ensure that the ratio of the Transferred Assets to the Covered Bonds is maintained at a certain level. A Breach of the Amortisation Test will entitle the Trustee to serve a CBC Acceleration Notice.

Principal Transaction Documents: Asset Monitor Agreement and Administration Agreement.

5. SERVICING AND CUSTODY

Servicing, Servicers, Custody:

The Initial Servicer has entered into the Initial Servicing Agreement with the CBC and the Trustee, pursuant to which it provides administrative services in respect of the Initial Portfolio. The Initial Servicer also services any New Receivables, unless it is agreed between the CBC, the Trustee and the Initial Servicer that the Originator transferring such New Receivables (or an eligible third party servicer) shall act as Servicer in relation to such New Receivables. The Initial Servicer is, and each New Servicer will be permitted to subcontract its servicing role to a third party servicer subject to any applicable conditions in the relevant Servicing Agreement. If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets.

Principal Transaction Document: Initial Servicing Agreement.

6. SWAPS

Total Return, Interest Rate, Structured Swaps:

There are certain mismatches between the interest to be received on the Transferred Assets and the interest payable under the Covered Bonds. In order to address these mismatches, the CBC will be required to enter into appropriate hedging arrangements. The CBC will, to a certain extent, hedge the interest received on the Transferred Assets to EURIBOR under the Total Return Swap. If Portfolio Tests are implemented or an alternative hedging methodology is put in place, then the Total Return Swap Agreement will be terminated and, in the case of such an alternative hedging methodology, the CBC will be required to enter into such derivative transactions as are required to comply with such alternative hedging methodology. If (i) at any time the Bank does not have the required ratings of an Interest Rate Swap Provider or Structured Swap Provider or (ii) a Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served on the CBC, then the Bank, in accordance with the Swap Undertaking Letter, will be required to enter into (or procure a third party that is an Eligible Swap Provider to enter into) Interest Rate Swaps and Structured Swaps with the CBC to enable the CBC to hedge its exposure arising from any Series (a) denominated in a currency other than euro, (b) of Index or Equity Linked Covered Bonds or (c) denominated in euro but bearing non-EURIBOR interest, provided that in case (i) above

applies and the Bank still has the required ratings of an Interest Rate Swap Provider, only Structured Swaps are required.

Principal Transaction Documents: Total Return Swap Agreement and Swap Undertaking Letter.

7. CASHFLOWS

Ledgers, Priority of Payments, CBC Accounts:

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

Principal Transaction Documents: Trust Deed, Guarantee Support Agreement, Administration Agreement and AIC Account Agreement.

8. GENERAL

General:

Copies of the principal Transaction Documents and various other documents are available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer, the specified office of the Principal Paying Agent for the time being in London or the specified office of the Listing Agent.

B. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Covered Bonds issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

The subsequent numbers and capital headings used in the below summary, correspond to the numbers and headings of the subsequent chapters as contained in this Base Prospectus after this summary, where additional and more detailed information on the same heading can be found. Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in the below risk factors description. An index of certain defined terms is contained at the end of this Base Prospectus.

B.1 COVERED BONDS

Factors that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme

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 issue of mortgage loans to private individuals and the other products and services that the Issuer provides. Competition in the financial services industry is furthered by the high level of consolidation in the Netherlands in the markets where the Issuer operates. Consolidation may create additional or stronger competitors and may intensify competition. The Issuer faces competition from companies such as Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., ABN AMRO Bank N.V., SNS Bank N.V. and many others. If the Issuer is unable to offer competing attractive products and services that are profitable or is unable to innovate and provide new and competitively priced products and services to remain competitive, the Issuer may lose market share or incur losses on some or all of its activities. Consumer demand, technological changes, regulatory actions and other factors also affect competition. Competitive pressure could result in increased pricing pressure,

particularly as competitors seek to gain market share, and may harm the Issuer's ability to maintain or increase profitability.

Market conditions can adversely affect the results of the Issuer

The Issuer's business segment is affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These market conditions include, without limitation, fluctuations in interest rates, monetary policy, consumer and business spending and demographics.

Mortgage loans constitute a significant portion of the Issuer's total loan portfolio. As per 31 July 2006, mortgage loans accounted for 94 per cent. of the Issuer's assets. A significant downturn in the economy, especially if combined with a drop in property values and increased interest rates, could lead to a decrease in mortgage loans, increased default rates on these loans and may even have an adverse effect on the Issuer's financial condition and/or results of operations.

Volatility in interest rates may negatively affect the Issuer's financial position or result from operations

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 operations' 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 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.

While the Issuer manages its operational risks, these risks remain an inherent part of all of the Issuer's businesses

The operational risks that the Issuer faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud and changes in the regulatory framework. These events may result in financial loss and may harm the Issuer's reputation. Additionally, the loss of key personnel or inability to attract and retain staff could adversely affect the Issuer's operations and results.

The Issuer attempts to keep operational risks at appropriate levels by maintaining a well-controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks they may not be fully effective and cannot eliminate them completely.

The Issuer has counterparty risk exposure

The Issuer is subject to general credit risks, including credit risk of borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans granted, trading counterparties, counterparties under swaps and credit and other derivative contracts, agents and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

In addition, certain of the Issuer's financial products and services are distributed through third parties or form part of broader products and services sold by third parties. Any negative publicity in respect of such third parties or such broader products and services could result in significant damage to the Issuer's reputation, which could in turn greatly hinder the Issuer's ability to retain clients or compete for new business.

Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto, may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

The Issuer's results of operations can be affected by significant adverse regulatory developments including changes in tax law

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 regulation are unpredictable and beyond the control of the Issuer, and changes made could materially adversely affect the Issuer's business.

The Issuer is required to hold a license for its operations and is subject to regulation and supervision by authorities in the Netherlands (such as the Dutch Central Bank (*De Nederlandsche Bank N.V.*; "**DNB**"), the Dutch Authority for Financial Markets (*Stichting Autoriteit Financiële Markten*; "**AFM**") and Euronext N.V. ("**Euronext Amsterdam**")) and in all other jurisdictions in which it operates. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. Regulators and supervisory authorities seem to be taking an increasingly strict approach to regulation and the enforcement thereof that may not be to the Issuer's benefit. A breach of any regulations by the Issuer could lead to intervention by supervisory authorities and the Issuer could come under investigation and surveillance, and be involved in judicial or administrative proceedings. The Issuer may also become subject to new regulations and guidelines that may require additional investments in systems and people and compliance with which may place additional burdens or restrictions on the Issuer. For example, the Basel Committee on Banking Supervision of the Bank for International Settlements has developed new international capital adequacy guidelines commonly known as Basel II. These guidelines were endorsed by central bank governors and the heads of bank supervisory authorities in the Group of Ten (G-10) countries in June 2004. The Capital Requirements Directive, representing the translation of Basel II into EU legislation was adopted by the EU institutions in autumn 2005. The Capital Requirements Directive is implemented in the Netherlands as per 1 January 2007 although part will come into effect on a later date. The guidelines require banks to make a choice for an approach of capital requirements related to risk levels. Should the Issuer not be able to implement the approach of capital requirements it considers optimal, it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and limit the Issuer's growth opportunities.

A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition

On 18 October 2006, S&P lowered its long- and short-term counterparty credit rating of the Issuer to 'A-/A-2' from 'A/A-1'. The outlook is stable. The counterparty credit rating on Eureko remained unchanged at 'A-/positive'. A (further) downgrade of any of the Issuer's ratings (for whatever reason) would result in higher funding and refinancing costs for the Issuer in the capital markets. In addition, a downgrade of any of the Issuer's ratings may limit the Issuer's opportunities to extend mortgage loans and may have a particularly adverse affect on the Issuer's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse affect on the Issuer's financial condition and/or results of operations.

An interruption, failure or breach of the Issuer's operational systems may result in lost business or other losses

The Issuer aims to limit its operational risks as far as possible by means of an internal control system based on a single set of procedures and instructions which apply throughout the Eureko Group. Back-up and contingency facilities are in place for the relevant information and data processing and storage systems. In particular, as with most other banks, the Issuer relies heavily on communication and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in errors in the Issuer's management information and information reported to supervisory authorities and failures or interruptions in client relationship management, general ledger, deposit, servicing and/or loan organisation systems.

The Issuer's risk management policies and procedures may not be fully effective

The Issuer's policies and procedures to identify, monitor and manage risks may not be fully effective. Some of the actions taken to address various risks include but are not limited to entering into hedging transactions, prescribing limits on the amount of rate risk, liquidity risk and credit risk per counterparty that the Issuer may incur in its lending activities and fully securing loans. Some of these and other methods of managing risks employed by the Issuer are based upon the Issuer's use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible to the Issuer. This information may not in all cases be accurate, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

The Issuer may be required to make additional pension contributions

Achmea Personeel B.V. determines the pension cost under the International Financial Reporting Standards ("IFRS") (i.e. the International Accounting Standard 19 ("IAS 19")) for all Achmea Group employees, including employees of the Issuer, on an annual basis. The pensions for Achmea Group employees are insured within Achmea Pensioen- en Levensverzekeringen N.V. Achmea Personeel B.V. pays the premiums to the insurer and, in turn, charges the IFRS pension

cost to the various Achmea Group business units. In this system, all Achmea Group business units, including the Issuer, contribute a premium equal, in aggregate, to the IFRS pension cost. All IAS 19 liabilities are recognized on the balance sheet of Achmea Personeel B.V.

Pension costs are determined under several economic and geographical assumptions. Changes in these assumptions will change the pension cost and consequently may increase the contribution by the Issuer to Achmea Personeel B.V.

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

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

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or referred to in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Risks related to the structure of a particular issue of Covered Bonds

Covered Bonds issued under the Programme will either be fungible with an existing Series or have different terms to an existing Series (in which case they will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and

will share equally in the security granted by the CBC under the Security Documents. If an Issuer Event of Default or a CBC Event of Default occurs and results in acceleration, all Covered Bonds of all Series will accelerate at the same time.

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

Covered Bonds subject to optional redemption by the Issuer

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Covered Bonds and Dual Currency Covered Bonds

The Issuer may issue Covered Bonds with interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Prospective investors should be aware that:

- (i) the market price of such Covered Bonds may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (v) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vi) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Covered Bonds

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable Rate Covered Bonds with a multiplier or other leverage factor

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

Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

Covered Bonds issued at a substantial discount or premium

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

Risks related to Covered Bonds generally

Set out below is a brief description of certain risks relating to the Covered Bonds generally.

Certain decisions of Covered Bondholders taken at Programme level

Any Programme Resolution to direct the Trustee to serve an Issuer Acceleration Notice, a Notice to Pay or a CBC Acceleration Notice, and any direction to the 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 14 (*Meetings of Covered Bondholders, Modification and Waiver*) and can not 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.

The Trustee may agree to modifications to the Transaction Documents without the Covered Bondholders' or other Secured Creditors' prior consent

Pursuant to the terms of the Trust Deed, the Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors (other than the Trustee (where applicable)), concur with any person in making or sanctioning any modifications to the Covered Bonds of any Series, the related Coupons or any Transaction Documents to which the Trustee is a party or over which it has Security (including without limitation designating further creditors as Secured Creditors):

- provided that (i) in the opinion of the Trustee such modification is not materially prejudicial to the interests of (a) any of the Covered Bondholders of any Series or (b) any of the other Secured Creditors (other than the CBC) (in which respect the Trustee may rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to the interests of such Secured Creditor) and (ii) it has not been informed in writing by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given his/her written consent as aforesaid), and, in either case, such modification is notified to the Rating Agencies; or
- which in the opinion of the Trustee are made to correct a manifest error or an error established as such to the satisfaction of the Trustee or of a formal, minor or technical nature or are made to comply with mandatory provisions of law.

EU Savings Directive

If, pursuant to the Savings Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Covered Bond as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent pursuant to the Savings Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

Tax consequences of holding the Covered Bonds

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation.

Covered Bonds held in global form

The Bearer Covered Bonds which are in NGN form (as specified in the applicable Final Terms), will be held by a common safekeeper for Euroclear and/or Clearstream, Luxembourg and the Bearer Covered Bonds which are not in NGN form (as specified in the applicable Final Terms), will initially be held by Euroclear Netherlands, or in either case any other agreed clearing system, and in each case in the form of a Global Covered Bond which will be exchangeable for Definitive Covered Bonds only in the limited circumstances as more fully described in *Form of Covered Bonds* below. For as long as a Covered Bond is represented by a Global Covered Bond held by the common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg or by Euroclear Netherlands, payments of principal, interest (if any) and any other amounts on a Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg and/or

Euroclear Netherlands (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Covered Bond and, in the case of a Temporary Global Covered Bond, certification as to non-U.S. beneficial ownership. The holder of the relevant Global Covered Bond, being the common safekeeper for Euroclear and/or Clearstream, Luxembourg or Euroclear Netherlands, or any other agreed clearance system, shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Covered Bonds represented by such Global Covered Bond with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Covered Bonds.

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 and/or Clearstream, Luxembourg or Euroclear Netherlands, as the case may be.

Registered Covered Bonds

Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount, or part thereof, as the case may be, at the opening of business on the second Business Day falling prior to the due date of such payments. If any Registered Covered Bond holder transfers any Registered Covered Bonds in accordance with Condition 18.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the close of business on the Record Date, the Issuer, the CBC and the Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the close of business on the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with Condition 18 (*Terms and Conditions of the Registered Covered Bonds*). The Registrar shall fulfil certain obligations of the Principal Paying Agent in relation to payments in respect of the Registered Covered Bonds.

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

Covered Bonds in NGN form

The NGN form has been introduced to allow for the possibility of notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

Base Prospectus to be read together with applicable Final Terms

The terms and conditions of the Covered Bonds included in this Base Prospectus apply to the different types of Covered Bonds which may be issued under the Programme. The full terms and conditions applicable to each Tranche of Covered Bonds can be reviewed by reading the master Terms and Conditions as set out in full in this Base Prospectus, which constitute the basis of all Covered Bonds to be offered under the Programme, together with the applicable Final Terms which applies and/or disappplies, supplements and/or amends the master Terms and Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (or Tranche thereof).

Changes of law

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on the law of The Netherlands in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to the law of The Netherlands or administrative practice in The Netherlands after the date of this Base Prospectus.

Risks related to the market generally

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

The secondary market generally

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

Credit ratings may not reflect all risks

The ratings assigned to the Covered Bonds may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant Rating Agencies at any time.

The ratings assigned to the Covered Bonds by S&P, reflect S&P's assessment of the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each Interest Payment Date. The ratings assigned by S&P also reflect S&P's assessment of the likelihood of timely payment of principal in relation to the Covered Bonds on the Extended Due for Payment Date thereof. The ratings assigned by Moody's reflect Moody's assessment of the likelihood of payment of principal in relation to the Covered Bonds on the Extended Due for Payment Date thereof. The expected ratings of the Covered Bonds are set out in the applicable Final Terms for each Series. Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

Exchange of Covered Bonds

The Conditions of the Covered Bonds permit the Issuer to exchange, without the consent of the Trustee or the Covered Bondholders, any existing Covered Bonds then outstanding for new Covered Bonds following the coming into force in The Netherlands of any legislation similar to covered bond legislation in force in any other European Union country or any rules, regulations or guidelines published by any governmental authority that provides for bonds issued by Dutch issuers to qualify for the same benefits available pursuant to covered bond legislation in force in any other European Union country provided that, among other things, each of the Rating Agencies then rating the existing Covered Bonds confirms in writing that any such new Covered Bonds will be assigned the same ratings as are then applicable to the existing Covered Bonds. Any such new Covered Bonds, if issued, will qualify as covered bonds under such new legislation, rules, regulations or guidelines and will be subject to the same economic terms and conditions as the existing Covered Bonds then outstanding.

Return on an investment in Covered Bonds will be affected by charges incurred by investors

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody services and on payments of interest, principal and other

amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

Legal investment considerations may restrict certain investments

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

B.2 ASSET-BACKED GUARANTEE

CBC 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 Trustee:

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

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

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

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

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

Subject to applicable grace periods, if the CBC fails to make a payment when Due for Payment under the Guarantee or any other CBC Event of Default occurs then the Trustee may accelerate the Covered Bonds (to the extent not yet accelerated) by service of a CBC Acceleration Notice, whereupon the CBC will under the Guarantee owe the Early Redemption Amount of each Covered Bond, together with accrued interest and certain other amounts then due under the Covered Bonds. Following service of a CBC Acceleration Notice, the Trustee may enforce the Security over the Secured Property. The proceeds of enforcement of the Security shall be applied by the Trustee in accordance with the Post-CBC-Acceleration-Notice Priority of Payments, and Covered Bondholders will receive amounts from the CBC on an accelerated basis. 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.

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 the Guaranteed Final Redemption Amount on the Extension Date, then the obligation of the CBC to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Due for Payment Date. However, to the extent the CBC has sufficient 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 the relevant Extension Date and any subsequent Interest Payment Date falling prior to the relevant Extended Due for Payment Date. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date will fall one year after the Final 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 4 (*Interest*), *mutatis mutandis*. In these circumstances, except where the CBC has failed to apply money in accordance with the relevant Priority of Payments in accordance with Condition 3 (*The Guarantee*), failure by the CBC to pay the relevant Guaranteed Final Redemption Amount on the Extension Date or any subsequent Interest Payment Date falling prior to the Extended Due for Payment Date (or the relevant later date in case of an applicable grace period) shall not constitute a CBC Event of Default. However, failure by the CBC to pay any Guaranteed Final Redemption Amount or the balance thereof, as the case may be, on the relevant Extended Due for Payment Date and/or pay any other amount due under the Guarantee will (subject to any applicable grace period) constitute a CBC Event of Default.

No Gross-up for Taxes

Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of The Netherlands, any authority therein or thereof having power to tax, the CBC will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Covered Bondholders.

Limited resources available to the CBC

The CBC's ability to meet its obligations under the Guarantee will depend on the realisable value of Transferred Assets (net of, without limitation, amounts due to the Participants in the case of Participation Receivables), the amount of principal and revenue proceeds generated by the Transferred Assets (net of, without limitation, amounts due to the Participants in the case of Participation Receivables) and Authorised Investments and the timing thereof and amounts received from the Swap Providers, the Participants and the Account Bank. The CBC will not have any other source of funds available to meet its obligations under the Guarantee.

If a CBC Event of Default occurs and the Security created by or pursuant to the Security Documents is enforced, the Secured Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders. If, following enforcement of the Security constituted by or pursuant to the Security Documents, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Covered Bondholders should note that the Asset Cover Test has been structured to ensure that the Adjusted Aggregate Asset Amount is greater than the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of there ever being a shortfall. However there is no assurance that there will not be a shortfall.

Reliance of the CBC on third parties

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

If a Servicer Event of Default occurs pursuant to the terms of a Servicing Agreement, then the CBC and/or the Trustee will be entitled to terminate the appointment of the relevant Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Transferred Receivables on the terms of the Servicing Agreement. The ability of a substitute servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Transferred Receivables or any part thereof, and/or the ability of the CBC to make payments under the Guarantee. However, if a Servicer ceases to be assigned a long-term

unsecured, unguaranteed and unsubordinated debt obligation rating by Standard & Poor's of at least BBB the CBC will use reasonable efforts to enter into a master servicing agreement with a third party.

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

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

Pledges to Trustee

Under or pursuant to the Security Documents, various Dutch law pledges are granted by the CBC to the Trustee. A Dutch pledge can serve as security for monetary claims (*geldvorderingen*) only and can only be enforced upon default (*verzuim*) of the obligations secured thereby. Foreclosure on pledged property is to be carried out in accordance with the applicable provisions and limitations of the Dutch Civil Code (*Burgerlijk Wetboek*) and the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The CBC is a special purpose entity. It has been set up as a bankruptcy remote entity, mainly in two ways. First, non-petition wording has been included in the relevant Transaction Documents. Notwithstanding such wording, it is possible that a Dutch court would deal with a petition for bankruptcy (*faillissement*) even if such petition was presented in breach of a non-petition covenant. Secondly, recourse by the Transaction Parties to the CBC has been limited to the Transferred Assets and any other assets the CBC may have (excluding for the avoidance of doubt amounts standing to the credit of the Capital Account). It is therefore unlikely that the CBC becomes subject to an Insolvency Proceeding. Should the CBC be subjected to a Dutch Insolvency Proceeding nevertheless, the Trustee as pledgee can exercise the rights afforded by Dutch law to pledgees as if there were no Dutch Insolvency Proceedings. However, Dutch Insolvency Proceedings involving the CBC would affect the position of the Trustee as pledgee in some respects under Dutch law.

First, if and to the extent that assets purported to be pledged by the CBC to the Trustee, are future assets (i.e. assets that have not yet been acquired by the CBC or that have not yet come into existence) at the moment Dutch Insolvency Proceedings take effect (i.e. at 0:00 hours on the date Dutch Insolvency Proceedings are declared), such assets are no longer capable of being pledged by the CBC (unless the liquidator would agree). This would for example apply with respect to amounts that are paid to the CBC Accounts following the CBC's Dutch Insolvency Proceedings taking effect. As such crediting of the relevant CBC Account would not yet have occurred when the Dutch Insolvency Proceedings take effect, the resulting receivable of the CBC vis-à-vis the Account Bank would qualify as a future asset as abovementioned. However, if following the Dutch Insolvency Proceedings taking effect, amounts are due to be paid under receivables that have been pledged to the Trustee prior to such Dutch Insolvency Proceedings taking effect, the Trustee as pledgee could through notification to the relevant debtors prevent that such pledged receivables are further discharged through payments to the CBC Accounts. The reason for this is that as pledgee it is entitled to collect such receivables itself, i.e. on its own bank account, following notification of the assignment and pledge to the relevant debtor. Notification of the pledge may occur following the occurrence of a Notification Event. As long

as no notification of the assignment has taken place in respect of pledged Transferred Receivables, the relevant debtor must continue to pay to the relevant Originator. Under *Section B.3 Guarantee Support - No Notification of Assignment of Eligible Receivables to CBC* below, the position of the CBC is described in respect of payments so made to the relevant Originator prior to or after such Originator's possible Dutch Insolvency Proceedings taking effect. In respect of payments under pledged Transferred Receivables made to the CBC following notification of the assignment but prior to notification of the pledge and prior to Dutch Insolvency Proceedings of the CBC taking effect and not on-paid to the Trustee, the Trustee will be an ordinary, non-preferred creditor, having an insolvency claim (*voor verificatie vatbare vordering*). In respect of post-insolvency payments, the Trustee will be a preferred creditor having an insolvency claim. Creditors of insolvency claims have to share in the general insolvency costs and have to await finalisation of a (provisional) distribution list (*voorlopige uitdelingslijst*).

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

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

Similar or different restrictions may apply in case of Insolvency Proceedings other than Dutch Insolvency Proceedings.

Parallel Debt

It is intended that the CBC grants pledges to the Trustee for the benefit of the Secured Creditors. However, under Dutch law there is no concept of trust and it is uncertain whether a pledge can be granted to a party other than the creditors of the receivables purported to be secured by such pledge. The Issuer has been advised that under Dutch law a 'parallel debt' structure can be used to give a trustee its own, separate, independent right of claim on identical terms as the relevant creditors. For this purpose, the Trust Deed creates a parallel debt of the CBC to the Trustee, so

that the Security can be granted to the Trustee in its own capacity as creditor of the parallel debt. In the Trust Deed it is agreed that obligations of the CBC to the Trustee under the parallel debt shall be decreased to the extent that the corresponding principal obligations to the Secured Creditors are reduced (and *vice versa*). In the Trust Deed the Trustee agrees to act as trustee as abovementioned and agrees:

- to act for the benefit of the Secured Creditors in administering and enforcing the Security; and
- to distribute the proceeds of the Security in accordance with the provisions set out in the Trust Deed.

Any payments in respect of the parallel debt and any proceeds of the Security (in each case to the extent received by the Trustee) are in case the Trustee becomes subject to Dutch Insolvency Proceedings not separated from the Trustee's other assets, so the Secured Creditors accept a credit risk on the Trustee. However, the Trustee is a special purpose entity and is therefore unlikely to become subject to an Insolvency Proceeding.

Transfer of Guarantee

Under Netherlands law an independent guarantee like the Guarantee in general is an independent claim and not an accessory right (*afhankelijk recht*) and is unlikely to be an ancillary right (*nevenrecht*) that by operation of law follows the receivables it secures upon transfer thereof. The Issuer has been advised that, in the case of Bearer Covered Bonds, such an 'automatic' transfer of the Guarantee can be accomplished by ensuring that the Guarantee forms an integral part of the Covered Bonds. For this reason the Guarantee and the Covered Bonds will provide that the rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a 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 Issuer has 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.

B.3 GUARANTEE SUPPORT

No Notification of Assignment of Eligible Receivables to CBC

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

As long as no notification has taken place, any payments made by the debtors under the Transferred Receivables must continue to be made to the relevant Originator. In respect of payments so made prior to a Dutch Insolvency of the relevant Originator, the CBC will be an

ordinary, non-preferred creditor, having an insolvency claim. In respect of post-insolvency payments, the CBC will be a creditor of the estate (*boedelschuldeiser*), and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate.

Transfer to CBC of Eligible Receivables Secured by All-monies Security

Under Dutch law mortgages and pledges are in principle accessory rights (*afhankelijke rechten*) which pursuant to articles 3:7, 3:82 and 6:142 of the Dutch Civil Code automatically follow the receivables they secure, for example if such receivables are transferred to a third party. The mortgages and pledges securing the Eligible Receivables qualify as either:

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

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

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

The Originators will under or pursuant to the Guarantee Support Agreement warrant and represent that the relevant mortgage and pledge deeds contain either (i) no specific wording regarding the transfer of any right of mortgage or pledge securing the Eligible Receivables or (ii) an express confirmation to the effect that upon a transfer of the relevant Eligible Receivable, the Eligible Receivable will following the transfer continue to be secured by the mortgage or pledge.

Joint Security of CBC and Originators

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

- (a) (1) the relevant Receivable was originated by the relevant Originator (which includes origination by an originator which has Merged into the relevant Originator) and the relevant Originator has not (nor has any such Merged originator) transferred any receivable secured by the Related Security to any party other than the CBC (or in the case of a Merged originator, other than the relevant Originator) and (2) the relevant Originator does not have (nor does any such Merged originator have) any Residual Claim;
- (b) the relevant Receivable is secured by Related Security which does not include All-monies Security and any and all present and future receivables which are secured by the Fixed Security forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security, have, together with all Related Security, transferred to such Originator; or
- (c) the relevant Receivable is subject to an intercreditor agreement between the CBC, the Trustee, the relevant Originator and the originator that originated the relevant Receivable and/or such other requirements as the CBC and the Trustee may require.

In addition, under the Guarantee Support Agreement, each Originator and the Issuer, respectively, covenants, among other things, that if (i) an Originator makes any Further Advance under any Loan Agreement relating to a Transferred Receivable, (ii) such Further Advance is secured by the same Related Security and (iii) (a) such Further Advance results in an Eligible Receivable, then such Originator will transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date or (b) such Further Advance does not result in an Eligible Receivable, then the Issuer will request a retransfer of the relevant Transferred Receivable in accordance with the Guarantee Support Agreement. Likewise, in the Guarantee Support Agreement it is agreed that if an Originator acquires or originates any Residual Claim other than by making a Further Advance, the Issuer will request a retransfer in accordance with the Guarantee Support Agreement.

Set-Off by Borrowers

Notwithstanding the assignment of the Eligible Receivables to the CBC, the Borrowers may be entitled to set off the relevant Eligible Receivable against a claim they may have vis-à-vis the relevant Originator (if any), such as counterclaims resulting from a current account relationship and, depending on the circumstances, counterclaims resulting from a deposit made by a Borrower. In the absence of contractual provisions expanding statutory set-off possibilities, mutuality of claims is one of the requirements for set-off to be allowed: the parties, mutually, have to be each other's creditor and debtor. Following an assignment of an Eligible Receivable by an Originator to the CBC, the relevant Originator would no longer be the creditor of the Eligible Receivable. However, for as long as the assignment has not been notified to the relevant Borrower, the Borrower remains entitled to set off the Eligible Receivable as if no assignment had taken place. After notification of the assignment, the relevant Borrower can still invoke set-off pursuant to article 6:130 of the Dutch Civil Code. On the basis of such article a Borrower can invoke set-off against the CBC if the Borrower's claim vis-à-vis the relevant Originator (if any) stems from the same legal relationship as the Eligible Receivable or became due and payable before the notification. In addition, the possibility cannot be excluded that on the basis of an analogous interpretation of article 6:130 of the Dutch Civil Code, a Borrower will be entitled to invoke set-off against the CBC if prior to the notification, the Borrower was either entitled to invoke set-off against the relevant Originator (e.g. on the basis of article 53 of the Dutch Bankruptcy Code) or had a justified expectation that he would be entitled to such set-off against the relevant Originator. A silent assignment is, in this respect, treated in the same way as an undisclosed right of pledge.

Some of the standard form mortgage documentation provide for a waiver by the Borrower of his rights of set-off vis-à-vis the relevant Originator. However, the waiver of set-off by a Borrower could be voided pursuant to Dutch contract law and may therefore not be enforceable. The Guarantee Support Agreement provides that if a Borrower sets off amounts due to it by an Originator against the relevant Transferred Receivable, the relevant Originator will pay to the CBC an amount equal to the amount so set-off.

Non-payment by Insurer

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

The Issuer has been advised that a Borrower's relationships with the relevant Originator and insurer, are in principle two separate relationships. The Issuer has been advised that under Dutch law generally a range of defences is available to the Borrower, but that in cases as described above, the Borrower's defence is likely to focus on information provided by or on behalf of an Originator which may have led the relevant Borrower to believe that he was not entering into two separate relationships. In this respect, a general factor which to a certain extent increases the Deduction Risk, is that all Borrowers are consumers, many of whom may have limited or no legal knowledge. On this basis the Issuer has been advised that insofar as the Deduction Risk is concerned, the products to which the Eligible Receivables relate can generally be divided into five categories:

1. *Products with no Investment or Mixed Insurance Element*

Certain Eligible Receivables do not relate to any investment product or Mixed Insurance Policy. The Issuer has been advised that, as a result, the Deduction Risk does not play a role for such Eligible Receivables. Under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is related to an Interest-Only Loan, an Annuity Loan or a Linear Loan, that the relevant Receivable does not relate to any investment product or Mixed Insurance Policy.

2. *Products with Investment (but no Mixed Insurance) Element*

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

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

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

- the investment firm is obliged to administer the securities through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); and
- the bank is obliged to administer (i) the securities through a separate depository vehicle or (ii) only securities the transfer of which is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer 1977*).

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

3. *Products with Mixed Insurance Element where Borrower selects Insurer*

Certain Eligible Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer chosen by the Borrower (and approved by the relevant Originator). The Mixed Insurance Policy provides for a risk element for which risk premium is paid and a capital/investment element for which capital/investment premium is paid. The insurer keeps the capital/investment in its own name. The Issuer has been advised that for Eligible Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, (i) sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital/investment premium were 'as good as' repayments of the relevant loan or that the Borrower could not himself choose the relevant insurer and/or (ii) the insurance conditions may have been printed on the letterhead of, or otherwise contain eye catching references to, the relevant Originator (or *vice versa*). However, the Issuer has been advised that absent such specific circumstances, it is unlikely for the Deduction Risk to apply to Eligible Receivables of this category. As the Borrower selects an insurer of his own choice (subject to prior approval by the relevant Originator), this emphasises that it concerns two separate relationships. Under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is related to a Life Loan falling under this category 3, that (i) the relevant Mixed Insurance Policy and the relevant Life Loan are not offered as one product and (ii) the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an insurer which is a group company of the relevant Originator and are free to choose the insurer (subject to prior approval by the relevant Originator.)

4. *Products with Mixed Insurance Element where Originator pre-selects Insurer*

Certain Eligible Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer pre-selected by the relevant Originator. The Mixed Insurance Policy provides for a risk element for which risk premium is paid and a savings or capital/investment element for which savings or capital/investment premium is paid. The insurer keeps the savings or capital/investment in its own name. The Issuer has been advised that for Eligible Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression with the relevant Borrower that he was not entering into two separate relationships. For example, sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of savings or capital/investment premium were 'as good as' repayments of the relevant loan. The Issuer has been advised that, although such specific circumstances may be absent, in general there may still be a certain Deduction Risk for Eligible Receivables of this category. As the Borrower has no option to choose an insurer, this could, possibly with other circumstances, have led the Borrower to believe that he was not entering into two separate relationships. Other relevant circumstances include whether:

- the mortgage loan agreement and the insurance agreement, respectively, or documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the relevant Originator, respectively;
- the representative of the relevant Originator also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or otherwise in entering into, executing or carrying out the insurance or mortgage loan agreement;
- the insurer is, or was when entering into the agreements, an affiliate of the relevant Originator; and/or
- as is the case in respect of Savings Loans (but not Life Loans), the interest base applicable to the savings is more or less the same as the interest base applicable to the relevant Loan.

Under or pursuant to the Guarantee Support Agreement each Originator warrants and represents in relation to any of its Eligible Receivables which is related to a Life Loan and a Mixed Insurance Policy where an Insurer is pre-selected by the relevant Originator, that (i) the relevant Mixed Insurance Policy and the relevant Life Loan are not offered as one product and (ii) the guaranteed yield of the capital/investment element under the Mixed Insurance Policy is not more or less the same as the interest base applicable to the relevant Loan. The Deduction Risk in relation to Savings Loans will be catered for as follows.

4.1 *Deduction from Asset Cover Test and Amortisation Test*

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

4.2 *Master Sub-Participation Agreement*

Each Originator undertakes in the Guarantee Support Agreement to use reasonable endeavours to ensure that a Master Sub-Participation Agreement will be entered into between the relevant insurer and the CBC in relation to Savings Receivables. Pursuant to a Master Sub-Participation Agreement relating to any Savings Receivable, an Initial Settlement Amount and Further Settlement Amounts will be payable by the relevant Participant to the CBC in return for a Participation. If the relevant Borrower invokes against the CBC that he may deduct lost Proceeds from the relevant Transferred Receivable, the relevant Participation of the relevant Participant (who would be in default under the relevant insurance policy) will be reduced. Unless and until (i) both an

Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all amounts expressed to be payable by or to the CBC under the relevant Master Sub-Participation Agreement, shall instead be payable by or to the Issuer for its own account in accordance with the Pre-Notice-to-Pay Priority of Payments. However, if (i) an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, all Further Initial Settlement Amounts and further Settlement Amounts will be collected by or on behalf of the CBC and be applied in accordance with the Post-Notice-to-Pay or Post-CBC-Acceleration-Notice, as the case may be, Priority of Payments. For the purpose of the Asset Cover Test and the Amortisation Test, the Net Outstanding Principal Balance of the relevant Transferred Receivable will be taken into account, meaning in relation to Savings Receivables in respect of which a Master Sub-Participation Agreement is in effect, that an amount equal to the relevant Participation will be deducted.

5. *Products with Mixed Insurance and Investment Element*

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

- the mortgage loan agreement and the insurance agreement, respectively, or documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the relevant Originator, respectively;
- the representative of the relevant Originator also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or

otherwise in entering into, executing or carrying out the insurance or mortgage loan agreement; and/or

- the insurer is, or was when entering into the agreements, an affiliate of the relevant Originator.

This Deduction Risk can be catered for as follows, subject to compliance with applicable regulatory and other restrictions:

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

For as long as none of the solutions as described above are implemented to the satisfaction of the Rating Agencies, the Deduction Risk for this category of Eligible Receivables will in relation to the CBC be catered for through the Asset Cover Test and the Amortisation Test.

Investment products

Some of the Eligible Receivables relate to a mortgage loan agreement between the Borrower and the relevant Originator which is connected to an investment product, i.e. Investment Loans and Hybrid Loans. The Borrower of such an Eligible Receivable does not repay principal during the term of the relevant mortgage loan, but instead invests in the investment product (where applicable combined with a Mixed Insurance Policy). The intention is that at maturity, the principal proceeds of the investment can be used to repay the loan, in whole or in part. However, it is possible that the value of the investment will have reduced considerably and will be insufficient to repay the loan in full (such shortfall the "**Investment Loss**"). In addition to this general risk, there might in such circumstances be a risk that the Borrower successfully claims that he was not properly informed of the risks involved in making the investment and, for example, that therefore he may deduct an amount equal to the Investment Loss from the Transferred Receivable he owes to the CBC.

Some of the Eligible Receivables are linked to Mixed Insurance Policies with an investment element, i.e. Life Loans and Hybrid Loans. There may in certain circumstances be a risk that a Borrower successfully claims that he was not properly informed of the cost element applied by the relevant insurer to the investment premiums paid by such Borrower and/or that the insurer did not properly perform the related insurance agreement in applying the cost element and in either case, for example, that therefore he may terminate the Mixed Insurance Policy and/or

deduct from the Transferred Receivable he owes to the CBC an amount equal to any (additional) amount owed to him under or in respect of such Mixed Insurance Policy as a result of or in connection with such claim. On this topic there have been, without limitation, (i) reports from the AFM and, at the request of the Dutch Association of Insurers (*Verbond van Verzekeraars*), a Commission on Transparency of Investment Insurances (*Commissie transparantie beleggingsverzekeringen*; the "**Commissie De Ruiter**"), (ii) a letter from the Dutch Minister of Finance to Parliament and (iii) press articles stating that civil law suits or class actions may be started against insurers. The Dutch Association of Insurers has in a public communication (a) underwritten the recommendations of the Commissie De Ruiter, stating that it sees these as a logical next step in the various steps which have in previous years been made to improve transparency and (b) said that insurers will (1) verify whether in the past in individual cases mistakes have been made and if so, correct these mistakes and (2) provide customers having an investment insurance policy with all relevant information regarding their insurance policy. The latter is intended to where necessary with retrospective effect provide any missing information. The Dutch Minister of Finance has informed Parliament (i) that the Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*, and the Ombudsman and Dispute Commission (*Geschillencommissie*) active therein) is with the introduction of the Wft on 1 January 2007 the sole institute for dispute resolution in connection with financial services, (ii) that he has requested such (intended) Ombudsman and the (intended) Chairman of such Dispute Commission to suggest a balanced approach so as to hopefully prevent a multitude of individual disputes and (iii) that such Ombudsman and Chairman have in the meantime proposed a balanced approach to deal with complaints which, if all parties cooperate, could accelerate a solution and could result in a compromise for an important number of cases in about six months time (starting 5 February 2007).

The Issuer has been advised that the above risks largely depend on which specific information has been provided to the relevant Borrower through sales people and/or sales materials and that in this respect it is also relevant whether applicable statutory and contractual duties, including statutory duties to provide information to prospective investors, have been complied with.

Security Rights by Borrowers

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

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

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

Beneficiary Rights under Insurance Policies

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

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

1. Beneficiary Rights

To start with the first scenario, the Issuer has been advised that under Dutch law it is uncertain whether Beneficiary Rights will follow the relevant Eligible Receivable upon assignment thereof to the CBC (and subsequent pledge thereof to the Trustee). For this purpose the Beneficiary Rights will, insofar as they will not follow the relevant Eligible Receivable upon assignment, themselves be assigned by the relevant Originator to the CBC by way of silent assignment and be pledged by the CBC to the Trustee by way of silent pledge. In the Guarantee Support Agreement the relevant Originator undertakes to, upon the occurrence of a Notification Event, notify the relevant insurer of the (purported) transfer and pledge (save that those insurers which execute a Beneficiary Waiver Agreement prior to a Notification Event, will be notified through the Beneficiary Waiver Agreement and, thereafter, through each Deed of Assignment and Pledge). However, the Issuer has been advised that under Dutch law it is uncertain whether such assignment (and subsequent pledge) will be effective.

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

- in each deed of assignment to be executed with the CBC pursuant to the Guarantee Support Agreement to the extent possible, under the condition precedent (*opschortende voorwaarde*) that a Notification Event occurs and under the condition subsequent (*ontbindende voorwaarde*) that the relevant Receivable is retransferred to the relevant Originator, (a) appoint the CBC as beneficiary in its place and (b) to the extent such appointment is ineffective, waive its Beneficiary Rights. The Issuer has been advised that it is uncertain whether such appointment and/or waiver is effective. If such conditional appointment is ineffective and such conditional waiver is effective, either the relevant Borrower, or any other person ranking behind the relevant Originator as

beneficiary (a "**Second Beneficiary**"), will become the beneficiary under the relevant insurance policy. Under or pursuant to the Guarantee Support Agreement each Originator warrants and represents that if the relevant Receivable results from a Life Loan, Savings Loan or Hybrid Loan, all receivables under the relevant Mixed Insurance Policy have been validly pledged by the relevant Borrower to the relevant Originator for at least that part by which the relevant Receivable exceeds 90% of the foreclosure value of the relevant Property, which pledge has been notified to the relevant insurer. As mentioned above, a pledge is in principle an accessory right, so that upon a transfer of the relevant Receivable to the CBC, the CBC will in principle become entitled to (a share in) the pledge, provided that following the waiver of the Beneficiary Rights by the relevant Originator, the Borrower will have become the beneficiary. If, however, following a waiver of Beneficiary Rights by the relevant Originator, a Second Beneficiary will have become the beneficiary, the pledge by the Borrower will not be effective; and

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

2. Partner Instruction

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

If:

- in the case of the first scenario (a) the transfer of the Beneficiary Rights is not effective, (b) the (conditional) appointment of the CBC as beneficiary in the place of the relevant Originator is not effective and (c) the (conditional) waiver of Beneficiary

Rights by the relevant Originator is ineffective or, if it is effective, results in a Second Beneficiary having become the beneficiary; or

- in the case of the second scenario, the Partner Instructions do not entail that insurance proceeds should be paid to the CBC,

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

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

Interest Reset Rights

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

Construction Deposits

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

Mortgage on Long Lease

Certain Eligible Receivables are secured by a mortgage on a long lease (*erfpacht*). A long lease will, among other things, end as a result of expiration of the long lease term (in case of lease for

a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage will, by operation of law, be replaced by a pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, among other things, be determined by the conditions of the long lease and may be less than the market value of the long lease.

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

By way of exception, a small number of Eligible Receivables is secured by a mortgage on a right of superficies (*opstal*). The above paragraphs relating to long lease apply, *mutatis mutandis*, to a right of superficies, provided that where the context so permits, all references therein to a "long lease" and "leaseholder" are for this purpose deemed to be references to a right of superficies and a superfiary (*opstaller*), respectively.

Non-Dutch Assets

Under the Guarantee Support Agreement the Originators are permitted to transfer to the CBC Non-Dutch Assets. However, Non-Dutch Assets may only be transferred if Rating Agency Confirmation is obtained and the CBC and the Trustee, respectively, are satisfied that they will receive proprietary rights or security rights, respectively, of equivalent status and ranking for such Non-Dutch Assets as they would have received if Eligible Receivables or Eligible Collateral had been transferred and pledged, respectively.

Limited description of the Transferred Assets

Covered Bondholders will not receive detailed statistics or information in relation to the Transferred Assets, because it is expected that the constitution of the Transferred Assets may constantly change due to, for instance:

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

However, each Eligible Receivable and Substitution Asset will be required to meet the applicable eligibility criteria and the Representations and Warranties set out in the Guarantee Support Agreement (although such eligibility criteria and Representations and Warranties may change in certain circumstances including any amendments necessary if Non-Dutch Assets are transferred to the CBC).

Changes to tax deductibility of interest may result in an increase of defaults

In the Netherlands, subject to a number of conditions, mortgage loan interest payments are deductible from the income of the borrower for income tax purposes. The period for allowed deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupied properties. Starting in 2005, it is also no longer allowed, after a refinancing, to deduct interest payable on any equity extractions. It is however uncertain if and to what extent such deductibility will remain in force and for how long. Should there be a change to the possibility of the deductibility of interest payments, this may among other things have an effect on the house prices and the rate of recovery and, depending on the changes in treatment of existing mortgage loans, may result in an increase of defaults, prepayments and repayments.

Defaulted Receivables

Upon service of a Notice to Pay on the CBC (provided (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served and (b) no CBC Acceleration Notice has been served), the CBC is expected to make payments under the Guarantee. The ability of the CBC to meet its obligations under the Guarantee will depend solely on the proceeds of the Transferred Assets. In this respect it should be noted that Borrowers may default on their obligations due under the Transferred Receivables. Defaults may occur for a variety of reasons. The Transferred Receivables are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to make the required payments under the Transferred Receivables. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (*faillissementen*) of Borrowers or the Borrowers becoming subject to the debt rescheduling arrangements (*schuldsaneringsregelingen*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Transferred Receivables. In addition, the ability of a Borrower to sell a Property at a price sufficient to repay the amounts outstanding under that Transferred Receivable will depend upon a number of factors, including the availability of buyers for that Property, the value of that Property and property values in general at the time. As set forth herein, however, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and the Amortisation Test.

Prepayment

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

Agreements may affect the ability of the CBC to realise sufficient funds to make payments under the Guarantee.

Changes to the Lending Criteria of the Originators

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

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

New Originators

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

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

Limited recourse to the Originators

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

If any Transferred Receivable does not materially comply with any of the Eligibility Criteria as at the Transfer Date of that Transferred Receivable or is or becomes a Defaulted Receivable,

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

There is no further recourse to the relevant Originator in respect of a breach of a Representation or Warranty. There is no other recourse to the assets of the Originators if an Issuer Event of Default occurs or a CBC Event of Default occurs (save as is generally the case insofar as the assets of the Issuer for its obligations under the Covered Bonds are concerned).

NHG Guarantees and Municipality Guarantee

Certain Eligible Receivables have the benefit of an NHG Guarantee or a Municipality Guarantee. Pursuant to the terms and conditions of the NHG Guarantee and the Municipality Guarantee, the WEW or the relevant municipality, respectively, 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 or the Municipality Guarantee, as the case may be. Under or pursuant to the Guarantee Support Agreement, each Originator warrants and represents in relation to any of its Eligible Receivables which is secured by an NHG Guarantee or a Municipality Guarantee that:

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

Furthermore, if an Eligible Receivable transferred by an Originator to the CBC no longer has the benefit of a Municipality Guarantee or an NHG Guarantee as a result of any action taken or omitted to be taken by the relevant Originator, the Administrator or the Servicer, and, as a consequence thereof, such Transferred Receivable would not qualify as an Eligible Receivable if it were tested against the Eligibility Criteria at that time, then the relevant Originator is obliged under the Guarantee Support Agreement to request a retransfer of the relevant Transferred Receivable in accordance with the Guarantee Support Agreement.

The terms and conditions of a Municipality and NHG Guarantee (irrespective of the type of redemption of the mortgage loan) stipulate that the guaranteed amount is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of an Eligible Receivable can be different. This may result in the lender not being able to fully recover any loss incurred with the WEW or the relevant municipality under the Municipality or NHG Guarantee and consequently, in the CBC having insufficient funds.

B.4 ASSET MONITORING

Maintenance of Transferred Assets

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

Prior to the service of a Notice to Pay, the Asset Monitor will test the arithmetic 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. Following the service of a Notice to Pay, the Asset Monitor will be required to test the calculations performed by the Administrator in respect of the Amortisation Test on each Calculation Date.

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

Sale or Refinancing of Selected Receivables

If an Issuer Event of Default has occurred and results in, among other things, a Notice to Pay being served on the CBC, the CBC may be obliged to sell or refinance Selected Receivables (selected on a random basis) in order to make funds available to the CBC to make payments to the CBC's creditors including to make payments under the Guarantee.

There is no guarantee that a buyer will be found to acquire Selected Receivables at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained, which may affect payments under the Guarantee.

No Warranties

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

B.5 SERVICING AND CUSTODY

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

By acquiring the Eligible Receivables, the CBC is deemed to provide consumer credit, which is a licensable activity under the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, the "Wft"). The CBC can rely on an exemption from this licence requirement, if the CBC outsources the servicing of the Eligible Receivables and the administration thereof to an entity which is adequately licensed under the Wft to act as consumer credit provider or intermediary and which complies with certain information duties towards the Borrowers. Pursuant to the Initial Servicing Agreement, the CBC outsources the servicing and administration of the Eligible Receivables to the Initial Servicer. In the Initial Servicing Agreement, the Initial Servicer represents and warrants that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and undertakes to comply with the information duties towards the Borrowers under or pursuant to the Wft. Furthermore, the Initial Servicer has covenanted that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft. If the Initial Servicing Agreement is terminated, the CBC will need to appoint a New Servicer which must be adequately licensed in order for the CBC to keep the benefit of exemptive relief. Alternatively, the CBC needs to obtain a licence itself. The Initial Servicing Agreement stipulates that the Initial Servicer may only terminate the Initial Servicing Agreement if a New Servicer is appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit provider or intermediary.

B.6 SWAPS

Hedging

Variances are possible in the rates of interest payable on the Transferred Receivables (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate) and the rate of interest payable on the outstanding Covered Bonds. The CBC will provide a hedge against these variances by entering into the Total Return Swap Agreement or, where applicable, Interest Rate Swap Agreements and Structured Swap Agreements. If Portfolio Tests are implemented, then the Total Return Swap Agreement will be terminated. If an alternative hedging strategy is put in place, then the Total Return Swap Agreement will be terminated and the CBC will be required to enter into derivatives transactions to comply with such alternative hedging strategy. If (i) at any time the Bank does not have the required ratings to qualify as an Eligible Swap Provider for Interest Rate Swaps or Structured Swaps or (ii) a Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served on the CBC, then the Bank, in accordance with the Swap Undertaking Letter, will be required to enter into (where applicable with appropriate collateralisation requirements) or procure a third party that is an Eligible Swap Provider to enter into Interest Rate Swaps and Structured Swaps with the CBC to enable the CBC to hedge its exposure arising from any Series (a) denominated in a currency other than euro, (b) of Index or Equity Linked Covered Bonds or (c) denominated in euro but bearing non-EURIBOR interest, provided that in case (i) above applies and the Bank has the required ratings of an Interest Rate Swap Provider, only Structured Swaps are required.

Default under Swap Agreements

If the CBC (or the Issuer on its behalf) fails to make timely payments of amounts due under any Swap Agreement, then it will have defaulted under that swap. A Swap Provider is only obliged to make payments to the CBC as long as the CBC complies with its payment obligations under the relevant Swap Agreement. If the Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the CBC on the payment date under the Swap Agreements, the CBC will be exposed to changes in the relevant currency exchange rates to euro and to any changes in the relevant rates of interest. As a result, unless a replacement swap is entered into, the CBC may have insufficient funds to make payments under the Guarantee.

Termination payments under Swap Agreements

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

If the CBC is obliged to pay a termination payment under any Swap Agreement, such termination payment will rank ahead of amounts due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap to terminate. The obligation to make a termination payment other than arising from default by, or downgrading of, the Swap Provider, may adversely affect the ability of the CBC to meet its obligations under the Guarantee.

Differences in timing of obligations of the CBC and Swap Providers

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

B.7 CASHFLOWS

For as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served on the CBC, no cashflows will run through the CBC. In those circumstances the Originators will be entitled to receive and retain the proceeds from the Transferred Assets for their own benefit. In addition, the Issuer will, as consideration for the CBC assuming the Guarantee, pay all costs and expenses of the CBC and make and receive all payments to be made or received by the CBC under any swap agreement. Upon the earlier to occur of a Notification Event and service of a Notice to Pay or CBC Acceleration Notice on the CBC, cashflows will run through the CBC and will be applied in accordance with the relevant

Priority of Payments (except that any collateral to be provided by a Swap Provider following its downgrade will be delivered to the CBC irrespective of whether any Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time).

B.8 GENERAL

Obligations under the Covered Bonds and Guarantee

The Covered Bonds and the Guarantee will not represent an obligation or be the responsibility of the Arranger, the Dealers, the Originators, the Trustee or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and the CBC, respectively. The Issuer and the CBC will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and the Guarantee, respectively, and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

Changes to the Basel Capital Accord

The Basel Committee on Banking Supervision has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline and sensitivity to risk. The third consultative paper on the New Basel Capital Accord was issued on 29th April, 2003, with the consultation period ending on 31st July, 2003. The committee announced on 11th May, 2004 that it had achieved consensus on the remaining issues and published the text of the new framework on 26th June, 2004 under the title Basel II: International Convergence of Capital Measurement and Capital Standards: a revised framework. This framework will serve as the basis for national and supernational rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new framework. The committee confirmed that it is currently intended that the various approaches under the framework will be implemented in stages, some from year-end 2006; the most advanced at year-end 2007. The new framework could affect the risk weighting of the Covered Bonds in respect of certain investors if those investors are regulated in a manner which will be affected by the new framework. Consequently, prospective investors in the Covered Bonds should consult their own advisers as to the consequences to and effect on them of the potential application of the new framework. The Issuer and the CBC cannot predict the precise effects of potential changes, which might result if the new framework were implemented in its current form and are not responsible for informing Covered Bondholders thereof.

Forecasts and Estimates

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.

Regulatory changes

The Wft has taken effect as of 1 January 2007. It has replaced various separate acts, including the Act on the Supervision of Credit Institutions 1992 (*Wet toezicht kredietwezen 1992*),

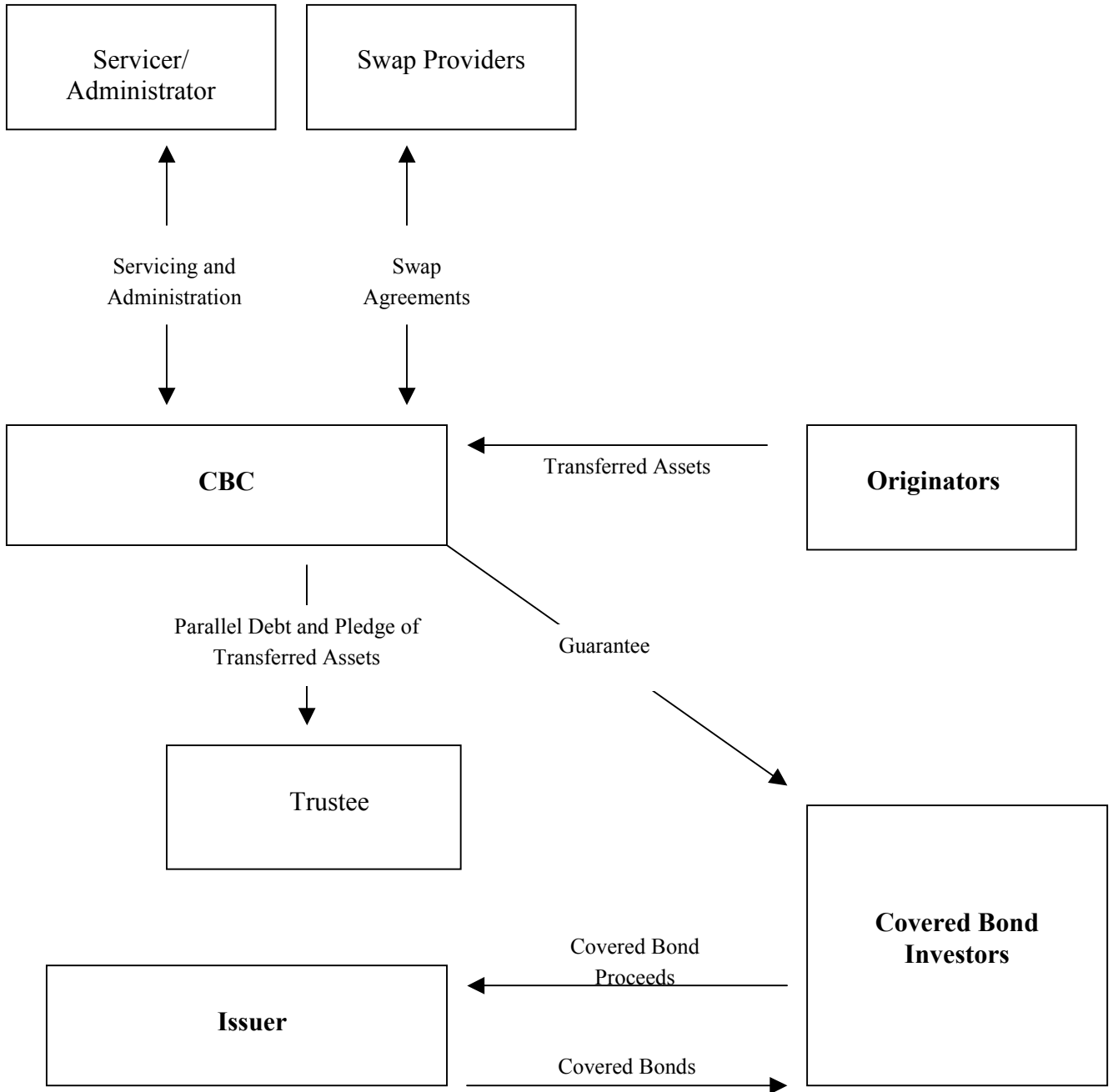
Securities Market Supervision Act (*Wet toezicht effectenverkeer 1995*), the Act on the Supervision of Insurance Companies 1993 (*Wet toezicht verzekeringsbedrijf 1993*) and the Financial Services Act (*Wet Financiële Dienstverlening*). Like the Financial Services Act, the Wft imposes among other things a license requirement on entities that extend (consumer) mortgage credit. This applies to the Originators, who are under the Guarantee Support Agreement required as of each Transfer Date to warrant and represent that they have all required licenses. The CBC is exempt from this requirement for so long as it fulfils certain criteria (including, that the Transferred Receivables be serviced by a regulated entity).

Different Capacities

The Bank acts in different capacities under the Transaction Documents, including as Issuer, Originator, Servicer, Administrator and Total Return Swap Provider. The Issuer has been advised that, as a matter of Dutch law, a party is not capable of contracting with itself. However, this general principle does not apply where such party (like the Bank) is acting with other parties (such as the Trustee and the CBC).

C. STRUCTURE DIAGRAM; PRINCIPAL INITIAL TRANSACTION PARTIES

STRUCTURE DIAGRAM



The following list does not purport to be complete and is qualified in all respects by the remainder of this Base Prospectus.

Account Bank:	ABN AMRO Bank N.V., a public company with limited liability (<i>naamloze vennootschap</i>) incorporated under the laws of The Netherlands, having its corporate seat (<i>statutaire zetel</i>) at Amsterdam, The Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and registered with the Trade Register of the Chamber of Commerce in Amsterdam, The Netherlands under number 33002587
Administrator:	The Bank
Arranger:	Barclays Bank PLC having its office at 5 North Colonnade, Canary Wharf, London E14 4BB, United Kingdom (" Barclays Capital ")
Asset Monitor:	KPMG Accountants N.V.
CBC:	Achmea Covered Bond Company B.V.
Dealers:	ABN AMRO Bank N.V. Barclays Bank PLC Bayerische Hypo- und Vereinsbank AG BNP Paribas Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Danske Bank A/S Deutsche Bank Aktiengesellschaft Dresdner Bank Aktiengesellschaft DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main IXIS Corporate & Investment Bank J.P. Morgan Securities Ltd. Landesbank Baden-Württemberg Société Générale WestLB AG
Guarantor:	CBC
Holding:	Stichting Holding Achmea Covered Bond Company
Initial Originator:	The Bank

Initial Servicer:	The Bank
Irish Paying Agent:	BNY Fund Services (Ireland) Ltd
Issuer:	The Bank
Listing Agent:	The Bank of New York
Managing Director:	ATC Management B.V.
Principal Paying Agent:	The Bank of New York
Registrar:	The Bank of New York
Total Return Swap Provider:	The Bank
Trustee:	Stichting Trustee Achmea Covered Bond Company
Trustee's Director:	N.V. Algemeen Nederlands Trustkantoor ANT

D. DEFINITIONS & INTERPRETATION

Capitalised terms which are used but not defined in any section of this Base Prospectus, will have the meaning attributed thereto in any other section of this Base Prospectus. An alphabetical index of certain definitions is contained at the end of this Base Prospectus, listing the page or pages where such definitions can be found.

Any reference to any Transaction Document or any other agreement or document in this Base Prospectus shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

A reference to any party in this Base Prospectus shall be construed so as to include its successors and transferees and any subsequent successors and transferees in accordance with their respective interests.

1. COVERED BONDS

1.1 FORM OF COVERED BONDS

Each Tranche of Covered Bonds will (as specified in the applicable final terms (the "**applicable Final Terms**") be in bearer or in registered form. Bearer Covered Bonds will initially be issued in the form of a temporary global covered bond without interest coupons attached (a "**Temporary Global Covered Bond**"). Each Temporary Global Covered Bond which is intended to be issued in new global note ("NGN") form, as specified in the applicable Final Terms, will be deposited on or prior to the original issue date of the Tranche with a common safekeeper for Euroclear and/or Clearstream. Each Classic Temporary Global Covered Bond which is not intended to be issued in NGN form, as specified in the applicable Final Terms, will on or prior to the original issue date of the Tranche be deposited with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**") or with (a common depository for) any other agreed clearing system. Registered Covered Bonds, will be issued to each holder by a Registered Covered Bonds Deed.

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

On and after the date (the "**Exchange Date**") which is not less than 40 days (nor (if the Temporary Global Covered Bond has been deposited with Euroclear Netherlands) more than 90 days) after the date on which the Temporary Global Covered Bond is issued (or the "restricted period" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein for interests in a permanent global covered bond without interest coupons attached (a "**Permanent Global Covered Bond**" and, together with any Temporary Global Covered Bond, each a "**Global Covered Bond**") of the same Series, against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond is improperly withheld or refused. Payments of principal, interest (if any) and any other amounts on a Permanent Global Covered Bond will be made without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will only be exchangeable (free of charge), in whole but not in part, for definitive Covered Bonds (each a "**Definitive Covered Bond**") with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an "**Exchange Event**". For these purposes, Exchange

Event means that (i) the Covered Bonds become immediately due and repayable by reason of an Issuer Event of Default or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands 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 permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered if the Covered Bonds represented by the Permanent Global Covered Bond, were in definitive form. The Issuer will promptly give notice to Covered Bondholders of each Series in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg and/or, if applicable, Euroclear Netherlands (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Definitive Covered Bonds will be in the standard euromarket form. Definitive Covered Bonds and Global Covered Bonds will be in bearer form.

In case of Covered Bonds represented by a Permanent Global Covered Bond deposited with Euroclear Netherlands, a Covered Bondholder shall not have the right to request delivery (*uitlevering*) of his Covered Bonds under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) other than on the occurrence of an Exchange Event as described above.

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

The following legend will appear on all Covered Bonds which have an original maturity of more than 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 Netherlands:

"NOTICE: THIS COVERED BOND IS ISSUED FOR DEPOSIT WITH *NEDERLANDS CENTRAAL INSTITUUT VOOR GIRAAL EFFECTENVERKEER B.V.* ("EUROCLEAR NETHERLANDS") AT AMSTERDAM, THE NETHERLANDS. ANY PERSON BEING OFFERED THIS COVERED BOND FOR TRANSFER OR ANY OTHER PURPOSE

SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED."

Covered Bonds which are represented by a Global Covered Bond 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 Netherlands, the rights of Covered Bondholders will be exercised in accordance with the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*).

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.

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

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

1.2 FORM OF FINAL TERMS

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

[Date]

Achmea Hypotheekbank N.V.

(incorporated with limited liability in The Netherlands with its statutory seat in The Hague)

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

Guaranteed as to payment of principal and interest by

Achmea Covered Bond Company B.V.

under the €10,000,000,000

Covered Bond Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 23 February 2007 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplemental Base Prospectus] is [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [original date] [and the supplemental Base Prospectus dated [•]]. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. 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 dated [original date] [and the supplemental Base Prospectus dated [•]] and [current date]. [The Base Prospectuses [and the supplemental Base Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. (i) Issuer: Achmea Hypotheekbank N.V.
(ii) CBC: Achmea 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. Specified Currency or Currencies: []
4. Aggregate Nominal Amount of Covered Bonds admitted to trading:
[(i)] Series: []
[(ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6. Specified Denominations: []
7. [(i)] Issue Date: []
[(ii) Interest Commencement Date: []
8. Final Maturity Date: [*specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant 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; in each case falling [one year] after the Final Maturity Date and, if in relation to Zero Coupon or if otherwise applicable, specify interest basis as referred to in Condition 3(b)].*
9. Interest Basis: per cent. Fixed Rate
 [specify reference rate] +/- per cent. Floating Rate
 Zero Coupon
 Index Linked Interest
 Equity Linked Interest
 Dual Currency Interest
 Other *(specify)*
(further particulars specified below)
10. Redemption/Payment Basis: Redemption at par
 Index Linked Redemption
 Equity Linked Redemption
 Dual Currency Redemption
 Partly Paid
 Other *(specify)*
11. Change of Interest Basis or Redemption/ Payment Basis: *(Specify details of any provision for convertibility of Covered Bonds into another interest or redemption/payment basis)*
12. Call Options: Issuer Call
 (further particulars specified below)
13. Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
14. Status of the Guarantee: Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed
15. Method of distribution: Syndicated/Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Covered Bond Provisions** Applicable/Not Applicable
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: per cent. per annum payable annually/semi-annually/quarterly/monthly in arrear
- (ii) Interest Payment Date(s): in each year up to and including the Extended Due for Payment Date, if

applicable. [adjusted in accordance with (specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day")/not adjusted]

- (iii) Fixed Coupon Amount(s): [] per [] in nominal amount
- (iv) Broken Amount(s): *(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)*
- (v) Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify other]
- (vi) Determination Date(s): [] in each year
([Insert regular Interest Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last Coupon NB: This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [Not applicable/give details]

17. **Floating Rate Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Interest Period(s): []
- (ii) [Specified Interest Payment Dates / Specified Period]: *NB: Specify the Specified Period(s) and Specified Interest Payment Dates up to and including the Extended Due for Payment Date if applicable*
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Business Centre(s): []
- (v) Manner in which the Rate(s) of Interest and Interest Amount(s) is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the

Agent):

(vii) Screen Rate Determination:

— Reference Rate: []

(Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)

— Interest Determination Date(s): []

(Second Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)

NB: specify the Specified Period(s) specified interest Payment Dates up to and including the Extended Due for Payment Date, if applicable.

— Relevant Screen Page: []

(In the case of EURIBOR, if not Moneyline Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(viii) ISDA Determination:

— Floating Rate Option: []

— Designated Maturity: []

— Reset Date: []

(ix) Margin(s): [+/-] [] per cent. per annum

(x) Minimum Rate of Interest: [] per cent. per annum

(xi) Maximum Rate of Interest: [] per cent. per annum

(xii) Day Count Fraction: [Actual/365 Actual/365 (Fixed)

Actual/365 (Euro)

Actual/360

30/360

30E/360

Other]

(See Condition 4 for alternatives)

- (xiii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: []
18. **Zero Coupon Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payments: [Conditions [6(e)(iii)] and [(j)] apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
19. **Index Linked Interest Covered Bond/ other variable linked interest Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or [] *(need to include a description of market disruption or settlement disruption events and adjustment provisions)*

otherwise disrupted:

- (vi) Interest or calculation period(s): []
 - (vii) Specified Interest Payment Dates: []
 - (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
 - (ix) Additional Business Centre(s): []
 - (x) Minimum Rate/Amount of [] per cent. per annum Interest:
 - (xi) Maximum Rate/Amount of [] per cent. per annum Interest:
 - (xii) Day Count Fraction: []
20. **Equity Linked Interest Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Equity Formula: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due: []
 - (iii) Provisions for determining Coupon where calculation by reference to Equity Formula is impossible or impracticable: [] (*need to include a description of market disruption or settlement disruption events and adjustment provisions*)
 - (iv) Interest Period(s): []
 - (v) Specified Interest Payment Dates: []
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
 - (vii) Additional Business Centre(s): []
 - (viii) Minimum Rate of Interest: [] per cent. per annum
 - (ix) Maximum Rate of Interest: [] per cent. per annum

- (x) Day Count Fraction:
21. **Dual Currency Interest Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: *(give details)*
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *(need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable:

PROVISIONS RELATING TO REDEMPTION

22. **Issuer Call** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): per Covered Bond of Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount:
- (b) Maximum Redemption Amount:
- (iv) Notice period (if other than as set out in the Conditions): *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer will consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for*

example, as between the Issuer and the Agent)

23. **Final Redemption Amount of each Covered Bond** [] per Covered Bond of [] Specified Denomination/other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

(i) Index/Formula/variable: [] *[give or annex details]*

(ii) Calculation Agent responsible for calculating the Final Redemption Amount: []

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []

(iv) Determination Date(s): []

(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []

(vi) Payment Date: []

(vii) Minimum Final Redemption Amount: []

(viii) Maximum Final Redemption Amount: []

24. **Early Redemption Amount of each Covered Bond** []

Early Redemption Amount(s) 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
and/or the method of calculating the
same (if required or if different from
that set out in the Conditions:

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

25. Form of Covered Bonds: [Bearer form/registered form¹] (*Delete as appropriate*)
[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds only upon an Exchange Event.] [Registered Covered Bonds, issued to each holder by Registered Covered Bonds Deed.] [*Delete as appropriate*]
26. New Global Note [Yes/No]²

¹ Include for Registered Covered Bonds.

² If "No" is specified here ensure that "Not Applicable" is specified for Eurosystem eligibility in the relevant paragraph of section 9 of Part B of the Final Terms and if "Yes" is specified here ensure that the appropriate specification is made in respect of Eurosystem eligibility in the relevant paragraph of section 9 of Part B of the Final Terms.

27. Exclusion of set-off

[Not applicable/give details]

[See Condition 5(g). If set-off is excluded for the purpose of Registered Covered Bonds to be issued to German insurers, insert: "The Issuer and the CBC each hereby waive, for the benefit of all present and future holders of the Registered Covered Bonds, any right to set-off (*verrekenen*, in German: *aufrechnen*) any amount against, any right to retain (*inhouden*, in German: *zurückbehalten*) any amount from, and any right of pledge (*pandrecht*, in German: *Pfandrecht*), including but not limited to any right of pledge created under the Issuer's General Banking Conditions with regard to, any amount it owes under or in respect of the Registered Covered Bonds.

This waiver (i) applies as far as and as long as the Registered Covered Bonds are part of the security funds (*Sicherungsvermögen*) and the other restricted assets (*sonstiges gebundenes Vermögen*) within the meaning of section 54 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*) in connection with the German Regulation on the Investment of the Restricted Assets of Insurance Companies (*Verordnung über die Anlage des gebundenen Vermögen von Versicherungsunternehmen*) 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."

28. 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 items 16(ii), 17(iv), 19 (ix) and 20(vi) relate)

29. Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
30. Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: [Not Applicable/*give details. NB: a new form of Temporary Global Covered Bond and/or Permanent Global Covered Bond may be required for Partly Paid issues*]
31. Details relating to Instalment Covered Bonds: amount of each instalment, comprising the Issue Price and date on which each payment is to be made: [Not Applicable/*give details*]
32. Consolidation provisions: [Not Applicable/The provisions [in Condition [•]]*annexed to these Final Terms*] apply]
33. Other final terms: [Not Applicable/*give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

34. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
35. If non-syndicated, name of relevant Dealer(s): [Not Applicable/*give name*]
36. Applicable Netherlands / Global selling restriction: [Not Applicable/*specify (Note that depending on the exemption used, specific wording may need to be included.)*]

37. Additional selling restrictions: [Not Applicable/give details]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the Programme for the issuance of Covered Bonds of Achmea Hypotheekbank N.V.]

RESPONSIBILITY

The Issuer and the CBC accept responsibility for the information contained in these Final Terms. [] has been extracted from []. Each of the Issuer and the CBC confirms 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:

By:

Duly authorised

Duly authorised

By:

By:

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

(i) Listing: [Irish Stock Exchange/other (specify)/None]

(ii) Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on the Irish Stock Exchange with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

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

2. **RATINGS**

Ratings: The Covered Bonds to be issued have been rated:

[S&P: []]

[Moody's: []]

[[Other]: []]

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

3. **[NOTIFICATION**

The Irish Financial Services Regulatory Authority [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues*] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

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

"Save as discussed in [*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*]

5. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: *(See ["Use of Proceeds"] wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[(ii) Estimated net proceeds: [] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to find all proposed uses state amount and sources of other funding.)*

- [(iii) Estimated total expenses: [] [*Include breakdown of expenses*]
] (*Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.*)]
6. **[YIELD (Fixed Rate Covered Bonds only)**
- Indication of yield: [●]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
7. **[PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index Linked or other variable-linked Covered Bonds only)**
- Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*
8. **[PERFORMANCE OF RATE[S] OF EXCHANGE (Dual Currency Covered Bonds only)**
- Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*
9. **OPERATIONAL INFORMATION**
- [(i) Jurisdictions into which public offer is to be made: [Ireland/The Netherlands/Germany/Italy/Belgium/France/United Kingdom/Luxembourg/specify other/None]
- (ii) ISIN Code: []
- (iii) Common Code: []
- (iv) Fondscod: []
- (v) [*Other relevant code:*] []
- (vi) New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable / Yes/no]
 [Note that the designation "Yes" simply means that the Covered Bonds are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-

keeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. *[Include this text if "Yes" selected in which case the Notes must be issued in NGN form]*

- (vii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (viii) Delivery: Delivery [against/free of] payment
- (ix) Names and addresses of additional Paying Agent(s) (if any): []

1.3 TERMS AND CONDITIONS OF COVERED BONDS

The following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each Global Covered Bond, Registered Covered Bonds Deed and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Covered Bonds. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond, Definitive Covered Bond and Registered Covered Bonds Deed.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Achmea Hypotheekbank N.V. (the "**Issuer**") pursuant to a trust deed (as amended from time to time, the "**Trust Deed**") dated 23 February 2007 (the "**Programme Date**") made between the Issuer, Achmea Covered Bond Company B.V. (the "**CBC**") and Stichting Trustee Achmea Covered Bond Company (the "**Trustee**").

Save as provided for in Conditions 9 (*Events of Default and Enforcement*) and 14 (*Meetings of Covered Bondholders, Modification and Waiver*) or where the context otherwise requires, references herein to the Covered Bonds shall be references to the Covered Bonds of this Series and shall mean:

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

The Covered Bonds and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") entered into on the Programme Date between the Issuer, the CBC, the Trustee, The Bank of New York 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 have (unless otherwise indicated in the applicable Final Terms) interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Covered Bonds do not have Coupons or Talons attached on issue.

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

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

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

These Conditions include summaries of, and are subject to, the provisions of the Trust Deed, the Security Documents and the Agency Agreement.

Copies of the Trust Deed, the Security Documents, the Incorporated Terms Memorandum incorporating the Master Definitions Schedule, the Agency Agreement and each of the other Transaction Documents are available for inspection during normal business hours at the registered office for the time being of the Trustee being at Herengracht 420, 1017 BZ Amsterdam, The Netherlands and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of each of the Paying Agents and any Covered Bondholder must produce evidence satisfactory to the Issuer and the Trustee or, as the case may be, the relevant Paying Agent as to its holding of Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed, the Security Documents, the Incorporated Terms Memorandum, the Agency Agreement, each of the other Transaction Documents and the applicable Final Terms which are applicable to them and to have notice of each Final Terms relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions shall bear the meaning given to them in the applicable Final Terms and/or the master definitions schedule (the "**Master Definitions Schedule**") incorporated in the incorporated terms memorandum dated the Programme Date (the "**Incorporated Terms Memorandum**"), a copy of each of which may be obtained as described above.

1. **FORM, DENOMINATION AND TITLE**

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

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

This Covered Bond may be an Index Linked Redemption Covered Bond, an Equity Linked Redemption Covered Bond, a Dual Currency Redemption Covered Bond, a Partly Paid Bond or a combination of any of the foregoing, depending upon the Redemption/Payment 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 Conditions are not applicable.

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

For Covered Bonds held by Euroclear Netherlands deliveries will be made in accordance with the Dutch Giro Securities Transfer Act (*Wet Giraal Effectenverkeer*).

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

For so long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") by a common safekeeper, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or

Clearstream, Luxembourg as to 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 Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, for which purpose the bearer of the relevant Global Covered Bond shall be treated by the Issuer, the CBC, any Paying Agent and the Trustee as the holder of 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 Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error or an error established as such to the satisfaction of the Trustee, be conclusive and binding on all concerned. Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, and Euroclear Netherlands, as the case may be.

Where Covered Bonds represented by a Permanent Global Covered Bond are deposited with Euroclear Netherlands, a Covered Bondholder shall not have the right to request delivery (*uitlevering*) of his Covered Bonds under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) other than as set out in the Global Covered Bond.

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 Trustee but shall not include Euroclear Netherlands.

2. **STATUS OF THE COVERED BONDS**

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

3. **THE GUARANTEE**

Pursuant to a guarantee issued under the Trust Deed, the CBC has as an independent obligation irrevocably undertaken to pay the Guaranteed Amounts when the same shall become Due for Payment (the "**Guarantee**"). However, the CBC shall have no such obligation under the Guarantee until (i) the occurrence of an Issuer Event of Default, service by the Trustee on the Issuer of an Issuer Acceleration Notice and service by the Trustee on the CBC of a Notice to Pay or (ii) the occurrence of a CBC Event of Default and the service by the Trustee of a CBC Acceleration Notice on the Issuer and the CBC. In addition, if the CBC is obliged under the Guarantee to pay a Guaranteed Amount

relating to Scheduled Principal payable on the Final Maturity Date (the "**Guaranteed Final Redemption Amount**"), then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the date when the Guaranteed Final Redemption Amount is Due for Payment (the "**Extension Date**") or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher and *pari passu* ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 13 (*Notices*)), the Rating Agencies, the Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least two Business Days prior to the Extension Date and/or such Interest Payment Date, respectively, and (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for this Series falls (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on the Extension Date and/or such Interest Payment Date, respectively; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 4 (*Interest*), provided that for this purpose all references in Condition 4 to the Final 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 Trustee:

- (i) a first ranking right of pledge over the Transferred Assets;
- (ii) a first ranking right of pledge over the moneys standing to the credit of the CBC Accounts from time to time; and
- (iii) a first ranking right of pledge over the CBC's present and future rights (*vorderingen*) vis-à-vis any debtors of the CBC under any Transaction Document to which the CBC is a party, other than the Management Agreement (CBC).

The holders of the Covered Bonds of each Series will, through the Trustee, benefit from the Security and are deemed to have acknowledged, and are bound by, Clause 8 (*Parallel Debt*) of the Trust Deed.

For the purposes of these Conditions:

"Extended Due for Payment Date" means the date falling one year after the Final Maturity Date, as specified as such in the applicable Final Terms.

4. **INTEREST**

(a) *Interest on Fixed Rate Covered Bonds*

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the applicable Rate of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date.

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 interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention as determined in the discretion of the Principal Paying Agent.

In these Conditions:

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

- (i) if "Actual/Actual (ISMA)" is specified in the applicable Final Terms:
 - (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, in

the case of the first interest period, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

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

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

(iii) if "30/360" is specified in the applicable Final Terms, 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 next (or first) Interest Payment Date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

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

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

"Fixed Interest Period" means the period from (and including) an Interest Payment Date (or, in the case of the first interest period, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

"Principal Amount Outstanding" means, on any date:

(i) in respect of a Covered Bond outstanding, the principal amount of that Covered Bond on the relevant Issue Date, less the aggregate amount of any principal payments in respect of such Covered Bond which have been paid to the Paying Agent on or prior to that date; and

- (ii) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount in (i) in respect of all Covered Bonds outstanding; and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Covered Bonds*

(i) *Interest Payment Dates*

Each Floating Rate Covered Bond, Index Linked Interest Covered Bond and Equity Linked Interest Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

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

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

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the "**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 shall be postponed to the next day which is a Business Day; or
- (3) the "**Modified Following Business Day Convention**", such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the "**Preceding Business Day Convention**", such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "**Business Day**" means a day which is both:

- (A) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "**TARGET System**") is open and a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam and in any Additional Business Centre specified in the applicable Final Terms; and
- (B) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively).

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest 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 the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period as specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Covered Bonds

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal

Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

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

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

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

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

The Principal Paying Agent, in the case of Floating Rate Covered Bonds, and the Calculation Agent, in the case of Index Linked Interest Covered Bonds and Equity Linked Interest 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. In the case of Index Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Covered Bonds, Index Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

- (a) 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);
 - (b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
 - (c) if "Actual/365 (Euro)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
 - (d) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
 - (e) 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 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 (b) the last day of the 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)); and
 - (f) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Final Maturity Date 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).
- (v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any competent listing authority, stock exchange and/or quotation system on or by which the relevant Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or Equity Linked Interest Covered Bonds are for the time being listed, quoted and/or traded and notice

thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each competent listing authority, stock exchange and/or quotation system on or by which the relevant Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or Equity Linked Interest Covered Bonds are for the time being listed, quoted and/or traded and to the Covered Bondholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Amsterdam.

(vi) *Determination or Calculation by Trustee*

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (ii)(A) or (B) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, or the Trustee shall (in the absence of wilful default, bad faith or manifest error or an error established as such to the satisfaction of the Trustee) be binding on the Issuer, the CBC, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Trustee and all Covered Bondholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the CBC, the Covered Bondholders or the Couponholders shall attach to the Principal Paying Agent or, (if applicable), the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Covered Bonds*

The rate or amount of interest payable in respect of Dual Currency Interest Covered Bonds shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid Covered Bonds*

In the case of Partly Paid Covered Bonds (other than Partly Paid Covered Bonds which are Zero Coupon Covered Bonds) interest will accrue as aforesaid on the paid-up nominal amount of such Covered Bonds and otherwise as specified in the applicable Final Terms.

(e) *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.

5. **PAYMENTS**

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro and U.S. Dollars will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 5, means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment in these Conditions, the Trust Deed, the Agency Agreement and the Final Terms, but without

prejudice to the provisions of Condition 7 (*Taxation*). References to Specified Currency will include any successor currency under applicable law.

(b) *Presentation of Definitive Covered Bonds and Coupons*

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

Fixed Rate Covered Bonds in definitive form (other than Dual Currency Interest Covered Bonds, Index Linked Covered Bonds, Equity Linked Covered Bonds or Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the date on which any Floating Rate Covered Bond, Dual Currency Interest Covered Bond, Index Linked Covered Bond, Equity Linked Covered Bonds or Long Maturity Covered Bond in definitive form becomes due and repayable in whole, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Covered Bond**" is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond.

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

(c) *Payments in respect of Global Covered Bonds*

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Global Covered Bond 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.

(d) *General provisions applicable to payments*

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

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

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Covered Bonds is payable in U.S. Dollars, such U.S. Dollar payments of principal and/or interest in respect of such Covered Bonds will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the CBC, adverse tax consequences to the Issuer or the CBC.

(e) *Payment Day*

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation; and
 - (B) any Additional Financial Centre specified in the applicable Final Terms; and
 - (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.
- (f) *Interpretation of principal and interest*

Any reference in these Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6(d) (*Redemption and Purchase - Early Redemption Amounts*));
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds; and
- (vii) any Excess Proceeds which may be payable by the Trustee under or in respect of the Covered Bonds.

Any reference in these Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

(g) *Set-off*

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.

6. **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 the relevant Specified Currency on the Final Maturity Date (the "**Final Redemption Amount**").

(b) *Redemption for tax reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is neither a Floating Rate Covered Bond, an Index Linked Interest Covered Bond, an Equity Linked Interest Covered Bond nor a Dual Currency Interest Covered Bond) or on any Interest Payment Date (if this Covered Bond is either a Floating Rate Covered Bond, an Equity Linked Interest Covered Bond, an Index Linked Interest Covered Bond or a Dual Currency Interest Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the

Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Covered Bondholders and the Couponholders.

Covered Bonds redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(d) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 13 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee, the Principal Paying Agent and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, provided that no Issuer Event of Default has occurred and is continuing. Any such partial redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the "**Redeemed Covered Bonds**") will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and where applicable in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or Euroclear Netherlands, in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds (i) represented by Definitive Covered Bonds, a list of the serial numbers and (ii) in the case of Registered Covered Bonds, the nominal amount drawn and the holders thereof, of such Redeemed Covered Bonds will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of

Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 13 (*Notices*) at least five days prior to the Selection Date.

(d) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 9 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows (each, the relevant "**Early Redemption Amount**"):

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in, 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**") calculated in accordance with the following formula:

$$\text{Amortised Face Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price specified in the applicable Final Terms;

"**AY**" means the Accrual Yield specified in the applicable Final Terms, expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Covered Bond payable in a specified currency other than euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Covered Bond payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the

sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (iii) on such other calculation basis as may be specified in the applicable Final Terms.

(e) *Partly Paid Covered Bonds*

Partly Paid Covered Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the applicable Final Terms.

(f) *Purchases*

The Issuer, the CBC and/or any member of the group formed by Eureko B.V. ("**Eureko**") and its subsidiaries (*dochtermaatschappijen*) (the "**Eureko Group**") may at any time purchase Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Covered Bondholders alike. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the CBC and/or such member of the Group, surrendered to any Paying Agent for cancellation.

(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). All Bearer Covered Bonds so cancelled and any Bearer Covered Bonds purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(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 9 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in paragraph (d)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Covered Bondholders in accordance with Condition 13 (*Notices*).

(i) *Legislative Exchange*

Following the coming into force in The Netherlands, at any time after the Programme Date, of (i) any legislation similar to covered bond legislation in force in any other European Union country or (ii) any rules, regulations or guidelines published by any governmental authority that provides for bonds issued by Dutch issuers to qualify for the same benefits available to covered bonds issued under covered bond legislation in force in any other European Union country, the Issuer may, at its option and without the consent of the Trustee or the Covered Bondholders, exchange all (but not some only) of the Covered Bonds of all Series then outstanding (the "**Existing Covered Bonds**") for new Covered Bonds which qualify as covered bonds under such new legislation, rules, regulations or guidelines (the "**New Covered Bonds**") on the same economic terms and conditions as the Existing Covered Bonds (the "**Legislative Exchange**") if not more than 60 nor less than 30 days' notice to the Covered Bondholders (in accordance with Condition 13 (*Notices*)) and the Trustee is given and provided that:

- (i) on the date on which such notice expires the Issuer delivers to the Trustee a certificate signed by two authorised signatories of each of the Issuer and the CBC confirming that, in the case of the Issuer, no Issuer Event of Default or Potential Issuer Event of Default and, in the case of the CBC, no CBC Event of Default or Potential CBC Event of Default, has occurred which is continuing;
- (ii) each of the Rating Agencies then rating the Existing Covered Bonds has confirmed in writing that the New Covered Bonds will be assigned the same ratings as are then applicable to the Existing Covered Bonds; and
- (iii) if the Existing Covered Bonds are listed, quoted and/or traded on or by a competent and/or relevant listing authority, stock exchange and/or quotation system on or before the date on which such notice expires the Issuer delivers to the Trustee a certificate signed by two authorised signatories of the Issuer confirming that all applicable rules of such competent and/or relevant listing authority, stock exchange and/or quotation system have been or will be complied with.

The Existing Covered Bonds will be cancelled concurrently with the issue of the New Covered Bonds and with effect on and from the date of issue thereof all references herein to Covered Bonds shall be deemed to be references to the New Covered Bonds.

(j) *Redemption due to illegality*

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make any payments under the Covered Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or

amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 6(j) will be redeemed at their Early Redemption Amount referred to in Condition 6(d) (*Redemption and Purchase - Early Redemption Amounts*) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(k) *Certificate*

Prior to the publication of any notice of redemption pursuant to this Condition 6 (*Redemption and Purchase*), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all Covered Bondholders.

7. **TAXATION**

All payments of principal and interest in respect of the Covered Bonds and Coupons by the Issuer or the CBC, as the case may be, will be made without withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is Required by Law. In the event of a withholding or deduction being made by the Issuer in respect of a payment made by it, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the 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 with respect to any Covered Bond or Coupon:

- (i) presented for payment outside The Netherlands; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Covered Bond or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any

law implementing or complying with, or introduced in order to conform to, such directive; or

- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

Should any payments made by the CBC under the Guarantee be made subject to any withholding or deduction on account of taxes or duties of whatever nature imposed or levied by or on account of any Tax Jurisdiction the CBC will not be obliged to pay any additional amounts as a consequence.

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 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 13 (*Notices*); and

"Tax Jurisdiction" means The Netherlands or any political subdivision or any authority thereof or therein having power to tax.

8. **PRESCRIPTION**

The Covered Bonds and Coupons will become void unless presented for payment within a period of five years after the Relevant Date therefor, subject in each case to the provisions of Condition 5(b) (*Payments - Presentation of Definitive Covered Bonds and Coupons*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5(b) (*Payments - Presentation of Definitive Covered Bonds and Coupons*) or any Talon which would be void pursuant to Condition 5(b) (*Payments - Presentation of Definitive Covered Bonds and Coupons*).

9. **EVENTS OF DEFAULT AND ENFORCEMENT**

(a) *Issuer Events of Default*

An **"Issuer Acceleration Notice"** means a notice from the Trustee in writing to the Issuer that as against the Issuer (but not against the CBC) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed.

The Trustee at its discretion may, and:

- (1) in relation to the defaults set out in subparagraphs (i) and (v) below; or

(2) if so directed by a Programme Resolution of the Covered Bonds,

shall give an Issuer Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each an "**Issuer Event of Default**") shall occur and be continuing:

- (i) default is made by the Issuer for a period of 7 days or more in the payment of any principal or redemption amount, or for a period of 14 days or more in the payment of any interest of the Covered Bonds of any Series when due; or
- (ii) a default is made in the performance by the Issuer of any material obligation (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series) under the provisions of the Covered Bonds of any Series or the Trust Deed or any other Transaction Document to which the Issuer is a party which (unless certified by the Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied, shall have been given to the Issuer by the Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the Issuer (except a dissolution or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by an Extraordinary Resolution (as defined below) of the holders of the Covered Bonds or which has been effected in compliance with the terms of Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*)); or
- (iv) a liquidator, receiver or other similar officer is appointed in relation to the Issuer or in relation to the whole of its assets; or the Issuer initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or equivalent or analogous proceedings under any applicable law, or shall make a conveyance, assignment or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (v) the Issuer is adjudged or found bankrupt (*failliet*) or emergency regulations (*noodregeling*) in the interest of all creditors as referred to in Chapter 3 of the Wft, or equivalent or analogous judgments or measures under any applicable law, are imposed on the Issuer,

in case an event described in paragraph (ii) above shall occur, the Trustee shall only deliver an Issuer Acceleration Notice if it shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Upon delivery of an Issuer Acceleration Notice pursuant to this Condition 9(a), the Trustee shall forthwith serve a notice to pay (the "**Notice to Pay**") on the CBC pursuant to the Guarantee and the CBC shall be required to make payments of Guaranteed

Amounts when the same shall become Due for Payment in accordance with the terms of the Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 9(c) (*Enforcement*).

The Trust Deed provides that all moneys received by the Trustee from the Issuer or any administrator, liquidator, trustee or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (the "**Excess Proceeds**"), shall be paid by the Trustee on behalf of the Covered Bondholders of the relevant Series to the CBC for its own account, as soon as practicable, and shall be held by the CBC in the AIC Account and shall be used by the CBC in the same manner as all other moneys from time to time standing to the credit of the AIC Account. Any Excess Proceeds received by the Trustee shall discharge the obligations of the Issuer in respect of the Covered Bonds and Coupons. However, the receipt by the Trustee of any Excess Proceeds shall not reduce or discharge any of the obligations of the CBC under the Guarantee.

Each Covered Bondholder shall be deemed to have irrevocably directed the Trustee to pay the Excess Proceeds to the CBC in the manner as described above.

(b) *CBC Events of Default*

A "**CBC Acceleration Notice**" means a notice in writing to the CBC, copied to the Issuer, that each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and, through the Guarantee, as against the CBC, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed and after delivery of such CBC Acceleration Notice, the Security shall become enforceable.

The Trustee at its discretion may, and, if so directed by a Programme Resolution, shall give a CBC Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each a "**CBC Event of Default**") shall occur and be continuing:

- (i) default is made by the CBC under the Guarantee for a period of 7 days or more in the payment of any principal or redemption amount, or for a period of 14 days or more in the payment of any interest when due; or
- (ii) a default is made in the performance or observance by the CBC of any material obligation binding upon it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Trust Deed, the Security Documents or any other Transaction Document to which the CBC is a party which (unless certified by the Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 days after written notification requiring such default to be remedied and indicating that this

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

- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the CBC; or
- (iv) the CBC ceases to carry on its business or substantially all its business; or
- (v) a liquidator, receiver or other similar officer is appointed in relation to the CBC or in relation to the whole or any major part of its assets or a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) or other process is levied or enforced upon or sued out against the whole or any major part of its assets or the CBC initiates or consents to judicial proceedings relating to its bankruptcy (*faillissement*) or (preliminary) suspension of payments (*voorlopige surseance van betaling*), or equivalent or analogous proceedings under any applicable law, or makes a conveyance, assignment or equivalent or assignation for the benefit of, or shall enter into any composition (*akkoord*) with, its creditors generally; or
- (vi) the CBC is adjudged or found bankrupt (*failliet*) or, if applicable, emergency regulations (*noodregeling*) in the interest of all creditors as referred to in Chapter 3 of the Wft, or equivalent or analogous judgments or measures under any applicable law, are imposed on the CBC,
- (vii) the Guarantee is not, or is claimed by the CBC not to be, in full force and effect; or
- (viii) the Amortisation Test (as set out in the Asset Monitor Agreement) is not satisfied on any Calculation Date following the service of a Notice to Pay on the CBC,

in case an event described in paragraph (ii) above shall occur, the Trustee shall only deliver a CBC Acceleration Notice if it shall have certified in writing to the CBC that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following the occurrence of a CBC Event of Default which is continuing and service of a CBC Acceleration Notice, the Trustee may or shall take proceedings or steps against the Issuer and the CBC in accordance with Condition 9(c) (*Events of Default and Enforcement - Enforcement*) and the Covered Bondholders shall have a claim against the CBC, under the Guarantee, for the Early Redemption Amount together with accrued interest as provided in the Trust Deed in respect of each Covered Bond.

In these Conditions:

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

"**Calculation Period**" means the period from the Programme Date to the last day of March 2007 and thereafter, each period from (and including) the first day of each month to the last day of that same month.

"**CBC Payment Date**" means the 28th day of each month or, if such day is not a Business Day, the next following Business Day unless it would thereby fall into the next calendar month, in which event such CBC Payment Date shall be brought forward to the immediately preceding Business Day.

(c) *Enforcement*

The Trustee may at any time after service of an Issuer Acceleration Notice (in the case of the Issuer) or a CBC Acceleration Notice (in the case of both the Issuer and the CBC), at its discretion and without further notice, take such proceedings against the Issuer and/or the CBC, as the case may be, to enforce the provisions of the Trust Deed, the Covered Bonds and the Coupons, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds or the Coupons or any other Transaction Document unless it shall have been so directed by a Programme Resolution and it shall have been indemnified and/or secured to its satisfaction.

The Trustee may at any time, at its discretion and without further notice, take such proceedings against the CBC and/or any other person as it may think fit to enforce the provisions of the Security Documents and may, at any time after the Security has become enforceable, take such steps as it may think fit to enforce the Security, but it shall not be bound to take any such steps unless (i) (a) it shall have been so directed by a Programme Resolution or (b) it shall have been directed in writing to do so by each of the other Secured Creditors (other than the Issuer) 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 Trustee may pursue the remedies available under the general law or under the relevant Transaction Documents to enforce the Security and no Covered Bondholder or Couponholder shall be entitled to proceed directly against the CBC. In particular, none of the Covered Bondholders or Couponholders (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

- (i) otherwise than as permitted by these Conditions and the Trust Deed, to direct the Trustee to enforce the performance of any provision of the Covered Bonds or the Security or take any proceedings against the CBC to enforce the Security;
- (ii) to take or join any person in taking any steps against the CBC for the purpose of obtaining payment of any amount due by the CBC to such Covered Bondholders and Couponholders; or
- (iii) until the date falling two years and a day after the date on which the Trustee has certified that no further Covered Bonds are outstanding and all of the CBC's obligations under the Transaction Documents to all Transaction Parties have

been satisfied in full, to initiate or join any person in initiating any Insolvency Proceeding in relation to the CBC; or

- (iv) to take or join in the taking of any steps or proceedings which would result in the relevant Priorities of Payments not being observed.

(e) *Limited Recourse*

The recourse of the Covered Bondholders and the Couponholders against the CBC pursuant to the Guarantee is limited:

- (i) a Covered Bondholder will have a right of recourse (*verhaalsrecht*) only in respect of the Secured Property and will not have any claim, by operation of law or otherwise, against, or recourse to any of the CBC's other assets or its contributed capital; and
- (ii) sums payable to each Covered Bondholder in respect of the CBC's obligations to such Covered Bondholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Covered Bondholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Trustee in respect of the Secured Property whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by the CBC in accordance with the relevant Priority of Payments in priority to or *pari passu* with sums payable to such Covered Bondholder; and
- (iii) if following final enforcement of the Security the Trustee certifies, in its sole discretion, that the CBC has insufficient funds to pay in full all of the CBC's obligations to such Covered Bondholder, then such Covered Bondholder shall have no further claim against the CBC in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

10. **REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS**

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

11. **PAYING AGENTS 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 is entitled, with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent 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 and a Registrar;
- (b) so long as the Covered Bonds are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange; and
- (c) it will ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d) (*Payments - General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of 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 45 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 13 (*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 Trustee and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any 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.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. NOTICES

All notices regarding the Covered Bonds will be deemed to be validly given if published in (i) at least one daily newspaper of wide circulation in The Netherlands, which is expected to be *Het Financieele Dagblad*, (ii) if so specified in the applicable Final Terms, a leading English language daily newspaper of general circulation in London, and (iii) for so long as any Covered Bonds are listed on the Official List of the Irish Stock Exchange Limited ("**Stock Exchange**"), in a leading newspaper having general

circulation in Dublin, which is expected to be the Irish Times. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any competent listing authority, stock exchange or quotation system on or by which the Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing, quotation and/or trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

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 Bond or Registered Covered Bonds) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent through Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands, as the case may be, in such manner as the Principal Paying Agent and Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands, as the case may be, may approve for this purpose.

A copy of each notice given in accordance with this Condition 13 shall be provided to the Stock Exchange if the relevant Covered Bonds are listed on the Stock Exchange and the rules of the Stock Exchange so require.

14. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds of such Series or the related Coupons or of any of the Transaction Documents (subject as provided below and in the Trust Deed). Such a meeting may be convened by the Issuer, the CBC or the Trustee and shall be convened by the Issuer if required in writing by Covered Bondholders of a Series holding not less than fifteen per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being remaining outstanding. The quorum at any such meeting in respect of any Series for passing an Extraordinary Resolution is: (i) one or more persons holding or representing not less than fifty per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders of such Series whatever the nominal amount of the Covered Bonds of such Series so held or represented; (ii) at any meeting the business of which includes the modification of certain provisions of the Covered Bonds of a Series, the related Coupons or the Trust Deed (including a reduction or cancellation of the amount payable in respect of such Covered Bonds, the alteration of the currency in which payments under such Covered Bonds are to be made, the alteration of the majority required to pass an Extraordinary Resolution, any amendment to the Guarantee or the Security Documents (except in a manner determined by the Trustee not to be materially prejudicial to the interests of the Covered Bondholders of any Series) or

the sanction of any scheme or proposal for the exchange of such Covered Bonds in respect of such Series (each, a "**Series Reserved Matter**" all as more particularly set out in the Trust Deed)): one or more persons holding or representing not less than two-thirds of the Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons holding or representing not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series. Pursuant to the Trust Deed, the Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Trustee there is no conflict between the holders of the such Covered Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

Notwithstanding the preceding paragraphs of this Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*), any resolution to direct the Trustee (i) to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default and Enforcement*); (ii) to take any enforcement action, or (iii) to remove or replace the Trustee's Director shall only be capable of being passed by a Programme Resolution. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the CBC or the Trustee or by Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the nominal amount of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders in respect of such Series.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in euro, the nominal amount of the Covered Bonds of any Series not denominated in euro shall be converted into euro at the relevant Structured Swap Rate.

The Trustee and the Issuer may also agree, without the consent of the Covered Bondholders or Couponholders of any Series and without the consent of the other Secured Creditors (and for this purpose the Trustee may disregard whether any such modification relates to a Series Reserved Matter), to:

- (a) any modification of the Covered Bonds of one or more Series, the related Coupons or any Transaction Document provided that (i) in the opinion of the Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or any of the other Secured Creditors (other than the CBC) (in which respect the Trustee may rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to

the interests of such Secured Creditor) and (ii) it has not been informed in writing by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given his/her written consent as aforesaid); or

- (b) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error or an error established as such to the satisfaction of the Trustee or to comply with mandatory provisions of law,

provided that any modification pursuant to paragraph (a) is notified to the Rating Agencies.

The 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 determine, without any such consent as aforesaid, that any Issuer Event of Default or CBC Event of Default or Potential Issuer Event of Default or Potential CBC Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of any of the Secured Creditors (in which respect the Trustee may (without further enquiry) rely upon the consent in writing of any other Secured Creditor as to the absence of material prejudice to the interests of such Secured Creditor) provided that the Trustee has not been informed by any Secured Creditor (other than any Covered Bondholder(s)) that such Secured Creditor will be materially prejudiced thereby (other than a Secured Creditor who has given its written consent as aforesaid).

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 Trustee otherwise agrees, any such modification shall be notified by the Issuer to the Covered Bondholders of all Series for the time being outstanding, the other Secured Creditors and the Rating Agencies in accordance with the relevant terms and conditions as soon as practicable thereafter.

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the CBC, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual

Covered Bondholders or Couponholders, except to the extent already provided for in Condition 7 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

The Issuer may, without the consent of the holders of the Covered Bonds of any Series or any Coupons relating thereto, or any other Secured Creditor consolidate with, merge or amalgamate into or transfer their respective assets substantially as an entirety to, any corporation organised under the laws of The Netherlands, or any political subdivision thereof, provided that (i) a certificate of two authorised signatories of the Issuer and the CBC is delivered to the Trustee to the effect that immediately after giving effect to such transaction no Issuer Event of Default and no CBC Event of Default, respectively, and no Potential Issuer Event of Default and no Potential CBC Event of Default, respectively, will have happened and be continuing and (ii) unless the Issuer is the surviving entity, the Issuer shall procure that the surviving or transferee company assumes its obligations as Issuer under the Trust Deed, each other relevant 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 at a meeting duly convened and held in accordance with the provisions for meetings of covered bondholders as set out in the Trust Deed, by not less than two-thirds of the votes cast.

"Programme Resolution" means either:

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

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

"Potential Issuer Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration,

demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default.

"Potential CBC Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a CBC Event of Default.

"Rating Agency Confirmation" means a confirmation in writing by the Rating Agencies that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter.

"Trustee's Director" means N.V. Algemeen Nederlands Trustkantoor ANT and/or such other person(s) who may be appointed as director(s) (*bestuurder*) of the Trustee from time to time.

15. TRUSTEE

If, in connection with the exercise of its powers, authorities or discretions, the Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Trustee shall not exercise such power, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders of not less than fifty per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

The Trust Deed contains provisions for the indemnification of the Trustee and for the Trustee's relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured to its satisfaction.

The Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Transferred Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee. The Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Transferred Assets, including, without limitation, whether the Transferred Assets are in compliance with the Asset Cover Test, any Portfolio Test or the Amortisation Test; or (iv) monitoring whether Transferred Receivables satisfy the applicable Eligibility Criteria or such other criteria as may be agreed with the Rating Agencies in relation to other Transferred Assets. The Trustee will not be liable to any Covered Bondholder or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Security and have no responsibility in

relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

The power of appointing a new director of the Trustee shall be vested in the board of directors of the Trustee. In case no Trustee director is in office, a director shall be appointed by the Covered Bondholders, Receiptholders and Couponholders of any Series then outstanding, by adopting a Programme Resolution to this effect. Any appointment of a new director of the Trustee shall as soon as practicable thereafter be notified by the Issuer to the Principal Paying Agent, the Rating Agencies and the holders of the Covered Bonds then outstanding. A Trustee director may resign (*vrijwillig aftreden*) at any time, provided that in case the resigning Trustee director was the sole director, such resignation will not become effective until a successor Trustee director has been appointed. The Covered Bondholders, Receiptholders and Couponholders of any Series then outstanding may, by adopting a Programme Resolution to this effect, remove any Trustee director, provided that (i) the other Secured Creditors have been notified and (ii) neither the Trustee nor the Trustee director so removed shall be responsible for any costs or expenses arising from any such removal.

16. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

17. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

(a) *Governing law*

The Covered Bonds and the Transaction Documents are governed by, and shall be construed in accordance with, the laws of The Netherlands unless specifically stated to the contrary.

(b) *Submission to jurisdiction*

In relation to any legal action or proceedings arising out of or in connection with the Covered Bonds and the Coupons, the Issuer irrevocably submits to the jurisdiction of the court of first instance (*rechtbank*) in Amsterdam, The Netherlands. This submission is made for the exclusive benefit of the Covered Bondholders and the Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

18. **TERMS AND CONDITIONS OF REGISTERED COVERED BONDS**

18.1 If in the applicable Final Terms it is specified that Registered 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 17 above. In the event of any inconsistency between

Conditions 1 to and including 17 and this Condition 18, this Condition 18 will prevail with regard to Registered Covered Bonds.

- 18.2 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 18.3 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 18.5.
- 18.3 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 an assignment deed (*akte*) between the transferor and the transferee and, in the case of a notified assignment, notification (*mededeling*) thereof to the Issuer and the CBC. A form of deed of assignment and notification is attached to each Registered Covered Bonds Deed. Registered Covered Bonds may be transferred in whole, but not in part, provided that the relevant transferor and transferee may otherwise agree in the relevant assignment deed in respect of amounts that have accrued but not yet been paid in respect of the period up to the relevant transfer.
- 18.4 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.
- 18.5 Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount at the opening of business on the second Business Day falling prior to the due date of such payments. If any Registered Covered Bond holder transfers any Registered Covered Bonds in accordance with Condition 18.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the close of business on the fifteenth Business Day before the due date for payment (the "**Record Date**"), the Issuer, the CBC and the Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the close of business on the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with this Condition.
- 18.6 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) after the date of mailing.

1.4 TAXATION IN THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Covered Bonds, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with The Netherlands other than the holding of the Covered Bonds. Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Covered Bonds under the laws of their country of citizenship, residence, domicile or incorporation.

Withholding Tax

All payments by the Issuer of interest and principal under the Covered Bonds can be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Covered Bonds qualify as debt within the meaning of article 10, paragraph 1, sub d of the Dutch Corporate Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Taxes on Income and Capital Gains

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

- (i) the holder is, or is deemed to be, resident in The Netherlands, or, where the holder is an individual, such holder has elected to be treated as a resident of The Netherlands; or
- (ii) such income or gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands; or
- (iii) the holder is not an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer and such interest does not form part of the assets of an enterprise; or
- (iv) the holder is an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) in the Issuer or such income or gain otherwise qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Gift, Estate or Inheritance Taxes

Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Covered Bond by way of gift by, or on the death of, a holder, unless:

- (i) the holder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or as a gift made by, or on behalf of, a person who, at the time of the gift or death, is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (iii) such Covered Bond is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands.

Value Added Tax

There is no Dutch value added tax payable by a Covered Bondholder in respect of payments in consideration for the issue of the Covered Bonds or in respect of the payment of interest or principal under the Covered Bonds, or the transfer of the Covered Bonds.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a Covered Bondholder in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Covered Bonds or the performance of the Issuer's obligations under the Covered Bonds.

Residence

A Covered Bondholder will not be treated as resident of The Netherlands or otherwise become subject to taxation in The Netherlands by reason only of the holding of a Covered Bond or the execution, performance and/or delivery of the Covered Bonds.

European Withholding Tax

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or

collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

1.5 SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (as the same may be amended and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated the Programme Date, agreed with the Issuer, the CBC and the Initial Originator 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 under *Form of the Covered Bonds* and *Terms and Conditions of the Covered Bonds*. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Covered Bonds and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form may be subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each 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 Covered Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the issue date, (as determined and certified by the relevant Dealer(s) or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager), of all Covered Bonds of the Tranche of which such Covered Bonds are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Covered Bonds or Dual Currency Covered Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may

agree as a term of the issuance and purchase of such Covered Bonds, which additional selling restrictions shall be set out in the applicable Final Terms.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of FSMA does not apply to the Issuer or the CBC; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, Covered Bonds to the public in France and that offers and sales of Covered Bonds in France will be made only to qualified investors (*investisseurs qualifiés*), as defined in Articles L.411-2 and D.411-1 to D.411-3 of the *Code monétaire et financier*, but excluding individuals referred to in Article D.411-1 II 2°.

In addition, each Dealer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Base Prospectus or any other offering material relating to the Covered Bonds other than to investors to whom offers and sales of Covered Bonds in France may be made as described above.

Republic of Italy

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Covered Bonds in the Republic of Italy in a solicitation to the public, and that sales of the Covered Bonds in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Covered Bonds or distribute copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy except:

- (1) to "**Professional Investors**", as defined in Article 31.2 of CONSOB Regulation No. 11522 of 2 July 1998, as amended ("**Regulation No. 11522**"), pursuant to Articles 30.2

and 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"); or

- (2) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971 of 14 May 1999, as amended.

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. 385**"), Decree No. 58, CONSOB Regulation No. 11522 and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Japan

The Covered Bonds have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**") and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered and will not offer or sell any Covered Bonds, directly or indirectly, 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), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

The Netherlands/Global

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (A) as long as it does not have the benefit of a licence or exemption as investment firm of the relevant type pursuant to the Wft shall not offer any Covered Bonds or distribute this prospectus or any circulars, offer documents or information relating to the Issuer or the Covered Bonds in The Netherlands; and
- (B) 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 and 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.

Ireland

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it will not underwrite the issue of, or place the Covered Bonds otherwise than in conformity than with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Covered Bonds otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 - 1999 (as amended) and any codes of conduct rules made under Section 117(1) thereof;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Covered Bonds otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Irish Central Bank and Financial Services Regulatory Authority (the "**Financial Regulator**"); and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Covered Bonds, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Financial Regulator.

General

Each Dealer has agreed and each further Dealer appointed under the Programme 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, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject

or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the CBC, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the CBC, the Trustee or any of the Dealers represents 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(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

1.6 ACHMEA HYPOTHEEKBANK N.V.

General Information

The Bank is a fully owned subsidiary of Achmea Bank Holding N.V. Achmea Bank Holding N.V. is a fully owned subsidiary of Achmea Holding N.V. (Achmea Holding N.V. and its subsidiaries (*dochtermaatschappijen*) (the "**Achmea Group**")). Achmea Holding N.V. is one of the two holding companies of the Dutch operations of the Eureko Group, the other holding company being Interpolis N.V. See paragraph 1.7 for a more detailed description of Eureko B.V. and the Eureko Group.

Profile

The Bank was incorporated on 16 June 1995 with the purpose of collectively attracting funding on the capital and money markets to fund the mortgage portfolios of the mortgage companies referred to below (each of which granted mortgage loans under its own name) within the Achmea Group. Until 1 September 2000, the mortgage companies were the following companies:

- (i) Avéro Hypotheken B.V.
- (ii) FBTO Hypotheken B.V.
- (iii) Centraal Beheer Hypotheken B.V.
- (iv) Centraal Beheer Woninghypotheken B.V.
- (v) Woonfonds Holland B.V.
- (vi) Woonfonds Nederland B.V.
- (vii) Zilveren Kruis Hypotheken B.V.

Since the legal merger of (i) throughout (iv) and (vi) and (vii), the Bank issues mortgage loans to private individuals in the Netherlands under several brand names. Three methods are used: (i) direct writing (Centraal Beheer Achmea, FBTO, Zilveren Kruis Achmea), (ii) through an intermediary (Avéro Achmea, Woonfonds Hypotheken) and (iii) through the home owners association 'Vereniging Eigen Huis' (FBTO). The mortgage business of the Bank contributes to the other activities of the Achmea Group, especially the life insurance and the investment funds business. In principle, mortgage loans are provided for residential property only. The Bank has merged with its sole subsidiary Woonfonds Holland B.V. on 1 January 2004.

The total mortgage-portfolio of the Bank expanded from euro 4.2 billion per 31 December 1995 to euro 12.7 billion per 31 December 2005 and euro 13.6 billion per 31 December 2006. The funding of the Bank in 1995 depended fully on private placements with mostly Dutch institutional investors. Nowadays there are several funding sources. The Bank taps the euro market with private and public loans under its secured debt issuance programme. The Bank issues debt instruments secured by a pledge of mortgage receivables under a trust agreement as most recently amended on 2 November 2000 entered into by the Bank with Stichting Trust Achmea Hypotheekbank. The portfolio subject to that trust agreement amounted to euro 5.1

billion as at 31 December 2005. In 1999 the first private securitisation launched by the Bank of euro 0.2 billion was completed. Securitisation as at 31 December 2005 totalled euro 6.3 billion.

Profits in the last five years 2001, 2002, 2003, 2004 and 2005 varied from euro 11 million to euro 27 million per year. The result for 2004 was euro 17 million (audited) for 2005 it amounts to euro 27 million (audited). On 31 January 2007 the unaudited results for 2006 have been published. Due to pressure on interest margins as a result of the severe competition in the residential mortgage market and lower level of penalty interest income the unaudited result for 2006 amounts to euro 2.2 million (unaudited). In April 2007 the audited results for 2006 will be published. The BIS-ratio (the Bank of International Settlement – ratio) as at 31 December 2006 was 10.9 per cent. (based on IFRS). The Bank is obliged to disclose its financial statements based on IFRS as of year-end 2005.

The Bank is not financially dependent upon other entities within the Achmea Group. However, for certain strategic decisions consent from Achmea Holding N.V. may be required.

Operations

The Bank is responsible for the acceptance and the servicing of mortgage loans, as well as risk, product and pricing policies.

The banks basic responsibilities include:

- (i) the operation of a commercial policy and the marketing of mortgage loans;
- (ii) the operation of a reliable financial, mortgage and policy administration;
- (iii) the operation of an adequate administrative organisation and reliable automation system;
- (iv) the provision of information sufficient to enable it to comply with its obligations and responsibilities;
- (v) compliance with statutory requirements regarding solvency and cash position;
- (vi) supervision of compliance with (a) directives issued by the Dutch Central Bank regarding the maintenance of a reliable administrative organisation and internal control system and (b) regulations issued by the Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "AFM"); and
- (vii) ensuring a reliable and continuous data processing system, more specifically on the basis of maintenance of the Bank's systems and of the interfaces with the systems operated by the individual mortgage brands.

The tasks which the Banks performs on the basis of these responsibilities include:

- (i) determination of the funding requirements;
- (ii) preparation and monitoring of the interest rate and risk policies and execution of clearing transactions in relation to funds transfers;
- (iii) preparation and maintenance of the administrative organisation, performance of internal control procedures;

- (iv) preparation and monitoring of risk standards and of product, acceptance and pricing policies;
- (v) preparation and maintenance of a reliable and continuous data processing system and lending of support in the areas of market analysis and product development;
- (vi) compilation of management reports;
- (vii) execution of specialist tasks such as arrears management and legal and fiscal matters; and
- (viii) coordination of the contacts with the Dutch Central Bank and the AFM and other representative organisations.

As at 31 December 2005 the mortgage portfolio of the Bank amounts to approximately euro 12.7 billion. This portfolio consists of approximately euro 2.3 billion of mortgage loans which have the benefit of a Municipality Guarantee or an NHG Guarantee. Apart from that, the portfolio consists of (i) approximately euro 3.2 billion of mortgage loans for a principal amount less than or equal to 75 per cent of the value of the security granted, indexed from the time of granting of the mortgage loan and (ii) approximately euro 0.9 billion of other mortgage loans. The remaining mortgage loans for in total approximately euro 6.3 billion form part of mortgage-backed securitisation transactions.

Incorporation

The Bank was incorporated on 16 June 1995 as a public limited liability company (*naamloze vennootschap*) incorporated under the laws of The Netherlands. The Bank has its corporate seat in The Hague, the Netherlands. The deed of incorporation includes the current articles of association. The statement of no-objection of the Minister of Justice in respect of the articles of association was issued by the Ministry of Justice under number N.V. 532.216. The Bank is registered in the Commercial Register of The Hague under number 27154399 and has its registered offices at Hervenplein 2, 5232 JE 's Hertogenbosch. The telephone number of the Bank is +31 73 643 4021.

Objects

The objects of the Bank (to be found in Article 2 of the Bank's articles of association) is to provide mortgage loans, to exercise banking business (including the provision of all banking cashier's and any other financial services) and anything related or beneficial to the foregoing, to participate in the management of, to conduct the business over, and the financing of other companies, of any nature, and finally to guarantee debts of other persons with which it is affiliated in a group.

Corporate Governance

The most recent version of the Dutch Corporate Governance Code (*Code Tabaksblat*) applies to companies of which the shares are listed on a recognised stock exchange. Although it therefore does not apply to the Bank, the Bank endorses most principles of the Code Tabaksblat.

Executive and Supervisory Boards

As of 1 November 2006, the Executive Board and the Supervisory Board of the Bank are composed as follows, and their members perform the following principal activities:

Executive Board

R.J. Hof

P.W. van den Bosch

J.J.P.M. van Benthem

Supervisory Board

Supervisory Board

Principal activity outside the Bank

G. van Olphen Member

Executive Board Eureko B.V.(CFO)

E.A.J. van de Merwe (Chairman as of 1 December 2005)

Independent Consultant

A.A. Lugtigheid

Retired

No potential conflict of interests exists between the duties of members of the Executive Board and the Supervisory Board of the Bank and their private interest or other duties.

The elected domicile of all the members of the Executive Board and the Supervisory Board elect domicile at the registered office of the Bank.

Audit Committee

The Audit Committee of the Bank consists of E.A.J. van de Merwe and G. van Olphen, each a member of the Supervisory Board of the Bank. The Audit Committee has obtained a mandate from the Supervisory Board to prepare together with the Executive Board the meetings of the Supervisory Board. In addition, the Audit Committee has the mandate to supervise the main developments in the field of financial reporting, tax, funding and finance, risk management and to monitor the relationship with the external accountants of the Bank.

Capitalisation and indebtedness

The following table sets out the capitalisation of the Bank and its subsidiaries:

	as at 31 December, 2005 (in millions of EUR)	as at 31 December, 2004 (in millions of EUR)
Total Shareholders' equity	264	247
Share Capital	18	18

Authorised 200,000 ordinary shares		
Issued 40,001 ordinary shares (Euro 453.78 par value)		
Share premium reserve	164	164
Other reserves	54	48
Unappropriated profits	27	17
Revaluation reserve	1	0
Total long term subordinated debt	195	195
NLG loan 6.75% 1996-2006	91	91
NLG loan 5.68% 1999-2015	7	7
NLG loan 5.57% 1999-2014	1	1
NLG loan 5.55% 1999-2009	15	15
EUR loan 6.27% 2001-2013	25	25
EUR loan 5.77% 2001-2010	6	6
EUR loan 5.87% 2001-2011	6	6
EUR loan 5.95% 2001-2012	6	6
EUR loan 6.12% 2001-2015	6	6
EUR loan 5.96% 2002-2012	8	8
EUR loan 5.89% 2002-2012	5	5
EUR loan 5.89% 2002-2012	3	3
EUR loan 5.89% 2002-2012	11	11
EUR loan 5.89% 2002-2012	5	5
Total capitalisation	459	442

The following table sets out the redemption schedule of indebtedness of the Bank and its subsidiaries as at 31 December 2005:

Year	(in millions of EUR)
2006	91
2009	15

2010	6
2011	6
2012	38
2013	25
2014	1
2015	13
	195

On 28 November 2006 the Bank has issued an euro 60 million subordinated debt instrument. The maturity date is 28 November 2016. This subordinated debt instrument can be called by the Bank in 2011. There has been no material change in the capitalisation of the Bank since 31 December 2005 other than stated in this paragraph.

Key figures

The following table sets out in summary form consolidated key figures relating to the Bank and its subsidiaries. Such information is derived from the audited consolidated financial statements of the Bank and its subsidiaries as at and for the years ended 2000, 2001, 2002, 2003, 2004 and 2005. The financial information presented below should be read in conjunction with such financial statements. In this respect, the following information from the Annual Report 2005 of the Bank is reproduced in Annex 1 to this Base Prospectus:

- (i) consolidated income statement;
- (ii) consolidated balance sheet;
- (iii) consolidated statement of changes in total shareholders' equity;
- (iv) consolidated cash flow statements;
- (v) notes to the consolidated financial statements; and
- (vi) auditors' report,

Annex 2 to this Base Prospectus contains a reproduction of an auditors' report issued in respect of Annex 1 to this Base Prospectus. The figures for the years 2000, 2001, 2002 and 2003 have been prepared in accordance with Dutch GAAP.

<i>(in millions of euro*)</i>	IFRS	IFRS				
	2005	2004	2003	2002	2001	2000
Total assets	13,805	13,098	13,006	12,729	11,154	10,267
Mortgage with Government guarantee (NHG)	2,330	2,200	2,105	2,130	2,150	2,148
Other residential mortgages	10,375	10,222	9,813	9,151	8,159	7,376
Total residential mortgages	12,705	12,422	11,918	11,281	10,309	9,524
Shareholders' equity	264	247	241	315	279	268
Subordinated Liabilities	195	195	195	195	186	138
Fund for general banking risks	0	0	28	28	28	33
Capital base	459	442	464	538	493	439
Interest margin	80	67	77	68	46	65
Other income	–	–	–	13	17	–
Income	80	67	77	81	63	65
Expenses	38	37	40	50	48	44
Impairment on financial instruments And other assets	2	2	2	1	–	-2
Operating profit	40	28	35	30	15	23
Taxes	13	11	12	10	4	8
Net profit	27	17	23	20	11	15
Efficiency ratio	47.5	55.2	51.9	61.7	76.2	67.7
BIS-ratio	12.4%	11.3%*	11.5%	10.4%	10.8%	11.7%

* Based on Dutch GAAP

The following table sets out from the Half-Yearly Report 2006 of the Bank: unaudited consolidated financial statements per 30 June 2006 in relation to the Bank and its subsidiaries:

Unaudited Consolidated Profit & Loss Account

CONSOLIDATED INCOME STATEMENT

As at 30 June 2006

in thousands of euros

	30-Jun-06	30-Jun-05
Interest income and change in fair value of interest-sensitive instruments	331,170	333,042
Interest expense	296,679	300,958
Interest margin and changes to fair value of interest-sensitive instruments	<u>34,491</u>	<u>32,084</u>
Fees and commissions	-2,188	-2,034
Net fees and commissions	<u>-2,188</u>	<u>-2,034</u>
Impairment losses on financial instruments and other assets	1,414	1,611
Operating expenses	20,061	17,425
Operating result before taxes	<u>10,828</u>	<u>11,014</u>
Taxes on operating result	3,205	3,469
Net profit	<u>7,623</u>	<u>7,545</u>

Unaudited Consolidated Balance Sheet
CONSOLIDATED BALANCE SHEET
As at 30 June 2006

in thousands of euros

30-Jun-06 31-Dec-2005

Assets

Cash	8,029	19,373
Banks	311,080	609,887
Derivatives	302,277	340,888
Loans and advances to customers	12,415,489	12,705,351
Interest-bearing securities	76,678	81,079
Equipment	275	751
Deferred tax assets	6,907	7,046
Receivables and other assets	40,712	40,809

Total assets

13,161,447 13,805,184

Liabilities

Banks	903,445	1,062,884
Derivatives	375,504	608,247
Funds entrusted	3,083,648	3,289,967
Debt securities	8,161,147	8,178,158
Other tax liabilities	16,488	44,060
Accruals and other liabilities	155,831	163,171
Subordinated liabilities	195,021	194,990
Shareholders' equity	270,363	263,707

Total liabilities

13,161,447 13,805,184

CONSOLIDATED STATEMENT OF CHANGES TO SHAREHOLDERS' EQUITY

	Share Capital	Share premium	Revaluation on reserve	Retained earnings	Other reserves	Total Shareholder 's
<i>in thousands of euros</i>						
At 1 January 2005	18,152	164,206	0	17,044	47,484	246,886
First-time adoption 01-01-2005 IAS 32/39			1,950		-11,236	-9,286
Retained earnings				7,545		7,545
Distribution of profit 2004				-17,044	17,044	0
Unrealised revaluations						438
Dividends to shareholders					0	0
At 30 June 2005	18,152	164,206	2,388	7,545	53,292	245,583
At 1 January 2006	18,152	164,206	873	27,184	53,292	263,707
Retained earnings				7,623		7,623
Distribution of profit 2005				-27,184	27,184	0
Unrealised revaluations			-973			-973
Other movements					6	6
Dividends to shareholders					0	0
At 30 June 2006	18,152	164,206	-100	7,623	80,482	270,363

CONSOLIDATED CASH FLOW STATEMENT

As at 30 June 2006

in thousands of euros

	30-Jun-06	30-Jun-2005
Net profit	7,623	7,545
Cash flow from operating activities	-187,261	97,304
Net cash flow from operational activities	192,897	74,883
Net cash flow from investing activities	0	-197
Net cash flow from financing activities	-16,980	-171,212
Net cash flow	<u>-11,344</u>	<u>778</u>
Cash at 1 January	19,373	11,573
Cash at 30 June	8,029	12,351
Total liabilities	<u>-11,344</u>	<u>778</u>

SEGMENTATION OF THE PROFIT AND LOSS ACCOUNT

<i>in thousands of euros</i>	Direct writers		Intermediaries		Consolidated	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
Profits of external costumers						
Interest	10,920	10,023	23,571	22,061	34,491	32,084
Commission	-1,790	-1,642	-398	-392	-2,188	-2,034
Other	-6,228	-5,520	-15,247	-13,516	-21,475	-19,036
Segment profit	2,902	2,861	7,926	8,153	10,828	11,014
Taxes	859	901	2,346	2,568	3,205	3,469
Net profit	2,043	1,960	5,580	5,585	7,623	7,545

Acquisitions and disposals

The Bank acquired the retail mortgage loan portfolio of Levob with a total volume of approximately euro 102 million as a result of a merger on 1 July 2004 between the Achmea Group and Levob.

In November 2006 the Bank acquired two legal entities which hold the mortgage portfolios of Interpolis Schade Hypotheken B.V. and N.V. Interpolis BTL Hypotheken with a total volume of approximately euro 900 million. These two legal entities are expected to be Merged with the Bank in March 2007.

Other than the aforementioned acquisition there were no material acquisitions and disposals during 2005, 2006 or 2007 to the date hereof.

Supervision by the Dutch Central Bank

On 1 November 1995, the Dutch Central Bank issued a general banking licence to the Bank pursuant to the provisions of the Act on the supervision of the former Act on the Supervision of Credit Institutions 1992 (*Wet toezicht kredietwezen 1992*) and, as of 1 January 2007, pursuant to the provisions of the Wft. The Bank is registered as a bank without special restrictions. As a result thereof, the Bank is under the permanent supervision of the Dutch Central Bank pursuant to which it is obliged to provide the Dutch Central Bank with all information required on banking developments, such as cash position and solvency.

Interest rate mismatch

As a financial institution, managing interest rate risk is a normal part of the Bank's business. The Bank maintains a conservative approach in terms of interest rate mismatches and actively manages those mismatches. It should be understood, however, that interest rate risk might still affect the results of the Bank.

Material contracts

The Bank did not enter into any material contracts outside the ordinary scope of business during 2005, 2006 or to the date hereof.

Competitive position

There is substantial competition in The Netherlands for the types of mortgages and other products and services the Bank provides. Competition in the financial services industry is furthered by the high level of consolidation in The Netherlands in the markets where the Bank operates. The Bank faces competition from companies such as Rabobank, ABN AMRO Bank N.V., SNS Bank N.V. and many others.

Funding

The Bank has various means of financing its activities. One of the most important is the Bank's euro 10,000,000,000 secured debt issuance programme, under which programme the Bank may issue notes on a continuing basis. The notes will be issued on a secured basis and the note holders have the benefit of the trust deed pursuant to which the Bank will from time to time grant to the security trustee a right of pledge on existing mortgage loans and/or other security permitted by the trust deed. Under this trust deed, also the funding other than through the secured debt issuance programme may benefit from the trust arrangements.

Recent developments

In addition to challenges of a competitive mortgage market, the penalty interest due to early redemptions is reduced substantially. As a result, the interest margin of the Bank has come under pressure. The BIS-ratio of the bank will continue to be targeted at a minimum of 10.5%.

Reference is made to section B.3 (*Risk Factors*), under 'Value of Investments' for a description of recent developments pertaining to investment insurances and related risks.

On 18 October 2006, S&P lowered its long- and short-term counterpart credit rating on the Bank to 'A-/A-2' from 'A/A-1'. The outlook is stable.

On 31 January 2007, the Bank distributed a press-release on the unaudited annual results for 2006.

1.7 EUREKO B.V. AND EUREKO GROUP

General Information

IT IS NOTED THAT THE INFORMATION BELOW ON EUREKO B.V. IS PROVIDED BY WAY OF BACKGROUND ONLY. The Covered Bonds will not be obligations of any member of the Eureko Group other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Covered Bonds will be accepted by any other member of the Eureko Group (such as Eureko). No other member of the Eureko Group (such as Eureko) will be under any obligation whatsoever to provide funds to the Issuer.

Profile

The Eureko Group consists of Eureko and its subsidiaries and comprises, among others, Achmea, Interpolis, Friends First, Interamerican, Union, Império France and a strategic investment in among other things PZU in Poland (33% minus one share) and in F&C Asset Management in the UK (19.7%). The Eureko Group also has start-up operations in Bulgaria, Romania and Cyprus. The Eureko Group has operations in the following countries (under the respective operating company brands):

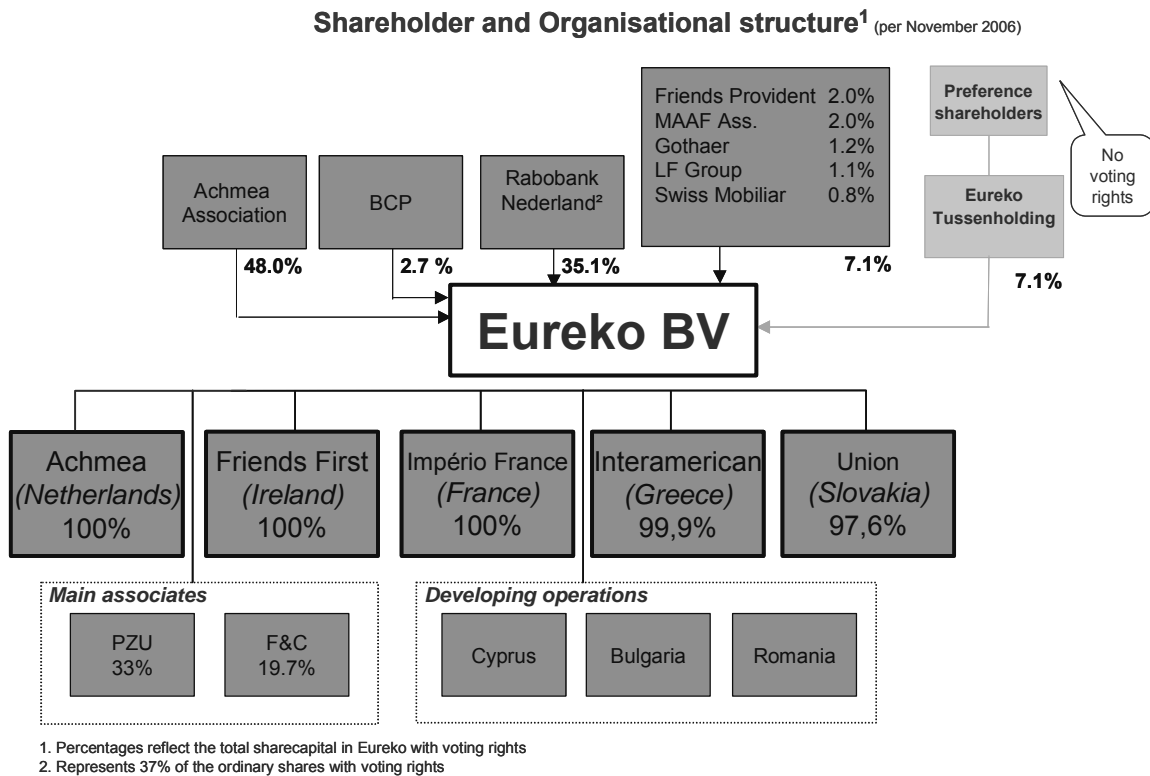
The Netherlands, Luxembourg and Belgium:	Achmea and Interpolis
Greece:	Interamerican
Ireland:	Friends First
Slovakia:	Union
France:	Império France
Romania, Bulgaria and Cyprus:	developing companies

In addition, the Eureko Group has a company based in Warsaw (Eureko Polska), which is engaged in the development of the shareholding of the Eureko Group in PZU, Poland.

Eureko is a privately owned holding company of a financial services group, whose core business is primarily insurance. The Eureko Group has operations in eleven European countries. The Eureko Group has evolved from its origins as an alliance of likeminded, independent insurance companies with shared goals, to its position as a broad group with a number of operating companies which it fully owns or in which it has a significant share holding.

As a holding company, Eureko, and its major Dutch holding subsidiaries rely principally on distributions of internal dividends and excess liquidity from operating subsidiaries and associated companies to meet their funding needs. Such distributions are usually subject to regulatory restrictions, and, in the case of associated companies, by the dividend policies as determined by those companies.

The organisation structure of the Eureko Group is as follows as of November 2006:



General Operations of the Eureko Group

The Eureko Group offers a full range of insurance products (life insurance, health insurance and non-life insurance), pension products and banking services. The Eureko Group philosophy is to create an integrated European group consisting of leading market players in the territories in which its companies operate, providing 'local solutions, shared goals'. Each of its operating companies has strong brands; they know their local markets, and are customer-focused. It is this local expertise, combined with the backing of a strong European group and sharing of skills and experience throughout the Eureko Group which is the cornerstone of the Eureko Group's values. The operating companies retain their own brand names, as brand recognition in their territories is very strong.

Dutch operations of the Eureko Group

Through Achmea Group as a leading financial services provider in the Netherlands, the Eureko Group offers businesses, institutions and consumers a broad range of insurance, banking and mortgage products. The Achmea Group links other services to these products so as to enhance their value and to provide greater convenience for the consumer. These services include emergency assistance at home and abroad, health and safety services, absenteeism prevention and workplace reintegration services, as well as health services, which aim for prevention rather than cure, and encourage a healthy lifestyle for its policyholders. The Achmea Group also administers pension schemes and provides asset management services.

Through its power brands, including, among others, Interpolis, Centraal Beheer Achmea, Zilveren Kruis Achmea, Avéro Achmea and FBTO, the Eureko Group holds an important position in the non-life, (occupational) health and life insurance market segments. The Eureko

Group makes use of all the major distribution channels, both traditional and relatively new channels: personal, telephone and workplace sales, as well as sales through agents, intermediaries and banks (via Interpolis) and, increasingly, direct sales via the internet.

The Achmea Group banking activities primarily focus on retail banking and, through Staalbankiers N.V., private bank for high net worth individuals.

Incorporation and history

Incorporation

Eureko was incorporated on 30 December 1991 as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands. It has its corporate seat in Amsterdam, the Netherlands. The articles of association of Eureko were most recently amended on 28 December 2004. Eureko is registered in the Commercial Register of Utrecht under number 33235189 and it has its offices at Handelsweg 2, 3707 NH Zeist.

In 2005 Eureko acquired all issued and paid-up shares in the share capital of Interpolis N.V. As consideration for the acquisition of these shares, Eureko issued new shares in the capital of Eureko to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank Nederland ("**Rabobank Nederland**"), Interpolis N.V.'s former parent company, on 15 November 2005. As a result, Rabobank Nederland increased its shareholding in Eureko from 4.5% to 34.4%.

Agreement among the two largest shareholders of Eureko

Vereniging Achmea (together with Stichting Administratiekantoor Achmea through which Vereniging Achmea holds its shares in Eureko), Rabobank Nederland and Eureko entered into a cooperation agreement. Pursuant to this cooperation agreement each of Vereniging Achmea and Rabobank Nederland is entitled to an equal number of representatives on a coordination committee. The coordination committee aims to advise the Eureko Supervisory Board and the Eureko Executive Board on important issues. In addition, Vereniging Achmea and Rabobank Nederland have the right to appoint directors in each other's supervisory and management boards and have agreed to respect each other's interests and the mutual interest of Eureko. Finally, they have undertaken not to enter into strategic alliances with third parties which could harm the competitive position of one of the parties.

Supervision

Eureko is subject to supplementary supervision of insurance companies within an insurance group as referred to in section 3:282 of the Wft. Eureko is not subject to supervision by DNB under the Wft.

Recent developments

Rating: S&P positive outlook

On 17 March 2006, S&P affirmed Eureko's 'A-' rating and revised the outlook to 'positive' from 'stable'; the main insurance entities of Interpolis were rated 'A+, positive outlook', in line with the main Achmea Group insurance companies, on 29 June 2006.

Outlook and trends

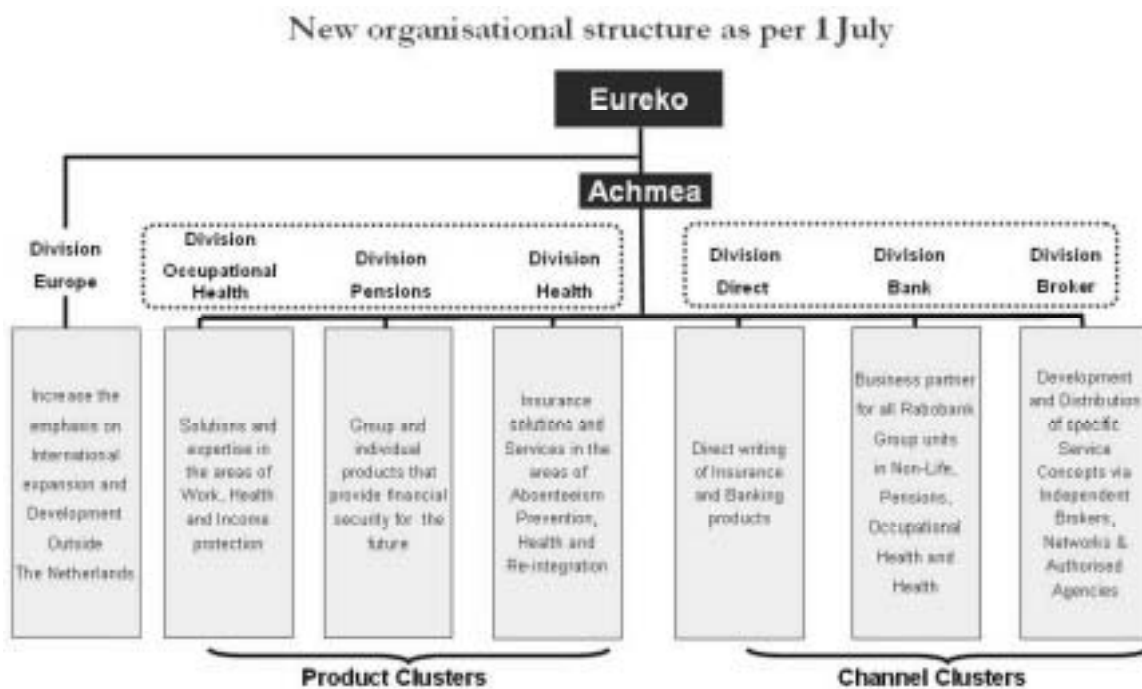
The Eureka Group's focus is twofold: (i) increasing operational efficiency and achieving cost leadership in mature European markets, particularly in The Netherlands through the integration of the Achmea Group and Interpolis and (ii) expand in maturing markets in Central and Eastern Europe through an increased focus on organic growth and the pursuit of selective merger and acquisition opportunities. The resolution of the conflict with the Polish State with respect to the privatisation of PZU remains a key element of the Eureka Group's expansion strategy in that region.

Part of Eureka's strategy is to seek further cooperation with Rabobank with the aim to optimise and align the activities, operations and systems of the two groups. Such optimisation and alignment may be pursued in the Dutch operations, as well as internationally.

Following the acquisition of all issued and paid-up shares in the capital of Interpolis N.V. in November 2005, the Eureka Group announced the further integration of the activities of both companies on 18 July 2006. The twenty business units and market organisations will be combined into six operating divisions. Three divisions are centred around distribution channels: banking, direct distribution and brokers. The other three divisions focus on products: pensions, occupational health and health. The Eureka Group expects significant synergies from the integration of the Achmea Group and Interpolis, among which a reduction in headcount of 2,500 to 3,000 or 15% of the combined workforce of 19,000.

The Eureka Group has also created a new division, division Europe, which will act as a stimulator for international growth and facilitates all operating companies outside the Netherlands.

The new division structure is as follows:



The fiercely competitive insurance market, especially in The Netherlands, where 88% of the Eureka Group's total revenue is generated, will demand the Eureka Group's vigilance in the

coming year. The Eureko Group foresees a softer claims market, as increased competition erodes prices. In Eastern Europe, there is an expectation of strong growth, despite unstable economies.

The life sector remains an uncertain market due to unstable stock markets and changes in tax regulations, but the opportunities presented by the new Dutch legislation (*levensloopregeling*) also provide a platform for expansion.

In the health sector, following the introduction of the new health system, the Achmea Group has had a very positive start in terms of numbers of insureds, but the full impact of the new legislation has yet to be felt, and profitability is still uncertain. In the non-life sector the Eureko Group expects significant pricing pressure which will impact gross written premiums.

Key figures

The following table sets out in summary form consolidated key figures relating to the Eureko Group. Such information is derived from the audited consolidated financial statements of the Eureko Group as at and for the years ended 2001, 2002, 2003, 2004 and 2005. The financial information presented below should be read in conjunction with such financial statements:

Eureko's consolidated key figures are as follows:

EUR million	IFRS		Eureko GAAP			
	2005	2004	2004	2003	2002	2001
Key figures						
Group Income Statement						
Gross written premiums	6,577.4	5,524.3	6,209.4	5,655.7	7,431.4	7,236.5
Profit before tax and discontinued operations	826.1	385.9	604.7	436.6	-838.3	198.8
Net profit	705.9	1,022.5	1,152.6	243.0	-388.6	210.6
Number of Employees (FTE's)	20,166	14,550	14,550	15,234	18,179	17,974
Insurance GWP						
Life	2,807.2	2,311.7	2,878.9	2,602.9	3,920.9	4,105.4
Non-Life	1,698.6	1,477.4	1,470.8	1,432.4	1,793.2	1,598.3
Health	2,071.6	1,735.2	1,859.7	1,620.4	1,717.3	1,532.8
Banking						
Net interest margin	160.7	136.4	138.3	208.5	183.9	151.4

Group Balance Sheet

Total assets	83,293.2	52,911.1	51,296.0	47,778.5	46,756.2	53,227.9
Total investments (excl. Investments backing linked liabilities)	38,643.2	23,499.7	23,045.6	19,176.5	18,875.8	22,205.8
Banking credit portfolio	16,458.8	16,941.7	16,781.3	17,133.5	16,610.6	14,530.3
Shareholders' equity	8,522.1	3,201.1	4,093.4	1,813.5	1,619.7	2,261.9
Embedded value Life business	4,537	2,348	2,744	2,593	2,355	3,367

Key ratio's**Group**

Return on equity	12.7%	10.9%	39.0%	14.2%	-20.0%	6.8%
Debt leverage	9.6%	12.8%	11.5%	31.6%	48.2%	41.9%

Insurance

Combined ratio Non-Life	89.9%	92.6%	92.5%	97.0%	104.1%	108.7%
Combined ratio Health	94.5%	97.4%	97.6%	99.1%	101.2%	102.3%

Banking

Cost/income ratio	72.2%	103.9%	106.6%	88.7%	73.6%	83.7%
BIS ratio	11.7%	13.5%	13.3%	10.6%	10.5%	10.9%

Figures per Ordinary Share

Earnings per share-continuing operations (EUR)	3.11	1.74	2.23	1.28	-3.32	1.03
Dividend per share (EUR)	1.41	1.96	1.96	0.45	0.00	0.34

1.8 TRUSTEE

The trustee under the Trust Deed is Stichting Trustee Achmea Covered Bond Company, a foundation (*stichting*) established under the laws of The Netherlands on 31 January 2007. It has its registered office at Herengracht 420, 1017 BZ Amsterdam, The Netherlands and is registered with the Commercial Register of the Chamber of Commerce of Amsterdam, The Netherlands under number 34265908.

The objects of the Trustee are (a) to act as agent and/or trustee in favour of holders of Covered Bonds to be issued by Achmea Hypotheekbank N.V. and the other Secured Creditors; (b) to obtain security rights as agent and/or trustee and/or for itself; (c) to perform (legal) acts including accepting the parallel debt of the CBC in order to hold the security rights referred to under (b); (d) to manage to hold, administer and to enforce the security rights mentioned under (b); (e) to borrow or raise money and (f) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Trustee is N.V. Algemeen Nederlands Trustkantoor ANT having its registered office at Herengracht 420, 1017 BZ Amsterdam, The Netherlands. The managing directors of N.V. Algemeen Nederlands Trustkantoor are mr. L.J.J.M. Lutz and mr. A.C.M. Beerepoot.

1.9 APPLICATION OF PROCEEDS

The euro equivalent of the gross proceeds from each issue of Covered Bonds will be used by the Issuer for general corporate purposes.

1.10 OPTION TO ISSUE HARD BULLET COVERED BONDS

The Issuer may at any time decide to implement a hard bullet maturity, or an option to switch to a hard bullet maturity, of any Series to be issued after such time provided that the Trustee has submitted its prior consent in writing. If the Issuer so decides, the Transaction Documents will be amended and the Base Prospectus will be updated to reflect this subject to Rating Agency Confirmation and prior consent in writing from the CBC and the Trustee. The Trustee shall not be required to consult the holders of outstanding Covered Bonds before it gives its consent.

Upon implementation of (the possibility of) a hard bullet maturity for any Series, Covered Bonds will be issued without an Extended Due for Payment Date. In such circumstances, an obligation under the Guarantee by the CBC to pay a Guaranteed Final Redemption Date when the same becomes Due for Payment, shall not be subject to an extension to an Extended Due for Payment Date.

A pre-maturity test will be included. Such pre-maturity test is intended to provide liquidity for the Covered Bonds when the Issuer's credit rating falls below a certain level. Following a breach of the pre-maturity test, the CBC shall be required to use reasonable endeavours to provide certain remedial actions.

Issue or amortisation of a Series with a hard bullet maturity shall not affect the issue or amortisation of any Series with a soft bullet maturity.

2. ASSET-BACKED GUARANTEE

2.1 GUARANTEE

Pursuant to the Guarantee, if (i) an Issuer Event of Default occurs and an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Event of Default occurs and a CBC Acceleration Notice is served, the CBC will be liable to pay Guaranteed Amounts when the same becomes Due for Payment.

Following (i) the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice on the Issuer, (ii) a Breach of the Asset Cover Test or (iii) a Breach of any Portfolio Test (if implemented), the Trustee shall serve a Notice to Pay on the CBC. However, service of a Notice to Pay under (ii), or (iii) above will not require the CBC to pay under the Guarantee, until an Issuer Acceleration Notice or a CBC Acceleration Notice has been served.

All payments of Guaranteed Amounts by or on behalf of the CBC will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless the withholding or deduction of such taxes, assessments or other governmental charges are required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the CBC will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The CBC will not be obliged to pay any amount to the Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction.

An Extended Due for Payment Date shall be specified as applying in relation to the Series of Covered Bonds in the applicable Final Terms.

In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the Extension Date or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher and *pari passu* ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 13 (*Notices*)), the Rating Agencies, the Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least two Business Days prior to the Extension Date and/or such Interest Payment Date, respectively, and (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for this Series falls (and to such extent the

Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on the Extension Date and/or such Interest Payment Date, respectively; and

- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 4 (*Interest*), provided that for this purpose all references in Condition 4 to the Final Maturity Date are deemed to be to references 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 Guaranteed Amounts constituting Scheduled Interest on any Scheduled Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be a CBC Event of Default.

For the purposes hereof:

"Due for Payment" means, with respect to a Guaranteed Amount, (i) prior to the service of a CBC Acceleration Notice, the Scheduled Payment Date in respect of such Guaranteed Amount or, if later, the day which is two Business Days after service of an Issuer Acceleration Notice and a Notice to Pay or (ii) after the service of a CBC Acceleration Notice, the date on which the CBC Acceleration Notice is served (or, in either case, if such day is not a Business Day, the first following Business Day).

"Guaranteed Amounts" means, in respect of a Series:

- (a) with respect to any Scheduled Payment Date falling prior to the service of a CBC Acceleration Notice, the sum of the Scheduled Interest and Scheduled Principal payable on such Scheduled Payment Date; or
- (b) with respect to any date after the service of a CBC Acceleration Notice, an amount equal to the aggregate of (i) the relevant Early Redemption Amount specified in the Conditions as being payable on that date and (ii) all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds and all amounts payable by the CBC under the Trust Deed, provided that any Guaranteed Amounts representing interest paid after the Final Maturity Date shall be paid on such dates and at such rates as specified in the applicable Final Terms.

"Scheduled Interest" means, in respect of a Series, any amount of scheduled interest payable (i) under the Covered Bonds as specified in Condition 4 (*Interest*) (but excluding (a) any additional amounts relating to premiums, default interest or interest upon interest payable by the Issuer following an Issuer Event of Default but including such amounts following a CBC Acceleration Notice and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Trustee on account of scheduled interest and on-paid to the CBC in accordance with the Trust Deed or (ii) under the Guarantee as specified in Condition 3(b) (*The Guarantee*).

"Scheduled Payment Dates" means, in respect of a Series, each Interest Payment Date and the Final Maturity Date as specified in (i) in the case of Scheduled Interest, Condition 4 (*Interest*) or Condition 3(b) (*The Guarantee*), as the case may be, or (ii) in the case of Scheduled Principal, Condition 6(a) (*Redemption at Maturity*).

"Scheduled Principal" means, in respect of a Series, any amount of scheduled principal payable under the Covered Bonds as specified in Condition 6(a) (*Redemption at Maturity*) (but excluding (a) any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest payable by the Issuer following an Issuer Event of Default but including such amounts (if any) together with the Early Redemption Amount and any interest accrued on the Guaranteed Amounts in accordance with Clause 3.1 of the Trust Deed following a CBC Acceleration Notice and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Trustee on account of scheduled principal and on-paid to the CBC in accordance with the Trust Deed.

2.2 SECURITY

In the Trust Deed, the CBC undertakes to pay to the Trustee amounts equal to and in the currency of the amounts it owes (i) to the Covered Bondholders under or pursuant to the Guarantee, the Trust Deed and the other Transaction Documents and (ii) the other Secured Creditors under or pursuant to the Transaction Documents, (the "**Principal Obligations**") (such payment undertaking and the obligations and liabilities which are the result thereof the "**Parallel Debt**"). The Principal Obligations do not include the CBC's obligations pursuant to the Parallel Debt. In this respect the CBC and the Trustee acknowledge that (i) the Parallel Debt constitutes undertakings, obligations and liabilities of the CBC to the Trustee which are separate and independent from and without prejudice to the Principal Obligations of the CBC to any Secured Creditor and (ii) the Parallel Debt represents the Trustee's own claim (*vordering*) to receive payment of the Parallel Debt from the CBC, provided that the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Principal Obligations to the Secured Creditors. The total amount due and payable by the CBC under the Parallel Debt shall be decreased to the extent that the CBC shall have paid any amounts to the Covered Bondholders or any other Secured Creditor to reduce the Principal Obligations and the total amount due and payable by the CBC under the Principal Obligations shall be decreased to the extent that the CBC shall have paid any amounts to the Trustee under the Parallel Debt. Pursuant to the Common Terms (set out in Schedule 2 to the Incorporated Terms Memorandum), the Secured Creditors accept that the Security created by the Security Documents is granted by the CBC to the Trustee to secure its obligations pursuant to the Parallel Debt.

The Parallel Debt of the CBC owed to the Trustee will be secured by the following security rights granted by the CBC to the Trustee:

- (a) pursuant to a master pledge of receivables (the "**Master Receivables Pledge Agreement**"), a first ranking non-disclosed right of pledge (*stil pandrecht*) over the Transferred Receivables. The right of pledge created pursuant to the Master Receivables Pledge Agreement will not be notified to the Borrowers except under the conditions of the Master Receivables Pledge Agreement;
- (b) if Substitution Assets are transferred to the CBC, pursuant to a deed of pledge of substitution assets (the "**Substitution Assets Pledge**"), a first ranking disclosed right of pledge (*openbaar pandrecht*) over such Substitution Assets;
- (c) pursuant to a deed of pledge of accounts (the "**Accounts Pledge**"), a first ranking disclosed right of pledge (*openbaar pandrecht*) over all current and future monetary claims of the CBC vis-à-vis the Account Bank in respect of the CBC Accounts. The right of pledge created pursuant to the Accounts Pledge will be notified to the Account Bank. The Trustee will authorise the CBC to collect the pledged rights, which authorisation can be revoked in the circumstances set out in the deed of pledge; and
- (d) pursuant to a deed of pledge of CBC rights (the "**CBC Rights Pledge**"), a first ranking disclosed right of pledge (*openbaar pandrecht*) over the CBC's present and future rights (*vorderingen*) vis-à-vis any debtors of the CBC under any Transaction Document to which the CBC is a party, other than the Management Agreement (CBC) whether due and payable and whether actual or contingent. The right of pledge created pursuant to the

CBC Rights Pledge will be notified to the relevant debtors. The Trustee will authorise the CBC to collect the pledged rights, which authorisation can be revoked in the circumstances set out in the deed of pledge.

If an Enforcement Event occurs, the Trustee will be entitled to enforce the Security (including selling the Transferred Assets) and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction.

For the purposes hereof:

"Enforcement Event" means any default (*verzuim*) in the proper performance of the Secured Obligations or any part thereof provided that a CBC Acceleration Notice has been served;

"Secured Creditors" means the Trustee (in its own capacity and on behalf of the Covered Bondholders), the Originators, the Servicers, the Account Bank, the Administrator, the Swap Providers, the Asset Monitor, the Managing Director, the Paying Agents, any Participant and all other creditors for whom the Security is expressed to be granted subject to and in accordance with the Trust Deed.

"Secured Property" means all the CBC's assets, rights and receivables including the CBC's rights in respect of the Transferred Assets, its rights in relation to the CBC Accounts and its rights under the Transaction Documents over which security is created pursuant to the Security Documents;

"Security" means the security for the obligations of the CBC in favour of the Trustee for the benefit of the Secured Creditors created pursuant to, and on the terms set out in, the Trust Deed and the Security Documents.

"Security Documents" means the Master Receivables Pledge Agreement, the Substitution Assets Pledge, the Accounts Pledge and the CBC Rights Pledge.

2.3 CBC

Introduction

The issuer of the Guarantee is Achmea Covered Bond Company B.V., incorporated on 31 January 2007 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at Frederik Roeskestraat 123 1HG, 1076 EE Amsterdam, The Netherlands and registered with the Trade Register (*Handelsregister*) of the Chamber of Commerce (*Kamer van Koophandel*) in Amsterdam, The Netherlands under number 34265906. The telephone number of the CBC is +31 20 577 1177 and the fax number of the CBC is +31 20 577 1188.

Principal Activities

The CBC's articles of association have a restrictive objects clause allowing the CBC the following activities: (i) to obtain, to hold in possession, to alienate, to encumber and to otherwise manage goods, including claims on private persons, enterprises and authorities, whether or not embodied in value papers, as well as to exercise the rights attached to such claims, (ii) raise funds through, among other things, borrowing under loan agreements, the use of financial derivatives or otherwise and to invest and put out funds obtained by the company in, among other things, (interests in) loans, bonds, debt instruments and other evidences of indebtedness, shares, warrants and other similar securities and also financial derivatives, (iii) issuing guarantees and granting security for the obligations and debts of the CBC and of third parties, including Achmea Hypotheekbank N.V., (iv) entering into including, but not limited to, financial derivatives such as interest and/or currency exchange agreements, in connection with the objects mentioned under (i), (ii) and (iii), and (v) enter into agreements including, but not limited to, bank, securities and cash administration agreements, asset management agreements and agreements creating security in connection with the objects mentioned under (i), (ii), (iii) and (iv) all for the purpose of covered bonds programmes, established by Achmea Hypotheekbank N.V.

The CBC has not engaged since its incorporation, and will not engage whilst the Covered Bonds remain outstanding, in any material activities other than activities which are incidental or ancillary to the foregoing.

Shareholders

The entire issued share capital is owned by Stichting Holding Achmea Covered Bond Company (the "**Holding**"), a foundation (*stichting*) established under the laws of The Netherlands. The Stichting was established on 18 January 2007 and has its registered office at Frederik Roeskestraat 123 1HG, 1076 EE Amsterdam, The Netherlands. The CBC has no subsidiaries.

The CBC has no employees.

Directors of the CBC

The CBC has entered into a management agreement with ATC Management B.V. (the "**Managing Director**") on the Programme Date (the "**Management Agreement (CBC)**"), pursuant to which the Managing Director has agreed to provide corporate services to the CBC.

The following table sets out the managing director (*bestuurder*) of the CBC and its respective business address and occupation.

Name	Business Address	Business Occupation
ATC Management B.V.	Frederik Roeskestraat 123 1HG, 1076 EE Amsterdam, The Netherlands	Corporate Services Provider There is no potential conflict of interests between any duties to the CBC of the Managing Director and its private interests or other duties.

Capitalisation and Indebtedness

The unaudited capitalisation of the CBC as at the date of this Base Prospectus is as follows:

	As at 23 February 2007 (in €)
Shareholders' equity	
Share capital	20,000
Total capitalisation	<hr/> 20,000

Indebtedness

The CBC has no indebtedness and/or guarantees as at the date of this Base Prospectus, other than that which the CBC has incurred or shall incur in relation to the transactions contemplated pursuant to this Programme.

In the Trust Deed the CBC has covenanted that it will not, save with the prior written consent of the Trustee, or as envisaged by the Transaction Documents:

- (a) create or permit to subsist any security interest over the whole or any part of its assets or undertakings, present or future;
- (b) dispose of, deal with or grant any option or present or future right to acquire any of its assets or undertakings or any interest therein or thereto;
- (c) have an interest in a bank account other than as set out in the Transaction Documents;
- (d) incur any indebtedness or give any guarantee or indemnity in respect of any such indebtedness;
- (e) consolidate or merge with or transfer any of its property or assets to another person;
- (f) issue any further shares (*aandelen*) in its capital;
- (g) have any employees (for the avoidance of doubt, the Managing Director will not be regarded as an employee), premises or subsidiaries;
- (h) acquire assets other than pursuant to the Guarantee Support Agreement;

- (i) engage in any activities or derive income from any activities within the United States or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States;
- (j) enter into any contracts, agreements or other undertakings;
- (k) compromise, compound or release any debt due to it; or
- (l) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets.

3. GUARANTEE SUPPORT

3.1 TRANSFERS

As consideration for the CBC assuming the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Originators have agreed in the guarantee support agreement dated the Programme Date between the Issuer, the Initial Originator, the CBC and the Trustee (the "**Guarantee Support Agreement**") to transfer Eligible Assets to the CBC. The transfers are effectuated as follows:

- (a) in the case of Eligible Receivables, by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the relevant Originator and the CBC of a deed of assignment in the form attached to the Guarantee Support Agreement and offering the same for registration to the Dutch tax authorities (*Belastingdienst*). Notification (*mededeling*) of the assignment to the Borrowers will only take place if a Notification Event occurs. Following receipt of notification by the Borrowers, in principle, only payment to the CBC will be capable of discharging a Borrower's obligations under the relevant Transferred Receivable;
- (b) in the case of Eligible Collateral, by way of book-entry transfer (*girale overboeking*); and/or
- (c) in the case of Non-Dutch Assets:
 - (i) if and to the extent possible and desirable in the opinion of the CBC and the Trustee, in the manner as described above under (a) if it concerns Eligible Receivables or (b) if it concerns Eligible Collateral; and
 - (ii) if and to the extent not so possible or desirable, in such manner as may be required by the CBC, the Trustee and the Rating Agencies.

If amendments are necessary to the Transaction Documents in relation to such transfer of Non-Dutch Assets in the opinion of the Issuer and Rating Agency Confirmation is obtained for such amendments, the Trustee will consent thereto without consultation of the holders of the Covered Bonds.

On the First Transfer Date, the Initial Originator will transfer to the CBC the respective Eligible Receivables comprising the Initial Portfolio. Thereafter, each Originator:

- (i) may at any time offer to transfer further Eligible Assets to the CBC; and
- (ii) jointly and severally with all other Originators undertakes to upon request of the CBC offer to transfer further Eligible Assets to the CBC. The CBC will only make such a request if it (or the Administrator on its behalf) determines that the Asset Cover Test, or any Portfolio Test has been breached under the Asset Monitor Agreement.

The CBC shall accept each such offer if the relevant conditions precedent set out in the Guarantee Support Agreement have been met, including in the case of transfer of Receivables receipt of a confirmation that the Receivables Warranties are true and correct in all material respects and not misleading in any material respect as at the relevant Transfer Date.

In the Guarantee Support Agreement each Originator covenants, among other things, that if (i) it makes any Further Advance under any Loan Agreement relating to a Transferred Receivable, (ii) such Further Advance is secured by the same Related Security and (iii) (a) such Further Advance results in an Eligible Receivable, then it will transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date, or (b) such Further Advance does not result in an Eligible Receivable, then it will request a retransfer of the relevant Transferred Receivable in accordance with the Guarantee Support Agreement.

Neither the CBC, the Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Transferred Assets. Instead, each is relying entirely on the Representations and Warranties by the relevant Originator contained in the Guarantee Support Agreement. The parties to the Guarantee Support Agreement may, with the prior written consent of the Trustee and if the Rating Agencies have confirmed that such amendment will not lead to a downgrade of the relevant Series, amend the Representations and Warranties. The Receivables Warranties are as follows and are given on the relevant Transfer Date by the relevant Originator in respect of the Receivables to be transferred by it to the CBC:

- (i) each Receivable is an Eligible Receivable;
- (ii) the particulars of the Eligible Receivables set out in Annex 1 to the relevant deed of assignment, are true, complete and accurate in all material respects and the Gross Outstanding Principal Balance in respect of each Receivable in the Initial Portfolio as at the Closing Date or in a New Portfolio as at the relevant Transfer Date and the aggregate Gross Outstanding Principal Balance of the Receivables in the Initial Portfolio or in a New Portfolio is correctly stated in Exhibit 1 to the Guarantee Support Agreement (or as the case may be, the relevant deed of assignment);
- (iii) no Originator has created, agreed to create or permitted to subsist any limited right (*beperkt recht*) on, or right of set-off pertaining to, any of its Collection Accounts or rights or receivables pertaining thereto, other than under or pursuant to the general banking terms and conditions (*algemene bankvoorwaarden*) of the account bank with which the relevant Collection Account is maintained; and
- (iv) prior to (but not earlier than a Reasonable Prudent Lender would deem acceptable) making the Initial Advance under each Loan Agreement, the relevant Originator complied with its obligations under the Dutch Identification Act (*Wet Identificatie bij Dienstverlening*) or the Dutch Act on the Notification of Unusual Transactions (*Wet Melding Ongebruikelijke Transacties*) (as amended and supplemented from time to time) together with any other ancillary regulatory requirements, including but not limited to any requirements of the AFM, in connection with the origination of each Eligible Receivable.

The Programme Agreement provides a mechanism for (i) at the option of the Issuer, members of the Group wishing to transfer Eligible Assets to the CBC, to accede to the relevant Transaction Documents as a New Originator, subject always to Rating Agency Confirmation and (ii) Originators that have not originated any of the CBC's Transferred Assets at such time, to withdraw from the relevant Transaction Documents as an Originator, provided that no

Notification Event, Issuer Event of Default or CBC Event of Default has occurred and no Notice to Pay has been served.

In the Trust Deed, the Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that a Notification Event has occurred.

For the purpose hereof:

"Collection Accounts" means the bank accounts in the name of the relevant Originator on which payments under the Eligible Receivables are collected.

"First Transfer Date" means the date on which the Initial Portfolio is transferred to the CBC pursuant to the Guarantee Support Agreement.

"Further Advance" means, in relation to a Transferred Receivable, any advance of further money under the relevant Loan Agreement, which may include a new mortgage loan, to the relevant Borrower following the making of the Initial Advance and secured by the same Mortgage.

"Gross Outstanding Principal Balance" in relation to a Receivable at any date, means the aggregate principal balance of such Receivable at such date (but avoiding double counting) including the following:

- (i) the Initial Advance; and
- (ii) any increase in the principal amount due under that Receivable due to any Further Advance,

in each case relating to such Receivable less any prepayment, repayment or payment of the foregoing made on or prior to such date.

"Initial Advance" means, in respect of any Loan Agreement, the original principal amount advanced by the relevant Originator to the relevant Borrower.

"Initial Portfolio" means the Eligible Receivables particulars of which are set out in the deeds of assignment executed on the Programme Date.

"Net Outstanding Principal Balance" means in relation to a Transferred Receivable, at any date, the Gross Outstanding Principal Balance of such Receivable less, if it is a Savings Receivable subject to a Participation, an amount equal to the Participation on such date.

"Notification Event" means the earliest to occur of the following:

- (i) a default is made by an Originator in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Trustee to the relevant Originator;
- (ii) an Originator fails duly to perform or comply with any of its obligations under any Transaction Document to which it is a party or any other party (except the Issuer or the Trustee) does not comply with any of the obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not

remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Trustee to the relevant Originator or such other party;

- (iii) an Originator takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its dissolution (*ontbinding*), (ii) its liquidation (*vereffening*), (iii) a legal demerger (*juridische splitsing*) involving such Originator, (iv) its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft, (v) its bankruptcy, (vi) any equivalent or analogous insolvency proceedings under any applicable law or (vii) the appointment of a liquidator (*curator*), administrator (*bewindvoerder*) or a similar officer of it or of any or all of its assets;
- (iv) an Originator's assets are placed under administration (*onder bewind gesteld*);
- (v) a Notice to Pay is served on the Issuer and the CBC;
- (vi) a CBC Event of Default occurs;
- (vii) (a) the credit rating of the Issuer's long-term unsecured, unsubordinated and unguaranteed debt obligations falls below BBB by S&P or such rating is withdrawn or (b) if the Issuer's long-term unsecured, unsubordinated and unguaranteed debt obligations are rated by Moody's, such credit rating is set or falls below Baa1 or such rating is withdrawn or, for as long as no such rating is set by Moody's, the Issuer during a period of any two consecutive months fails to have a solvency ratio on a consolidated basis of at least 0.25% above the percentage required by paragraph 10.6 of the Decree on prudential rules pursuant to the Wft (*Besluit prudentiële regels Wft*, the "**Solvency Rules**") for tier 1 capital and 0.50% above the percentage required by the Solvency Rules for tier 1 capital, upper tier 2 capital and lower tier 2 capital together; or
- (viii) any Originator ceases to be a member of the Achmea Group before it withdraws as an Originator from the Transaction Documents in accordance with the Programme Agreement.

"Receivables Warranties" means the representations and warranties given by each of the Originators in respect of the Receivables as set out in Part 3 of Schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement.

"Representations and Warranties" means the representations and warranties given by each of the Originators as set out in Schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement.

"Transfer Date" means the First Transfer Date or the date of transfer of any further Eligible Assets to the CBC in accordance with the Guarantee Support Agreement.

"Transferred Assets" means the Transferred Receivables, the Transferred Collateral and the Transferred Non-Dutch Assets.

"Transferred Collateral" means any Eligible Collateral transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not retransferred, sold or otherwise disposed, or agreed to be disposed, of by the CBC.

"Transferred Non-Dutch Assets" means any Non-Dutch Assets transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not retransferred, sold or otherwise disposed, or agreed to be disposed of by the CBC.

"Transferred Receivables" means any Eligible Receivables transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not redeemed, retransferred, sold or otherwise disposed of, or agreed to be disposed of, by the CBC.

3.2 RETRANSFERS

Pursuant to the Guarantee Support Agreement:

- (a) Prior to the service of a Notice to Pay and provided that the Asset Cover Test shall not be breached upon such retransfer, the CBC will retransfer a Receivable or Defaulted Receivable to the relevant Originator if a material breach of the Receivables Warranties occurs as of the relevant Transfer Date in respect of such Receivable or if the Administrator identifies a Defaulted Receivable, subject to applicable grace periods.
- (b) Prior to the occurrence of a Notification Event and service of a Notice to Pay or CBC Acceleration Notice, (1) the Issuer may from time to time request a retransfer of any Transferred Asset from the CBC to the relevant Originator and/or (2) the Issuer shall request a retransfer of a Transferred Receivable from the CBC to an Originator if (i) such Originator makes a Further Advance under the Loan Agreement relating to such Transferred Receivable, such Further Advance is secured by the same Related Security and such Further Advance does not result in an Eligible Receivable, (ii) such Originator acquires or originates any Residual Claim other than by making a Further Advance and/or (iii) an Eligible Receivable transferred by such Originator to the CBC no longer has the benefit of a Municipality Guarantee or an NHG Guarantee as a result of any action taken or omitted to be taken by the relevant Originator, the Administrator or the Servicer and, as a consequence thereof, such Transferred Receivable would not qualify as an Eligible Receivable if it were tested against the Eligibility Criteria at that time. The CBC shall comply with such request so long as the Asset Cover Test is not breached upon such retransfer and no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served. A retransfer of a Transferred Receivable will take place in accordance with the Guarantee Support Agreement.
- (c) If the CBC intends to sell Selected Receivables on terms permitted or required by the Asset Monitor Agreement, it shall first offer such Selected Receivables for sale on the same terms to the Originators in accordance with the Guarantee Support Agreement.

A retransfer by the CBC as abovementioned will be effectuated in substantially the same manner as the transfers to the CBC described above, *mutatis mutandis*. If the retransfer concerns Selected Receivables which are sold to an Originator further to the relevant Originator's right of pre-emption (*voorkeursrecht*), the underlying sale and purchase will be concluded through execution of a Selected Receivables Offer Notice.

"Accrued Interest" means in relation to any Receivable and as at any date (the **"Receivable Interest Determination Date"**) on or after the relevant Transfer Date, interest on such Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Loan Agreement immediately prior to the Receivable Interest Determination Date up to and including the Receivable Interest Determination Date;

"Arrears of Interest" means in relation to any Receivable and as at the Receivable Interest Determination Date, interest which is due and payable and unpaid up to and including the Receivable Interest Determination Date;

"Current Balance" means in relation to an Eligible Receivable at any date, the aggregate (without double counting) of the Net Outstanding Principal Balance, Accrued Interest (unless it concerns calculations for either the Asset Cover Test or the Amortisation Test Aggregate Asset Amount, in which case Accrued Interest will not be included) and Arrears of Interest as at that date.

"Defaulted Receivable" means any Transferred Receivable (other than a Disputed Receivable or a Written-Off Receivable) in respect of which:

- (a) a declaration has been made by the Originator that such Transferred Receivable is irrecoverable;
- (b) legal proceedings have been commenced for its recovery;
- (c) the related Borrower is declared bankrupt (*failliet verklaard*) or has been granted a suspension of payments (*surseance van betaling*) or debt rescheduling arrangement (*schuldsaneringsregeling*) or equivalent or analogous events or proceedings have occurred in relation to the relevant Borrower; or
- (d) the relevant Borrower has not paid (including, without limitation, payments made by third parties on behalf of the Borrower) by the end of the Calculation Period during which such Transferred Receivable becomes more than 90 days overdue for payment from its Receivable Due Date.

"Disputed Receivable" means any Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower owing such Receivable.

"Receivable Due Date" in relation to any Receivable means the original date on which such Receivable is due and payable.

"Selected Receivables" means Transferred Receivables to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitor Agreement.

"Written-Off Receivable" means any Receivable which has been written off by the relevant Originator as irrecoverable for accounting purposes in accordance with that Originator's general accounting practices.

3.3 ELIGIBLE ASSETS

The following assets are eligible to be transferred to the CBC by the Originators pursuant to the Guarantee Support Agreement:

- Eligible Receivables;
- Eligible Collateral; and
- Non-Dutch Assets (together with the Eligible Receivables and the Eligible Collateral: the "**Eligible Assets**").

The loan products or loan parts to which the Eligible Receivables of the Initial Originator relate can be categorised as follows (regardless of the different names used by the Initial Originator to refer to its loan products falling under the same category):

1. An interest-only loan (an "**Interest-Only Loan**") is a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. An Interest-Only Loan does not have an insurance, a savings or an investment element;
2. An annuity loan (an "**Annuity Loan**") is characterised by equal periodical payments by the Borrower. These payments contain both an interest and a principal component. As with each principal payment part of the Loan is redeemed, the interest component declines after each successive payment. The principal component rises in such a way that the remaining balance of the Loan at maturity will be zero. An Annuity Loan does not have an insurance, a savings or an investment element;
3. A linear loan (a "**Linear Loan**") is a loan on which the periodical payment consists of a constant principal component plus an interest component based on the remaining Loan balance. The balance of the Loan is thus being repaid in a straight-line fashion i.e. linear, and will be zero at maturity, while the interest payment declines after each successive payment. A Linear Loan does not have an insurance, a savings or an investment element;
4. An investment loan (an "**Investment Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Investment Loan, the Borrower pledges a securities account it maintains with an investment firm or a bank established in the Netherlands. Under the related securities account agreement, the Borrower pays (on a regular basis) a sum which is invested in a variety of investment funds offered by the investment firm or bank. Upon maturity the investment proceeds are applied towards repayment of the Investment Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. An Investment Loan has an investment element, but does not have an insurance or a savings element;
5. A life loan or life insurance loan (a "**Life Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Life Loan, the Borrower pledges a life insurance policy to the relevant Originator, which is a combined risk and capital insurance policy, if and to the extent that the amount of the relevant Life Loan exceeds 90% of the foreclosure value (*executiewaarde*) of the relevant Property. Under the life insurance

policy the Borrower pays premium consisting of (apart from a cost element) a risk and a capital/investment element. The Borrower has the choice between (i) the Traditional Alternative and (ii) the United-Linked Alternative. "**Traditional Alternative**" means the alternative under which the amount to be received upon pay out of the life insurance policy depends on the performance of certain (bond) investments chosen by the relevant insurance company with a guaranteed minimum yield of 3 per cent. (lowered from a guaranteed minimum yield of 4 per cent. per September 1999). "**Unit-Linked Alternative**" means the alternative under which the amount to be received upon pay out of the life insurance policy depends on the performance of certain investment funds chosen by the Borrower out of a selection of funds selected by the relevant Originator. The insurance proceeds of the life insurance policy are due by the insurer at the earlier of the maturity of the life insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Life Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Life Loan has an insurance and a capital/investment element, but does not have a savings element;

6. A savings loan (a "**Savings Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Savings Loan, the Borrower pledges a savings insurance policy to the relevant Originator, which is a combined risk and capital insurance policy. Under the savings insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk and a savings element. The savings element is calculated in such a manner that, on an annuity basis, the proceeds of the savings insurance policy due by the insurer are equal to the principal amount due by the Borrower at maturity of the Savings Loan. The insurance proceeds of the savings insurance policy are due at the earlier of the maturity of the savings insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Savings Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Savings Loan has an insurance and a savings element, but does not have an investment element; and/or
7. A hybrid loan (a "**Hybrid Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. A Hybrid Loan is a combination of a Life Loan and a Savings Loan. To secure the Hybrid Loan, the Borrower pledges an insurance policy to the relevant Originator, which is a combined risk and capital insurance policy. Under the insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk and a capital/investment element and, if applicable, a savings element. Due to the hybrid nature of the insurance policy, the Borrower has the right (subject to various conditions) (i) to choose to invest the life insurance premiums (a) in investment funds, as in the life insurance policy of the Unit-Linked Alternative as described above, or (b) in a savings element, as in the savings insurance policy as described under Savings Loan above, and (ii) to switch between the Unit-Linked Alternative and the savings insurance alternative of the insurance policy, in whole or in part. The insurance proceeds of the insurance policy are due at the earlier of the maturity of the insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Hybrid Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make

up any shortfall. A Hybrid Loan has an insurance element and a capital/investment element and, if applicable a savings element,

provided in each case that if and to the extent that the amount of the Loan exceeds 80% or 90% of the foreclosure value (*executiewaarde*) of the relevant property, to secure the Loan the borrower pledges to the relevant Originator a risk life insurance policy under which the Borrower pays premium consisting of (apart from a cost element) a risk element only.

Interest types

The Initial Originator offers a number of different types of interest which are up to the date of this Base Prospectus as summarised below.

Floating rate (Flexi- or Profirente)

The floating interest rate is fixed for one calendar quarter or one calendar year. The interest rate can be changed on the first day of a calendar quarter in line with the prevailing daily interest rate. The Borrower can switch to a longer fixed-interest period during the quarter without incurring a penalty.

Fixed interest (Vaste-, Vaste Switch, TRAM- or Trend rente)

The Borrower pays the same interest rate throughout the fixed-interest period. The fixed-interest periods are available in terms of one year to thirty (30) years. For terms longer than three years, it is possible to change the term, subject to certain conditions, by means of interest rate averaging. In the case of the one-year interest rate, there is a scenario which allows the Borrower to switch to a longer fixed-interest period during the term, as is the case for the quarterly variable interest rate.

Transitional interest rate (Rentegewinningsrente)

The fixed-interest period lasts for a total of ten (10) years. With this type of interest rate, the Borrower pays an increasing rate of interest for the first three years. In the fourth to the tenth year, the customer pays the same interest rate. In the first year, the interest rate is 1.5 per cent. lower than in the fourth to the seventh year. In the second and third year, the rate is 1.0 per cent. and 0.5 per cent. lower respectively.

Spread interest rate (Palet Rente or Rente Egaal Constructie)

In the case of a spread interest rate the contracted "fixed" period is 5 or 10 years. Within the contract the loan is split up in 5 or (respectively) 10 parts. Each part has a separate duration. In the 5 years spread interest rate the 5 parts have durations which range from 1 year up to 5 year fixed. In case of a 10 year spread interest rate the durations vary from 1 year up to 10 year fixed. Each duration has its own specific interest rate. During the year the Borrower pays the average interest of the separate parts. During the contract each year a part of the loan is refixed to the current market interest rate, with a duration of the remaining "fixed" period of the mortgage loan. In the standard version of the spread interest rate each time 20% (or, respectively, 10%) of the loan is changed. Apart from the standard version of this type of interest the Borrowers have two alternatives. Within these alternatives it is possible to emphasize shorter or longer durations within the 5 (or 10) parts.

Bandwidth interest rate (Component- or Renteperfectrente)

In the case of a bandwidth interest rate, a contracted rate of interest is agreed for a certain term. The Borrower pays this rate of interest in the first year. In addition to the contracted rate of interest, an upper and a lower limit is set, which we refer to as the bandwidth. Every year, the contracted rate of interest is checked against the prevailing rate of interest. The contracted rate is amended only if the prevailing rate of interest goes above or below the agreed bandwidth. As long as the current bandwidth interest rate remains within the bandwidth, nothing changes. If the bandwidth interest rate is above the limit when it is checked, only the excess is added to the contracted rate of interest. Conversely, the same principle applies, i.e. the amount below the lower limit is deducted from the contracted rate of interest. If the bandwidth interest rate is back in the bandwidth again at the time of the annual check, the original contracted interest rate will be charged.

Click interest rate (Click rente)

The initial interest rate is a 1-year fixed interest rate. In his loan application, the Borrower selects a reference interest period. If, during a period of one year after the date of the loan proposal, the interest rate of/for the reference interest period:

- (i) starts increasing (even after any prior decrease of such rate in the intervening period), the 1-year fixed interest rate is automatically converted ('click') into the interest rate for the reference interest period, current on the day of such increase; and
- (ii) has not increased by has remained unchanged or has only been decreased, the 1-year fixed interest rate is automatically converted ('click') into the interest rate for the reference interest period, current on the day the period of 1 year after the date of the loan proposal has expired.

Interpolis BTL Hypotheken B.V. and Interpolis Schade Hypotheken B.V. (together the "**Interpolis Mortgage Companies**") offer interest types that are to a high degree comparable to the interest types of the Initial Originator. In addition, the Interpolis Mortgage Companies offer with regard to the 7-, 12- and 17-years fixed rate interest periods a consideration period of 24 months prior to the expiry of such fixed rate interest period, during which a Borrower has the option to either convert to floating rate interest or choose any new fixed rate interest period offered by the Interpolis Mortgage Companies.

For the purpose hereof:

"Adverse Claim" means any encumbrance, attachment or other right or claim in, over or on any person's assets or properties in favour of any other person.

"Borrower" means, in relation to an Eligible Receivable, the individual or individuals specified as such in the relevant Loan Agreement together with the individual or individuals (if any) from time to time assuming an obligation to discharge such Eligible Receivable or any part of it.

"Capital Requirements Directive" means the EC Directive implementing the Basel II framework relating to capital adequacy of investment firms and credit institutions, as implemented in The Netherlands, as the same may be varied, amended or re-enacted from time to time.

"Eligible Collateral" means euro denominated cash and/or Substitution Assets.

"Eligible Receivable" means a Receivable which complies with the following criteria, which are all subject to amendment from time to time, provided that Rating Agency Confirmation is obtained in respect of such amendment (as amended from time to time, the **"Eligibility Criteria"**) as at the relevant Transfer Date:

A. General

1. It is existing, is denominated in euro and is owed by Borrowers established or resident in The Netherlands who are not employed by any Originator or other member of the Achmea Group or, if the Borrower is so employed, the terms and conditions of such Receivable are on arm's length terms.
2. It is governed by Dutch law and the terms and conditions of such Receivable do not provide for the jurisdiction of any court or arbitration tribunal outside The Netherlands.
3. It is secured by Property located in The Netherlands which is not the subject of any residential letting and which is occupied by the relevant Borrower since origination (or shortly thereafter) and used mainly for residential purposes.
4. Its nominal amount remains a debt, which has not been paid or discharged by set-off or otherwise, and includes all loan parts (*leningdelen*) granted to the relevant Borrower under the relevant Loan Agreement.
5. The Loan from which it results was in all material respects granted in accordance with all applicable laws, legal requirements and the "code of conduct on mortgage loans" (*Gedragscode Hypothecaire Financieringen*) prevailing at the time of origination and met in all material respects the relevant Originator's Lending Criteria which, where applicable, are generally based on the NHG requirements and prior to 1995 on the Municipality Guarantee requirements as applicable at that time and all required consents, approvals and authorisations have been obtained in respect of such Loan.
6. The relevant Originator has in all material respects performed all its obligations which have fallen due under or in connection with the relevant Loan Agreements connected to it and so far as the relevant Originator is aware, no Borrower has threatened or commenced any legal action which has not been resolved against the relevant Originator for any failure on the part of the relevant Originator to perform any such obligation.
7. It can be easily segregated and identified for ownership and Related Security purposes on any day.
8. It is not a Receivable in respect of which the CBC has notified the relevant Originator that the CBC has determined that such Receivable or class of Receivables is not reasonably acceptable to the CBC under the Programme and it is not due from a Borrower in respect of which the CBC has notified the relevant Originator that Receivables from such Borrower are not Eligible Receivables.
9. The loan files relating to it contain the relevant Borrower Files (as defined in the Incorporated Terms Memorandum) and, if they are in electronic format, contain at least the same information and details as the loan files relating to it which are kept in paper format which include authentic copies of the notarial mortgage deeds.

10. The maximum outstanding principal amount of the Loan from which it results, or the aggregate maximum outstanding amount of all Receivables secured by the same Related Security together, does not exceed € 1,500,000.
11. The outstanding principal amount of the Loan from which it results does not exceed:
 - (i) if it does not have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*) or a Municipality Guarantee:
 - (a) 125% of the foreclosure value of the related Property at the time of origination; or
 - (b) in relation to no more than 5% of the aggregate Current Balance of all Transferred Receivables at any time, an amount in between 125% and 130% of the foreclosure value of the related Property at the time of origination;
 - (ii) if it does have the benefit of an NHG Guarantee or a Municipality Guarantee, the maximum amount as may be set under the NHG requirements or Municipality Guarantee requirements, as the case may be, at the time of origination.

B. Borrowers

12. It constitutes a legal, valid and enforceable obligation of the related Borrower and is enforceable against such Borrower in accordance with the terms of the relevant Loan Agreement without any right of rescission, withholding, suspension, counterclaim or other defence other than those provided for under mandatory rules of applicable law and subject to any limitations arising from bankruptcy, insolvency or any other laws of general application relating to or affecting the rights of creditors generally.
13. So far as the relevant Originator is aware:
 - (i) the related Borrower has not asserted and no circumstances exist as a result of which such Borrower would be entitled to assert any counterclaim, right of rescission or set-off, or any defence to payment of any amount due or to become due or to performance of any other obligation due under the related Loan Agreement;
 - (ii) the related Borrower is not in material breach, default or violation of any obligation under such Loan Agreement;
 - (iii) the related Borrower is not subject to bankruptcy or any other insolvency procedure within the meaning of any applicable insolvency law;
 - (iv) no proceedings have been taken in respect of it by the relevant Originator against the related Borrower;
 - (v) no litigation, dispute or complaint is subsisting, threatened or pending which affects or might affect it or the related Borrower which may have an adverse effect on the ability of such Borrower to perform its related obligations; and

- (vi) where the relevant Receivable was not originated by the relevant Originator (or any originator which has Merged into the relevant Originator), but by a different originator, such originator does not owe any payment obligation to the Borrower which may be set-off against the relevant Receivable.

C. Payments

- 14. Payments of interest are scheduled to be made monthly.
- 15. It is not in arrears in relation to any payments and at least one payment in respect of such Receivable has been made.

D. Unencumbered Transfer

- 16. The relevant Originator has full right and title to it and has power to transfer or encumber (*is beschikkingsbevoegd*) it and such Originator has not agreed to transfer or encumber it, whether or not in advance, in whole or in part, in any way whatsoever.
- 17. It is owed to the relevant Originator and is free and clear of any Adverse Claims.
- 18. It can be transferred by way of assignment (*cessie*) and is not subject to any contractual or legal restriction of transfer by way of assignment.
- 19. Its transfer will not violate any law or any agreement by which the relevant Originator may be bound and upon such transfer it will not be available to the creditors of the relevant Originator on such Originator's liquidation.

E. Security

- 20. It is secured by mortgage rights and rights of pledge governed by Dutch law which:
 - (i) constitute valid mortgage rights (*hypothekrechten*) and rights of pledge (*pandrechten*) respectively on the assets which are purported to be the subject of such mortgage rights and rights of pledge and, to the extent relating to mortgage rights, have been entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*);
 - (ii) have first priority (*eerste in rang*) or first and sequentially lower priority;
 - (iii) were vested for a principal amount outstanding which is at least equal to the principal amount of the related Loan when originated increased with interest, penalties, costs and/or insurance premiums together up to an amount equal to (at least) 140 % of the principal amount of the related Loan when originated; and
 - (iv) were created pursuant to a mortgage or pledge deed which does not contain any specific wording regarding the transfer of such right of mortgage or pledge securing it, unless an express confirmation to the effect that upon a transfer of the relevant Receivable, the Receivable will following the transfer continue to be secured by the right of mortgage or pledge;

and:

- (a) (1) the relevant Receivable was originated by the relevant Originator (which includes origination by an originator which has Merged into the relevant Originator) and it has not (nor has any such Merged originator) transferred any receivable secured by the Related Security to any party other than the CBC (or in the case of a Merged originator, other than the relevant Originator) and (2) the relevant Originator does not have (nor does any such Merged originator have) does not secure any Residual Claim;
 - (b) the relevant Receivable is secured by Related Security which does not include All-monies Security and any and all present and future receivables which are secured by the Fixed Security forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security, have, together with all Related Security, transferred to such Originator; or
 - (c) the relevant Receivable is subject to an intercreditor agreement between the CBC, the Trustee, the relevant Originator and the originator that originated the relevant Receivable and/or such other requirements as the CBC and the Trustee may require.
21. The consent, licence, approval or authorisation of any person (other than the related Borrower) which was necessary to permit the creation of its Related Security were obtained including the consent of the spouse of such Borrower pursuant to Article 1:88 of the Dutch Civil Code.

F. Valuation

22. The related Borrower was obliged to obtain a building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*) of the Property at the time the related Loan was advanced.
23. The relevant Property was valued when application for the relevant Loan was made by an independent certificated valuer, except if (i) the principal amount outstanding in respect of all Receivables secured on the same Property did not, at the time of application by the Borrower, exceed 100% of the foreclosure value (*executiewaarde*) of the Property, in which case an assessment by the Dutch tax authorities on the basis of the Act on Valuation of Real Property (*Wet Waardering Onroerende Zaken*, "**WOZ**") was used as a valuation, (ii) in respect of Property to be constructed or in construction at the time of application by the Borrower, the Loan to be granted did not exceed 110% of the foreclosure value of the Property (based on the building contract) or (iii) the Loan to be granted did not exceed 60% of the theoretical foreclosure value (which was set at 85% of the purchase price) of the relevant Property.

G. Long Lease

24. If it is secured by a right of mortgage on a long lease (*erfpacht*) or a right of superficies (*opstal*), the terms of the relevant Loan Agreement provide that the principal amount outstanding of the related Loan, including interest, will become immediately due and

payable if (i) the long lease or the right of superficies terminates as a result of a breach by the leaseholder or superficiary, as the case may be, (ii) the leaseholder or superficiary, as the case may be, materially breaches or ceases to perform its payment obligations under the long lease (*canon*) or the retribution (*retributie*), respectively, or (iii) the leaseholder or superficiary, as the case may be, in any other manner breaches the conditions of the long lease or right of superficies.

H. No Bridge Loans or Residential Subsidy Rights

25. It does not arise from bridging mortgage loans (*overbruggingshypotheken*).
26. It is not related to a Loan in connection with which Residential Subsidy Rights were purportedly transferred to the relevant Originator.

I. Specific Products

27. It is related to an Interest-Only Loan, an Annuity Loan, a Linear Loan, an Investment Loan, a Life Loan, a Savings Loan, a Hybrid Loan or any combination of the foregoing.
28. If it has an NHG Guarantee connected to it, (i) the NHG Guarantee is granted for its full amount outstanding at origination, and constitutes legal, valid and binding obligations of Stichting Waarborgfonds Eigen Woningen, enforceable in accordance with such NHG Guarantee's terms, (ii) all terms and conditions (*voorwaarden en normen*) applicable to the "Nationale Hypotheek Garantie" at the time of origination of the related Loans were complied with and (iii) the relevant Originator is not aware of any reason why any claim under any NHG Guarantee in respect of it should not be met in full and in a timely manner.
29. If it has a Municipality Guarantee connected to it, (i) the Municipality Guarantee is granted for its full amount outstanding at origination and constitutes legal, valid and binding obligations of the relevant municipality (*gemeente*), enforceable in accordance with such Municipality Guarantee's terms, (ii) all conditions (*voorwaarden*) set forth in any laws, rules or regulations applicable to the Municipality Guarantee have been fulfilled and (iii) the relevant Originator is not aware of any reason why any claim under any Municipality Guarantee in respect of it should not be met in full and in a timely manner.
30. If it relates to a Life Loan, a Savings Loan or a Hybrid Loan, then it has the benefit of the applicable Mixed Insurance Policy and (i) the relevant Originator (or an originator which has Merged into the relevant Originator) has either been validly appointed as beneficiary (*begunstigde*) under such Mixed Insurance Policy upon the terms of the relevant Loan Agreement and Mixed Insurance Policy (the resulting rights the "**Beneficiary Rights**") or, if another person has been appointed as beneficiary, under an irrevocable payment instruction from such person to the relevant insurer, (ii) all receivables under such Mixed Insurance Policy have been validly pledged by the relevant Borrower to the relevant Originator (or an originator which has Merged into the relevant Originator) for at least that part by which it exceeds 100% of the foreclosure value of the relevant Property, which pledge has been notified to the relevant insurer and (iii) none of the underlying policy, beneficiary clause, payment instruction or deed of pledge, as applicable, contains

any provision restricting or prohibiting (a) said pledge to the relevant Originator, (b) a transfer of the Beneficiary Rights by the relevant Originator to the CBC, (c) an appointment by the relevant Originator of the CBC as new beneficiary under such Mixed Insurance Policy or (d) a waiver of the Beneficiary Rights by the relevant Originator.

31. The general conditions applicable to it provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the relevant Originator on behalf of the related Borrower and any other amounts due by such Borrowers to such Originator will become due and payable, among other things, if a Mixed Insurance Policy attached to it is invalid and/or payment of premium under the Mixed Insurance Policy is suspended (*premievrij*) and/or the relevant insurer makes a payment under the Mixed Insurance Policy to the Borrower or a third person without the Originator's consent.
32. If it is related to an Interest-Only Loan, an Annuity Loan or a Linear Loan, it does not relate to any savings and/or investment product.
33. If it is related to an Interest-Only Loan, it does not exceed the Original Foreclosure Value.
34. If it is related to an Investment Loan, the relevant securities account maintained in the name of the relevant Borrower has been validly pledged to the relevant Originator (or an originator which has Merged into the relevant Originator) and is maintained with:
 - an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*), which is by law obliged to administer the securities through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); or
 - a bank (which is by law obliged to administer (i) the securities through a separate depository vehicle or (ii) only securities the transfer of which is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer 1977*)).
35. If it is related to a Life Loan (i) the relevant Mixed Insurance Policy and the relevant Life Loan are in the relevant insurer's and Originator's promotional materials not offered as one product and (ii) (a) if it falls under category 3 of the above Deduction Risk description, the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an insurer which is a group company of the relevant Originator and are free to choose the relevant insurer (subject to prior approval of the relevant Originator) or (b) if it falls under category 4 of the above Deduction Risk description, the guaranteed yield of the capital/investment under the Mixed Insurance Policy is not more or less the same as the interest base applicable to the relevant Loan.

"Lending Criteria" means such criteria applicable to the granting of a Loan to a Borrower as the relevant Originator may from time to time apply and which would be acceptable to a Reasonable Prudent Lender.

"Loan" means any loan (including the Initial Advance and any Further Advance) or loan part (*leningdeel*) granted by the relevant Originator to a Borrower pursuant to the terms of a Loan Agreement.

"Loan Agreement" means a mortgage loan agreement between an Originator and a Borrower secured by a right of mortgage (*recht van hypotheek*), including the corresponding notarial deed, pledge deed and set of general terms and conditions in such form as each Originator may from time to time introduce as would be acceptable to a Reasonable Prudent Lender.

"Merged" means, in respect of a legal entity, that as a result of a legal act (*rechtshandeling*) between such entity and an Originator, all assets and liabilities (*vermogen*) of such entity have transferred to such Originator on a general legal basis (*algemene titel*) as referred to in article 2:309 of the Dutch Civil Code, with such legal entity is the disappearing entity.

"Mixed Insurance Policy" means any combined risk and capital (*risico en kapitaal*) insurance policy.

"Mortgage" means a right of mortgage (*recht van hypotheek*) over a Property securing the related Receivable.

"Municipality Guarantee" means guarantees (*borgtochten*) issued by municipalities (*gemeenten*) in The Netherlands.

"NHG" or **"NHG Guarantee"** means guarantees (*borgtochten*) issued by Stichting Waarborgfonds Eigen Woningen under the terms and conditions of the National Mortgage Guarantee (*Nationale Hypotheek Garantie*), as from time to time amended.

"Non-Dutch Assets" means:

- (a) euro denominated residential mortgage-backed receivables and/or related security originated in jurisdictions outside The Netherlands; and/or
- (b) assets that meet all requirements set out in the definition of Substitution Assets other than those set out in paragraph (iii) of such definition,

provided that (i) Rating Agency Confirmation is obtained in respect of the relevant transfer of such assets by the relevant Originator to the CBC and (ii) the Trustee is satisfied that pursuant to such transfer the CBC will receive assets of equivalent credit and security status and ranking as the other Eligible Assets (supported by a legal opinion of internationally recognised counsel in form and substance satisfactory to the Trustee).

"Property" means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), (iii) a long lease (*erfpacht*) or (iv) in few cases, a right of superficies (*opstal*), which is subject to a Mortgage.

"Reasonable Prudent Lender" means the Originators and/or the Servicers, as applicable, acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests.

"Receivable" means a registered claim (*vordering op naam*) vis-à-vis a Borrower for repayment of a Loan and includes any Related Security.

"Related Security" means, with respect to any Receivable, all related accessory rights (*afhankelijke rechten*), ancillary rights (*nevenrechten*), connected rights (*kwalitatieve rechten*)

and independently transferable claims (*zelfstandig overdraagbare vorderingsrechten*), including rights of mortgage (*hypothekrechten*), rights of pledge (*pandrechten*), suretyships (*borgtochten*), guarantees, rights to receive interest and penalties and, to the extent transferable, Beneficiary Rights and interest reset rights.

"Residential Subsidy Right" means the right to receive annual contributions with respect to residential Properties on the basis of the Resolution Monetary Support Own Residences (*Beschikking geldelijke steun eigen woningen*) of the ministry of housing, regional development and environment ("**VROM**") dated 1984 or the Resolution Residence Related Subsidies (*Besluit woninggebonden subsidies*) of VROM dated 1991.

"Residual Claim" means, in respect of a Receivable, any receivable or claim which is not owned by the CBC and which is secured by the Related Security securing such Receivable.

"Standardised Approach" means Annex VI (Standardised Approach) to the Capital Requirements Directive (or, after any amendment, variation, enactment or implementation of such Directive, the corresponding Annex).

"Substitution Assets" means the classes of assets from time to time eligible under the Capital Requirements Directive to collateralise covered bonds including:

- (a) exposures to or guaranteed by central governments, central banks or international organisations that are 0% risk weighted under the Standardised Approach;
- (b) exposures to or guaranteed by public sector entities, regional governments or local authorities that qualify for 0% risk weighting under the Standardised Approach;
- (c) exposures to institutions that qualify for a 10% risk weighting under the Standardised Approach;
- (d) exposures to institutions that qualify for a 20% risk weighting under the Standardised Approach, provided that the total exposure to such institutions shall not exceed 10% of the (euro equivalent of the) aggregate Principal Amount Outstanding of all Covered Bonds then outstanding; and
- (e) euro denominated residential mortgage backed securities provided that such investments are actively traded in a continuous, liquid market on a recognised stock exchange, are held widely across the financial system, are available in an adequate supply and which are rated at least Aaa by Moody's and AAA by S&P, provided that the total exposure to such institutions shall not exceed 10% of the (euro equivalent of the) aggregate Principal Amount Outstanding of all Covered Bonds then outstanding,

in each case being an exposure denominated in euro, provided that:

- (i) such exposures will have certain minimum long term and short term ratings, which will be at least: (a) insofar as Moody's is concerned: A2 or P-1 for exposures maturing within one month, A1 and P-1 for exposures maturing within one to three months, Aa3 and P-1 for exposures maturing within three to six months and Aaa and P-1 for exposures maturing over six months and (b) insofar as S&P is concerned: A or A-1 for exposures maturing within thirty

days, AA- or A-1+ for exposures maturing within thirty days to one year and AAA for exposures maturing over one year;

- (ii) (a) insofar as Moody's is concerned: the maximum aggregate total exposures in general shall not exceed 20% of the Principal Amount Outstanding of the Covered Bonds and (b) insofar as S&P is concerned: the maximum aggregate total exposure to A-1 exposures shall not exceed 20% of the Principal Amount Outstanding of the Covered Bonds;
- (iii) such exposures consist of securities (a) which are either deposited with Euroclear or the transfer of which is subject to the Dutch Securities Giro Transfer Act 1977 (*Wet giraal effectenverkeer 1977*) and (b) which are credited to a securities account in the relevant Originator's name administered in The Netherlands or Belgium, as the case may be; and
- (iv) the aggregate value of the Substitution Assets other than as set out in paragraph (a) of this definition, at any time, shall not exceed in aggregate an amount equal to 10% of the total assets of the CBC.

3.4 OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

General

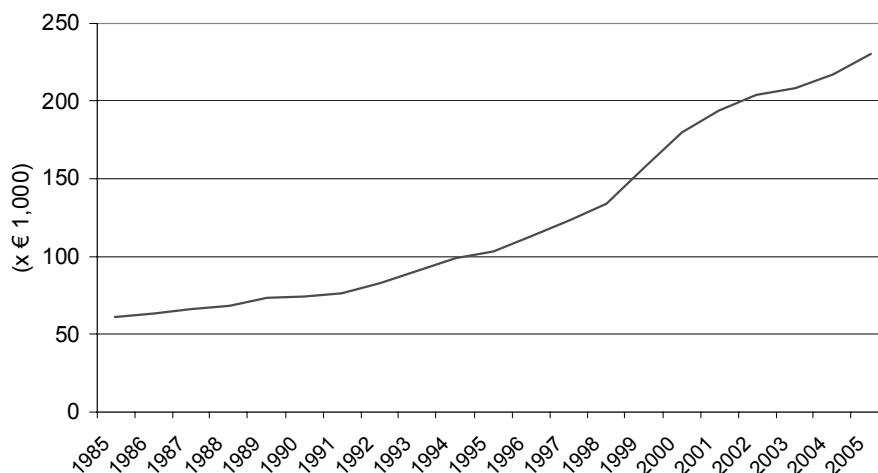
The Dutch residential property market saw strong price increases in the later part of the nineties and the beginning of this decade. Recent developments in the economic environment have resulted in lower levels of consumer confidence and house price increases have slowed. In some price classes and locations minor price decreases have even been registered. However, the underlying factors of the Dutch housing market remain strong.

Long lease

The mortgage rights securing the Eligible Receivables are vested on a Property. For over a century different municipalities and other public bodies in The Netherlands have used long lease (*erfpacht*) as a system to issue land without giving away the ownership to it. There are three types of long lease: temporary (*tijdelijk*), ongoing (*voortdurend*) and perpetual (*eeuwigdurend*). A long lease is a right in rem (*zakelijk recht*) which entitles the leaseholder (*erfpachter*) to hold and use a real property (*onroerende zaak*) owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his death. Usually a remuneration (*canon*) will be due by the leaseholder to the landowner for the long lease.

The graph below shows the yearly house price developments for the last years. These percentages are derived from the Dutch Association of Real Estate Agencies (*Nederlandse Vereniging van Makelaars* or *NVM*), which covers approximately 65 per cent. of all residential property sales in the Netherlands and the official land registry (*Kadaster*).

Median House Price Developments in the Netherlands



Characteristics of Dutch mortgages

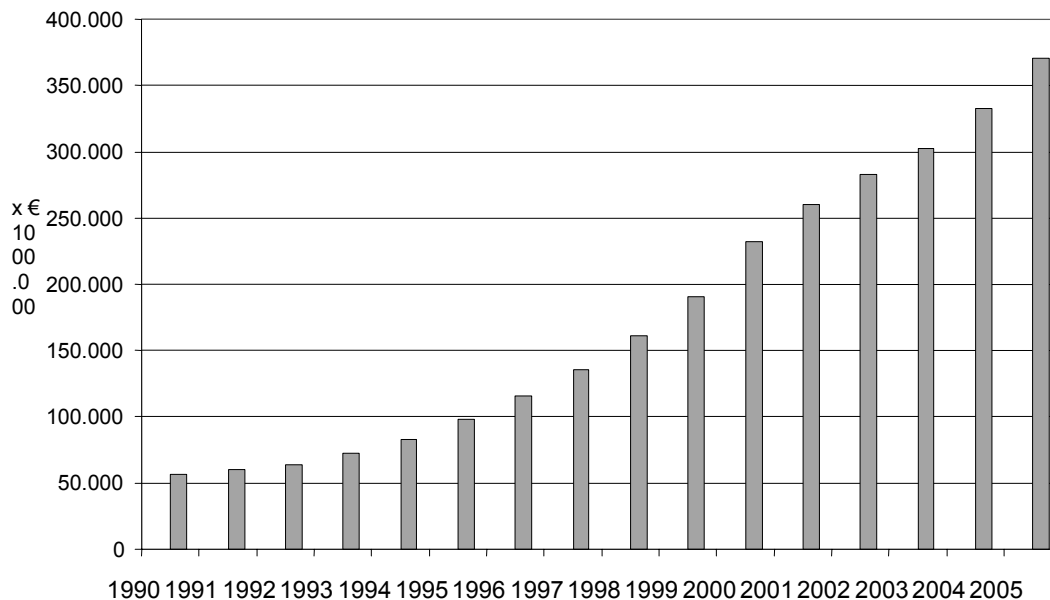
The most common mortgage loans types in the Netherlands are annuity, linear, savings, life and investment mortgage loans. For savings, life and investment mortgage loans no principal is repaid during the term of the contract. Instead, the borrower makes payments in a saving account, endowment insurance or investment fund. Upon maturity the loan is repaid with the money in the savings account, the insurance contract or the investment fund respectively.

In the Netherlands, subject to a number of conditions, mortgage loans interest payments are deductible from the income of the borrower for income tax purposes. The period for allowed deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupied properties. Starting in 2005, it is also no longer allowed, after a refinancing, to deduct interest payable on any equity extractions.

A proportion of the residential mortgage loans has the benefit of a life insurance policy or a savings policy. The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount (plus annual indexation), provided the term of insurance is at least 20 years. In addition, the insurance policies are exempted from wealth tax.

In the Netherlands, advances of up to 130 per cent. of foreclosure value have become standard practice as a result of the attractive fiscal regime, generally long periods of fixed interest rates and attractive repayment arrangements. The foreclosure value amounts to approximately 85-90 per cent. of the market value of properties in the Netherlands.

Total registered mortgage debt



Performance of Dutch mortgage loans

A number of factors can be mentioned that contribute to the strong performance of Dutch mortgage loans:

- (i) Very low defaults due to relatively low unemployment rates, a strong cultural aversion to default and a supportive social security regime;
- (ii) Legal ability of lenders in foreclosure to access borrowers' wages or seize their other assets;
- (iii) Quality of mortgage servicing;
- (iv) Relatively conservative underwriting criteria including checking comprehensive credit bureau data with the BKR.

3.5 MUNICIPALITY / NHG GUARANTEE PROGRAMME

Municipality Guarantee

In 1960, the Netherlands government introduced the 'municipal government participation', an open ended scheme in which the municipalities give, according to a set of defined criteria, municipality guarantees to banks who grant mortgage loans to certain lower income groups (the "**Municipality Guarantees**"). The municipalities and the State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the Municipality Guarantee, the State would make an interest free mortgage loan to cover its obligations. The aim was to promote house ownership among the lower income groups. The Municipality Guarantee covers the outstanding principal, accrued unpaid interest and disposal cost. To the extent that the mortgage loan is partially redeemed either through scheduled payments or prepayments, the Municipality Guarantee is reduced accordingly. Additional mortgage loans made under a mortgage loan agreement are not covered by the Municipality Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled repayments.

NHG Guarantee

Since 1 January 1995 'Stichting Waarborgfonds Eigen Woningen' (the "**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 reduces on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan (See chapter *Risk Factors*).

Transition from Municipality to NHG Guarantee

The Dutch State has effectively transferred its reimbursement obligations with respect to amounts guaranteed by a Municipality to the WEW. All municipalities have transferred their obligations under guarantees issued pursuant to the previous State terms and conditions to the WEW.

The transfer of obligations by the State and the municipalities to the WEW is set forth, respectively, in a 'buy-off' agreement (*afkoopovereenkomst*) dated 8 December 1994 between the State and the WEW and in standard buy-off agreements entered into between each participating municipality and the WEW. The buy-off agreements basically provide for WEW to assume all payment obligations of the State and the municipalities under guarantees issued (but not enforced) prior to 1 January 1995 against payment by the State and the participating municipalities of an up-front lump sum (and, if necessary, additional payments) to the WEW.

Financing of the WEW

The WEW finances itself, among other things, by a one-off charge to the borrower of 0.40 per cent. of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the Dutch State and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the Dutch State will

provide subordinated interest free loans to the WEW of up to 50 per cent. of the difference between the WEW's own funds and a pre-determined average loss level. Municipalities participating in the NHG scheme will provide subordinated interest free loans to the WEW of the other 50 per cent. of the difference. Both the keep well agreement between the Dutch State and the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the WEW at all times (including in the event of bankruptcy (*faillissement*), moratorium of payments (*surseance van betaling*) or liquidation (*ontbinding*) of the WEW) to meet its obligations under guarantees issued.

Terms and Conditions of the Municipality Guarantee

The State established the terms and conditions for the Municipality Guarantees. These terms and conditions have been amended from time to time over the years. As of October 1992, to qualify for a Municipality Guarantee under the relevant State terms and conditions, inter alia, the following conditions had to be met: (1) a municipality guarantee must be applied for the purchase of an asset; (2) the applicant for whose benefit the guarantee is given must be the owner-occupier; (3) the purchase price (as defined in the relevant terms and conditions) must not exceed NLG 250,000 (which amounts to 113,445 euro); (4) the relevant mortgage loan granted for the purchase of the property must have a minimum maturity of five years and a maximum maturity of 30 years; (5) repayments have to be on a monthly basis and can be 'annuity' or 'linear'; (6) the relevant mortgage loan must be secured by a first priority mortgage right securing only the mortgage loan on the mortgaged asset, in favour of the lender; (7) the guarantee covers the lender's claims under the mortgage loan as of the date of sale of the Property by the lender enforcing the mortgage; (8) if the mortgage right is combined with a life insurance policy, the rights under the policy must be pledged to the lender; (9) the lender must ensure that the asset is adequately insured (by the borrower) against fire damage during the term of the mortgage loan. In addition, once the guarantee has been issued, the lender has certain ongoing obligations under the Municipality Guarantee vis-à-vis the municipality; (i) without the consent of the municipality the lender shall not agree to a suspension of payment under the mortgage loan; (ii) the lender must inform the municipality on a yearly basis as to the amount outstanding under the mortgage loan; (iii) if and when the borrower is in default under the mortgage loan, the lender must inform the municipality accordingly; (iv) if the default of the borrower under the mortgage loan is continuing, the lender may not sell the mortgaged asset, except with the consent of the municipality; (v) the lender may not claim under the guarantee, unless the mortgage has been enforced and the property has been sold.

Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets 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. The 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 WEW.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the National Credit Register (*Bureau Krediet Registratie*; "BKR"), a central credit agency used by all financial institutions in the Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register.

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property.

The mortgage conditions applicable to each mortgage loan should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

As of 1 January 2007 an NHG Guarantee can be issued up to a maximum amount of EUR 265,000.

Claiming under the Municipality Guarantee

The claim must be made under the same conditions as for the NHG claim (see below).

In case of a claim under a Municipality Guarantee, the claim is made to the municipality that issued the guarantee, which checks the validity of the claim and forwards it to the WEW which makes the payment to the lender. In all cases the full file of relevant information must be submitted with the claim within the required time. Payment should be made within two months. If not, interest is payable for the delayed payment period.

In its letter dated 26 October 2000, the WEW has confirmed that the starting point for its policies is that each financial institution with which it has a guarantee arrangement acts in good faith (*te goeder trouw*) and that breaches of the terms and conditions (the "*Voorwaarden en Normen*"), which do not have a material influence on the occurrence and the size of the loss, lead to payment under the claims. The WEW also confirmed that if a financial institution should transfer to a third party its rights under mortgage loans which have the benefit of a Guarantee and which are registered with the WEW in accordance with the provisions of the *Voorwaarden en Normen*, pursuant to a sale by that Financial Institution of a mortgage loan portfolio to which the mortgage loans in question belong or in connection with a financial transaction, such third

party transferee will become the beneficiary of the Guarantee as provided for in article 6:142 sub-section 1 of the Dutch Civil Code.

Claiming under the NHG Guarantees

When a borrower is in arrears with payments under the mortgage loan for a period of four months, a lender informs the WEW in writing within 30 days of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. When the borrower is in arrears the 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, the WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of the WEW is required in case of a private sale unless sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless the WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within three months of the private or forced sale of the property, the lender must make a formal request to the WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, WEW must make payment within two months. If the payment is late, provided the request is valid, WEW must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by the WEW because of the lender's culpable negligence, the lender must act vis-à-vis the borrower as if the WEW were still guaranteeing the repayment of the mortgage loan during the remainder of the term of the mortgage loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

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 the WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, among other things, 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, among other things, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.

Main NHG Underwriting Criteria (*Normen*) per 2007

With respect to a borrower, the underwriting criteria include but are not limited to:

- (i) The lender has to perform a BKR check. "A" and "A1" registrations are allowed in certain circumstances.
- (ii) As a valid source of income the following applies: indefinite contract of employment, temporarily contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers or during a probational period (*proeftijd*) a three year history of income statements, for self employed three year annual statements.
- (iii) The maximum loan based on the income will be based on the "*woonquote*" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The interest rate to be used is at least 6% for loans with a fixed interest rate period less than or equal to 5 years and the actual interest rate for loans with a fixed interest rate period in excess of 5 years.

With respect to the loan, the underwriting criteria include but are not limited to:

- (i) The absolute maximum loan amount is EUR 265,000 (as of 1 January 2007). The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
 - (a) 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, (iii) 12 per cent of the amount under (i) plus (ii). In case an existing property can be bought without paying stampduty (*vrij op naam*), the purchase amount under (i) is multiplied by 93 per cent.
 - (b) For the purchase of a properties to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 8 per cent of the amount under (i).
- (ii) The maximum loan amount that is interest only is 50% of the market value of the property.
- (iii) The risk insurance policy should at a minimum cover the loan amount in excess of 80% of the market value.

3.6 ORIGINATION AND SERVICING BY INITIAL ORIGINATOR

The Bank will transfer Eligible Assets to the CBC under the Guarantee Support Agreement (in such capacity, the "**Initial Originator**"). At the option of the Issuer, subject always to Rating Agency Confirmation, other members of the Group may accede to, among other things, the Programme Agreement and the Guarantee Support Agreement as an originator (the "**New Originators**" and together with the Initial Originator, the "**Originators**"). This section differentiates between origination and servicing by (i) the Initial Originator and, prior to being Merged into the Initial Originator, its predecessors Avero Hypotheken B.V., FBTO Hypotheken B.V., Centraal Beheer Hypotheken B.V., Centraal Beheer Woninghypotheken B.V., Woonfonds Holland B.V., Woonfonds Nederland B.V., Zilveren Kruis Hypotheken B.V. and (ii) the Interpolis Mortgage Companies, whether as separate legal entities prior to being Merged into the Initial Originator, which is expected to occur in March 2007, or as separate business units within the Initial Originator following such merger, for as long as they continue to operate as separate business units in this respect.

Origination of loans other than the Interpolis portfolio

Principles

Each Eligible Receivable was originated by the Initial Originator (or one of its predecessors) and was originated through:

- (i) direct marketing (in the case of the Bank and, prior to being Merged in 2000 into the Bank, Centraal Beheer Hypotheken B.V., Centraal Beheer Woninghypotheken B.V. and FBTO Hypotheken B.V., under the name Centraal Beheer Achmea);
- (ii) independent intermediaries (in the case of the Bank and, prior to being Merged in 2000 into the Bank, Woonfonds Nederland B.V. and Avéro Hypotheken B.V., under the names Woonfonds Hypotheken and Avéro Achmea);
- (iii) the association of home owners (*Vereniging Eigen Huis*) (in the case of the Bank, under the name of FBTO).

Prior to being Merged into the Bank, the responsibility of accepting the loans rested exclusively with the originator of the relevant loan. To be accepted, loans had to meet a set of standard underwriting criteria, which were authorised by the management board of the Bank and material changes were subject to approval of the executive board of Achmea Holding N.V. Exceptions were only permitted in special circumstances and with the approval of the management of the originator of the relevant loan. After the relevant originators having been Merged into the Bank, the responsibility of accepting the loans rests solely with the Bank.

Procedure of Origination

The origination procedure starts as soon as the originator of the loans receives a loan application form (in hard copy or electronically) from either the prospective borrower via Centraal Beheer and FBTO or from an intermediary, such as a mortgage adviser, insurance agent, or real estate broker. The data from the form are entered into the relevant automated offering-program system. Such system evaluates whether the collateral value and income meet the requirements for the requested loan.

Initially the income tests were performed on the (industry standard) basis of pre-tax income versus pre-tax debt servicing costs (the so-called *woonquote*). Since 2001, a more advanced income test has been implemented at Woonfonds which takes into account the income of the prospective borrower, the costs of the loan, the real estate tax and the income tax. The net result of the calculation must conform to standards that are based on data of the National Institute for Budget Guidance (*Nibud*). This latter test aims at better incorporation the tax-deductibility of interest charges and other variables. The Nibud-model was also implemented for Centraal Beheer Achmea and Avéro Achmea in October 2003. As of 1 January 2007 a new code of conduct was introduced and the Initial Originator will return to the "woonquote" based on the tables provided by the Stichting Waarborgfonds Eigen Woningen, which in itself is based on the Nibud-model.

Through this system, the application is evaluated in relation to the underwriting criteria. At the same time, detailed credit information in relation to the applicant is received automatically from the BKR, which provides positive or negative credit information on all prospective borrowers with credit histories at financial institutions in the Netherlands.

Once the application is found to match the criteria, a loan proposal is sent to the applicant or to his intermediary/mortgage broker. The proposal remains valid for acceptance for a period of three weeks. If the prospective borrower accepts the proposal and the relevant originator receives of all relevant documents (such as proof of income and insurance policies) and a valuation of the underlying property satisfactory to it, then the loan is granted. The valuation of the real estate has to be performed by an independent certificated valuer except (i) in the case of (i) buildings under construction, where the value is based on the building contract, and (ii) when the loan is less than 90 per cent. of the value based on real estate tax valuations. Only at Centraal Beheer (and only for loans before 1 July 2003) no valuation report was requested when the application for a loan was for less than 60 per cent. of 85 per cent. of the purchase price. The relevant information is stored in the automated middle and back office systems.

The borrower will be informed of the loan being granted and a civil law notary will be advised of the exact terms and conditions of the loan and will be asked to draft the notarial deed for the relevant mortgage loan. The original deed is kept by the notary, but an authenticated copy and all other relevant original documents are kept by the Bank in fire-proof archives. The notary public is also responsible for registering the mortgage with the central Property Register (*Kadaster*), which is a requirement to create a valid right of mortgage.

Servicing of loans other than the Interpolis portfolio

Mortgage Administration

Following the granting of the loan and the creation of the mortgage, the normal administration of the mortgage loan commences. Administration refers to those activities that occur during the regular term of the mortgage such as changes in interest, payments out of the construction deposit as the construction of the building progresses, (partial) redemption payments, the subsequent recalculation of the new interest payments and termination of the loan if full repayment has been made.

Interest Collections

Payments are typically scheduled to be received by the Bank on the first business day of each month. The percentage of Borrowers paying by way of direct debit is 98.5 per cent. This automated process has a fail rate of approximately 1.0 per cent. This can be caused by, among other things, a change in the bank account of the relevant Borrower of which the relevant Servicer may not have been notified or the account having insufficient funds. If the first initial automatic collection failed, a new batch is automatically generated to perform a repeat try on the eighth day after such failed automatic collection. This automatic repeats action has a 50 per cent. success rate. The relevant Borrower will receive a first reminder on the fifteenth day following the first automatic collection if both collections are unsuccessful. Payment information is monitored daily by personnel in the accounts receivable management department (*Debiteuren Beheer*).

Arrears management

The accounts receivable management department handles all contacts with the relevant Borrowers in terms of payments and arrears. Arrears management reminder letters are automatically generated by the system and sent out to a Borrower who is in arrears, for the first time on the fifteenth day after non-payment and a second letter within fifteen (15) days following the first reminder. At this point, a penalty interest charge is also automatically added to the prevailing interest rate on the mortgage loan. Also a check at the BKR is performed and if it reveals that the relevant Borrower has problems elsewhere, the file will be immediately transferred to the default management department (*Bijzonder Beheer*). If no such registration is revealed, the default management department will contact the Borrower and the account is given active treatment status. The accounts receivable management department discusses with the Borrower whether a solution to his/her payment problem can be reached. This is mostly done by telephone. In most cases, the Borrower makes a full payment shortly after this contact or agrees to a settlement plan. Settlement plans, which need to be signed by the Borrower, typically have a 3 months horizon with exceptional cases of up to 6 months. To make this settlement plan, detailed information is gathered on the Borrower's current job status, actual income and monthly outflows. Adherence to the agreed settlement plan is closely monitored and deviation leads to the file being transferred to the default management department. The aim of the arrears management process is to come to a solution with the Borrower and to continue the relationship with the Borrower. If the accounts receivable management department is unsuccessful in getting the Borrower out of the arrears situation in three months after the first missed payment, the file will in principle also be transferred to the default management department.

Default management

If no contact can be established a third reminder letter is sent by registered mail. If that registered letter is not answered or is returned unopened, the Borrower's account will be transferred to the default management department. Whilst the accounts receivable management department, also keeps customer satisfaction in mind when it aims to receive the relevant payment, the default management department will use all legal means to receive payment. This may include seizing the Borrower's salary (the employer will deduct the agreed amount from the Borrower's salary before a salary payment is made and this deduction is paid directly to the Lender) and/or demanding payment under third party guarantees. Joint effort is often made to

sell the property. The Borrower can decide to sell his/her house, which will be accepted by the Bank if the revenues from a voluntary sale cover the outstanding debt in full, or if it is expected that foreclosure of the mortgage will result in a lower recovery value. If all these measures are unsuccessful, the last step is the foreclosure of the mortgage right.

Foreclosure process

If a settlement plan cannot be agreed with the Borrower or the Borrower fails to comply with the settlement plan, the Bank will initiate the foreclosure process. It will appoint a notary to carry out the foreclosure process. In general, the decision to foreclose the right of mortgage will be taken approximately six months following the transfer to the default management department. The default management department calculates the best method of maximising the execution value of the property. This could mean that the property is sold either as a private sale or by public auction. A private sale can, and often does, precede a public auction. The date of the auction will be set by the notary within three weeks of his instruction and, usually, will be four to ten weeks after the decision to foreclose (depending on the region and the number of other foreclosures currently being handled). Throughout the foreclosure process, the Bank's management team works in accordance with Dutch law and guidelines set by the BKR.

Debt after sale or foreclosure

If amounts are still outstanding after the foreclosure process has been completed, the default management department will manage the remaining receivables indirectly. The entire file is handed over to a bailiff who will continue to seek payment from the Borrower through all available means. The bailiff works on a no cure no pay arrangement. The extra expenses incurred are added to the default amount as penalty interests.

Detailed working process descriptions of all the above steps are available and used by the relevant Servicer.

Origination of loans forming part of the Interpolis portfolio

Principles

The Eligible Receivables from the Interpolis portfolio were originated by the Interpolis Mortgage Companies. As per 30 November 2006, the Bank purchased all shares of the Interpolis Mortgage Companies. Since the date of purchase, no new mortgage loans have been or will be granted by the Interpolis Mortgage Companies.

To a large extent, loans of the Interpolis portfolio were granted based on standard underwriting criteria, which were authorised by the management of the Interpolis group of companies. Exceptions were only permitted in special circumstances and with the approval of the management of the relevant originator of the loans.

Origination of the loans of the Interpolis mortgage portfolio, both prior to and after 1999, took place through independent intermediaries or, to a much lesser extent, either through direct-marketing or through a bank-channel.

The loans of the Interpolis mortgage portfolio are serviced and administered by Quion Hypotheekbegeleiding B.V., established in Rotterdam, The Netherlands ("**Quion**"), as described below.

Procedure of origination

The description of the procedure of origination in this section is the general description of the origination of new mortgage loans by the Interpolis Mortgage Companies until 30 November 2006. Since that date, no new mortgage origination by the Interpolis Mortgage Companies has taken or will take place.

The origination procedure started as soon as the originator of the loans received a loan application form (in hard copy or electronically) from the prospective Borrower or from an intermediary, such as a mortgage adviser, insurance agent, or real estate broker. The data from the form were entered into the relevant automated offering-program system. Such system evaluated whether the collateral value and income would have met the requirements for the requested loan.

The income tests were performed on the (industry standard) basis of pre-tax income versus pre-tax debt servicing costs (the so-called *woonquote*).

Once the application was found to match the criteria, a loan proposal was sent to the applicant or to his intermediary/mortgage broker. The proposal remained valid for acceptance for a period indicated in the proposal. If the Borrower accepted the proposal, then following receipt of all relevant documents (such as proof of income and insurance policies) and a valuation of the underlying property satisfactory to the relevant Interpolis Mortgage Company, the loan was granted. In principle, the valuation of the real estate had to be performed by an independent certificated valuer.

The Borrower was then informed of the loan being granted and a civil law notary was advised of the exact terms and conditions of the loan and asked to draft the notarial deed for the relevant mortgage loan. The original deed was and will remain to be kept by the notary, but an authenticated copy and all other relevant original documents are kept by Quion. The civil law notary was also responsible for registering the mortgage with the central Property Register (*kadaster*), which is a requirement to create a valid right of mortgage.

Servicing of Loans forming part of the Interpolis Portfolio

Collections

Quion will be authorised by the Bank (into which the Interpolis Mortgage Companies are envisaged to be Merged) or, prior to the merger, is authorised by the Interpolis Mortgage Companies, which has/have been authorised by each relevant Borrower, to draw the monthly payments from the Borrower's bank account directly into the lender's bank account. The computer system of Quion automatically collects the payments on the day before the last business day of each month. Payments information is monitored daily by the mortgage servicing department of Quion.

Information Technology

The data of all the relevant systems (HYPOS, HYPAS, etc.) are stored at two SAN's (completely redundant). The central backup system generates a daily automatic back up of HYPOS, HYPAS and the central file servers. The backup tapes are stored at an external secure location. Furthermore, weekly, monthly and annually backup tapes are also stored at an external secure location. An emergency plan is in place that enables all the applications to run at a location in Lelystad in the Getronics Business Continuity Centre ("**GBC**"). In case of a calamitous event, Quion will relocate 10 key staff members to the GBC. In this way the entire servicing and administration activities can be fully operational at the GBC within 96 hours. This procedure is tested annually. Quion has established a software depot foundation (*stichting*) to guarantee servicer continuity. In case Quion ceases to exist the Bank has the right to continue to use the IT systems and data files and the right to access the software source code. All mortgage loan information is stored and operated using HYPAS.

Arrears and Foreclosure Management

Arrears and foreclosure management within Quion can be divided into two activities: 'automated arrears management' and 'active arrears and foreclosure management'. The first is part of the servicing process and is fully automated, the second is performed by the arrears and foreclosure management department.

As soon as a loan is delinquent, the HYPAS system will automatically note this in an arrears list for reporting purposes and subsequently HYPAS will generate letters to urge the borrower to pay (see below). As soon as a delinquency exceeds 60 days, the mortgage loan is transferred to the arrears and foreclosure management department for active arrears management. This department is dedicated to minimise losses and has eleven specialists with a long experience in arrears management. Primarily, the goal of active arrears management is to make a payment arrangement with the Borrower. Only if such an arrangement is not possible or not properly fulfilled, the loan will be called. The arrears and foreclosure management department evaluates its experiences on a monthly basis. These experiences are used to improve the credit risk awareness in the origination department.

i. Automated arrears management

The monthly collections are done by means of direct debiting of the Borrowers' accounts. An arrear is therefore immediately noticeable and is automatically reported by HYPAS. If a borrower does not pay the amount due within 14 days the automated arrears management generates the first dunning letter. If the Borrower is still delinquent after 60 days, the file is transferred to active arrears management by the arrears and foreclosure management department. Within these 60 days four dunning letters are sent in accordance with the following table:

Dunning letters in the automated arrears management

Days	Action by Quion
1	Arrears are noticed and reported
15	First dunning letter with a friendly tone. Borrower is granted seven days to pay the arrears.
30	Second dunning letter reminding the Borrower. Furthermore Quion serves notice upon the borrower. Borrower is granted seven days to pay the arrears.
45	Third dunning letter with an urgent tone and a fine of five per cent. per month over the arrears. Borrower is granted seven days to pay the arrears.
60	The fourth letter notifies the Borrower that his file is transferred to the arrears and foreclosure department. Borrower is granted seven days to pay the arrears.

ii. Active arrears management

After the Borrower's file has been transferred to the arrears and foreclosure management department, the main goal will be to minimise losses for the lender. First, the department will try to make a payment arrangement. If the arrangement is not respected or cannot be made, Quion will try voluntary seizure or forced seizure. If Quion still not succeeds, it will try to use "managed private sale" of the property. The loan will only be called if there are no other possibilities left. Foreclosure will only take place if the lender has given its written permission.

Active arrears management

Days	Action by Quion
60	The Borrower, his employer or intermediary, is called in order to make a payment arrangement.
60-90	Letters will be sent for warning the Borrower that the loan will be called and that the borrower will be registered at the BKR. In addition to the fine statutory interest (<i>wettelijke rente</i>) is charged. Borrower is granted seven days to pay the arrears.
90	Last chance for the Borrower before the Borrower's file is transferred to a bailiff.
120	Borrower's file transferred back from bailiff and BKR registration is made.
120	Request to lender for permission for foreclosure sale. After the lender gives permission, the notary is instructed to sell the collateral.

iii. Foreclosure management

If there is a failure to comply with the agreed payment schemes, or if it is evident that there is no prospect of the premium arrears being paid in the near future, the mortgage loan will be declared immediately due. Prior to auction of property, Borrowers are urged to sell the property by means of private sale. Auction is arranged only if there is no prospect of any acceptable resolution. Apart from an auction as a result of arrears of payment on mortgage loans, such auction may also result from attachment on assets or bankruptcy, of the Borrowers. In the case of attachment or bankruptcy, the auction is ordered immediately. The lender has to give written permission before the arrears and foreclosure management department begins the actual sale of the collateral. When the lender grants permission Quion will instruct a notary to organise an auction to sell the collateral.

General

Throughout the entire process Quion works on basis set out in contracts regarding mortgage payments arrangements and service arrangements. Quion furthermore works in accordance with the Code of conduct of mortgage lenders (*Gedragcode Hypothecaire Financieringen*), the BKR, Dutch law and, for mortgage loans which have the benefit of an NHG Guarantee, the NHG Conditions and NHG Underwriting Criteria.

3.7 SUB-PARTICIPATION

SUB-PARTICIPATION

Under each "**Master Sub-Participation Agreement**" entered into between the CBC, the relevant Participant, the relevant Originator and the Trustee, the CBC grants the relevant Participant a Participation in each relevant Savings Receivable, in return for the on-payment by the Participant of the relevant Savings and Accrued Savings Interest, as follows.

Participation

First, the Participant undertakes to pay to the CBC for each Relevant Receivable:

- (a) on the Participation Date: an amount equal to the Initial Settlement Amount for such Relevant Receivable; and
- (b) on each subsequent CBC Payment Date: a Further Settlement Amount for such Relevant Receivable, unless as a result of such payment the Participation in respect of such Relevant Receivable would exceed the Gross Outstanding Principal Balance of such Relevant Receivable at such time, in which case only such amount shall be paid as is necessary for such Participation to reach such Gross Outstanding Principal Balance.

In return, in relation to each Relevant Receivable, the CBC undertakes to pay to the Participant on each CBC Payment Date, the Redemption Amount, if any, received by the CBC in respect of such Relevant Receivable since the preceding CBC Payment Date.

If a Borrower invokes any defence purporting to establish that he may deduct an amount from the Relevant Receivable based on any default by the Participant in the performance of any of its obligations under the relevant insurance policy and, as a consequence thereof, the CBC will not have received such amount in respect of such Relevant Receivable, then such amount will be deducted from the relevant Participation.

Enforcement Notice

If a CBC Acceleration Notice is served by the Trustee on the CBC, then the Trustee may and, if so directed by the Participant, shall on behalf of the Participant by notice to the CBC:

- (a) terminate the obligations of the Participant under the Master Sub-Participation Agreement; and
- (b) declare the Participations to be immediately due and payable, provided that such payment obligations shall be limited to the aggregate Redemption Amount received by or on behalf of the CBC or the Trustee under the Relevant Receivables.

Sale of Relevant Receivable

If a Relevant Receivable is sold by or on behalf of the CBC to the relevant Originator or a third party pursuant to the Trust Deed or the Asset Monitor Agreement, then the CBC will (apart from, for the avoidance of doubt, paying the Redemption Amount in respect of such Relevant Receivable in accordance with the relevant Master Sub-Participation Agreement), if so requested by the Participant use reasonable endeavours to ensure that the acquirer of the

Relevant Receivable will enter into a master sub-participation agreement with the Participant in a form similar to the relevant Master Sub-Participation Agreement.

Priorities of Payments

Unless and until:

- (a) both an Issuer Acceleration Notice and a Notice to Pay are served; or
- (b) a CBC Acceleration Notice is served,

any amount expressed to be payable by or to the CBC under the relevant Master Sub-Participation Agreement shall instead be payable by or to the Issuer in accordance with the Pre-Notice-to-Pay Priority of Payments.

The Post-Notice-to-Pay Priority of Payments will be funded by Available Revenue Receipts and Available Principal Receipts. When calculating the relevant Principal Receipts, certain deductions will be made by reference to the relevant Redemption Amounts, which deducted amounts will not be applied in accordance with the Post-Notice-to-Pay Priority of Payments, but will be credited to the Participation Ledger and be to the relevant Participants in accordance with the Administration Agreement and the relevant Master Sub-Participation Agreement. When calculating the relevant Revenue Receipts, certain deductions will be made by reference to the relevant Participation Fractions, with a view to the relevant Increases in the relevant Participations. The equivalent of such Increases is in turn treated as a Principal Receipt, for application in accordance with the Post-Notice-to-Pay Priority of Payments.

Likewise, the Post-CBC-Acceleration-Notice Priorities of Payments will not be funded by amounts which have been received by or on behalf of the CBC and which are required to be credited to the Participation Ledger and paid to Participants on account of Redemption Amounts.

In relation to a Participation:

"Accrued Savings Interest" means the sum of the Monthly Interest for all months from the date on which the first Savings were received;

"Accrued Increases" means the sum of the Increases for all months from the Participation Date;

"Further Settlement Amount" means an amount equal to the Savings received by the Participant in the preceding month;

"Increase" means for any month:

$$(\text{the Participation Fraction} \times I) + \text{FSA},$$

where (i) **"I"** means the amount of interest actually received by or on behalf of the CBC from the relevant Borrower in such month and (ii) **"FSA"** means the Further Settlement Amount for such month actually received by or on behalf of the CBC;

"Initial Settlement Amount" means an amount equal to the sum of all Savings plus Accrued Savings Interest;

"Monthly Interest" means for any month:

$$\text{MIR} \times (\text{S} + \text{AI}),$$

where (i) **"MIR"** means the monthly interest rate applicable to the Relevant Receivable in such month, (ii) **"S"** means the Savings received up to the first day of such month and (iii) **"AI"** means the Accrued Savings Interest up to the first day of such month;

"Participation" means, in relation to a Relevant Receivable, an amount equal to the sum of (i) the Initial Settlement Amount as at the Participation Date *plus* (ii) Accrued Increases up to the Gross Outstanding Principal Balance *minus* (iii) any Redemption Amount paid by the CBC to the Participant;

"Participation Date" means the later of the Transfer Date and the date of the relevant Master Sub-Participation Agreement;

"Redemption Amount" means (i) if the full Gross Outstanding Principal Balance has been repaid or prepaid since the preceding CBC Payment Date: an amount equal to the Participation, (ii) in the case of partial (p)repayment of the Gross Outstanding Principal Balance since the preceding CBC Payment Date: the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the Participation or (iii) the amount up to the Participation received (a) pursuant to a sale or refinancing pursuant to Clause 6 (*Sale or Refinancing of Selected Assets*) of the Asset Monitor Agreement, unless the corresponding rights and obligations under or pursuant to the relevant Master Sub-Participation Agreement are transferred in connection therewith or (b) pursuant to a foreclosure on, or collection of, any Related Security, to the extent relating to the Gross Outstanding Principal Balance;

"Relevant Receivable" means the Savings Receivable to which the Participation applies; and

"Savings" means the savings part of all premiums received by the Participant from the relevant Borrower under or pursuant to the relevant insurance policy.

4. ASSET MONITORING

4.1 ASSET COVER TEST

Under the asset monitor agreement entered into between the Issuer, the Administrator, the CBC and the Trustee (the "**Asset Monitor Agreement**") and the Guarantee Support Agreement, the CBC and the Originators, respectively, must ensure that on each Calculation Date until the service of a Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice, the Adjusted Aggregate Asset Amount is in an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the "**Asset Cover Test**").

If on any Calculation Date the Adjusted Aggregate Asset Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds as calculated on the relevant Calculation Date, then the Administrator will notify the CBC thereof under the Asset Monitor Agreement, and the CBC will notify the Originators thereof under the Guarantee Support Agreement, and the Originators will transfer sufficient further Eligible Assets to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met.

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, until remedied and, if it is not remedied by the immediately succeeding Calculation Date (such failure to remedy the Asset Cover Test by the next succeeding Calculation Date being a "**Breach of the Asset Cover Test**") the Trustee will serve a Notice to Pay.

Clause 3.2 of the Asset Monitor Agreement provides that on each Calculation Date falling in April, July, October and January the CBC (or the Administrator on its behalf) will calculate the Weighted Average Foreclosure Frequency ("**WAFF**") and the Weighted Average Loss Severity ("**WALS**") (and/or such figures calculated in accordance with such alternative methodologies as S&P may prescribe) for the Transferred Receivables as a whole or for a random sample of the Transferred Receivables, such calculations to be made throughout or as agreed otherwise by S&P. The WAFF and WALS (or other relevant figures) so calculated will be input by the CBC (or the Administrator on its behalf) to one or more cashflow models approved by S&P. Such models, which test the credit enhancement required in various cashflow scenarios, will indicate, on the basis of the latest WAFF and WALS figures (or other relevant figures), the Asset Percentage needed in order to provide credit enhancement to cover all such cash flow scenarios. Save where otherwise agreed with S&P, the Asset Percentage will be adjusted in accordance with the various methodologies prescribed by S&P.

In the "**Administration Agreement**" entered into between the CBC, the Bank as administrator (the "**Administrator**") and the Trustee, the Administrator agrees to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test, in the form set out in Schedule 3 to the Administration Agreement (each an "**Asset Cover Report**") and to deliver the same to the CBC and the Trustee two Business Days prior to each relevant CBC Payment Date. In the Trust Deed, the Trustee agrees to, upon receipt of each 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 again, meaning that a Breach of the Asset Cover Test shall have occurred.

For the purposes hereof:

"Adjusted Aggregate Asset Amount" means $A + B + C + D - Y - Z$.

"A" means the lower of:

- (a) the sum of all Adjusted Current Balances of all Transferred Receivables. The **"Adjusted Current Balance"** of a Transferred Receivable is the lower of:
 - (i) the Current Balance of such Transferred Receivable minus α ; and
 - (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Transferred Receivable, minus β ; and
- (b) the Asset Percentage of: the sum of the Current Balance minus α of all Transferred Receivables.

" α " means for each Transferred Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Receivable and falls under category 4 of the above Deduction Risk description: an amount calculated on the basis of a method proposed to the Rating Agencies related to the Savings and Accrued Savings Interest in connection with such Transferred Receivable, provided that no amount will be deducted if and to the extent that a Master Sub-Participation Agreement is effective in relation to the relevant Transferred Receivable;
- (ii) if it falls under category 5 of the above Deduction Risk description: an amount calculated on the basis of a method proposed to the Rating Agencies in connection with the possible Deduction Risk;
- (iii) if it corresponds to a Construction Deposit: the amount of the Construction Deposit;
- (iv) if it was in breach of the Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (v) if it is 3 months or more in arrears and it is not a Defaulted Receivable: such amount as is necessary to arrive at 30% of its Current Balance; and/or
- (vi) if it is a Defaulted Receivable: such amount as is necessary to reduce its Current Balance to zero.

" β " means for each Transferred Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii) α minus L. **"L"** means for each Transferred Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation provided that if the result is negative, L shall be zero and if the result exceeds α , L shall equal α .

"Asset Percentage" means 90.5% or such lower percentage figure as is determined from time to time in accordance with Clause 3.2 of the Asset Monitor Agreement as described above.

"LTV Cut-Off Percentage" means:

- (i) a percentage which will be notified to the Rating Agencies from time to time for Transferred Receivables that have an NHG Guarantee or a Municipality Guarantee connected to it;
- (ii) a percentage which will be notified to the Rating Agencies from time to time for Transferred Receivables that have the benefit of an insurance policy with an acceptable insurer, insuring the credit risk under such Transferred Receivables; and
- (iii) 125% for all other Transferred Receivables,

or such lower percentage as is (a) required from time to time if the Issuer wishes the Covered Bonds to qualify as 'Covered Bonds' as defined in the Capital Requirements Directive or (b) otherwise determined from time to time in accordance with the Asset Monitor Agreement.

"**B**" means the aggregate amount of all Principal Receipts on the Transferred Receivables up to the end of the immediately preceding Calculation Period which have not been applied in accordance with the Trust Deed.

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

"**D**" means the aggregate outstanding principal balance of all Transferred Collateral in Substitution Assets and accrued interest thereon which has not been applied in accordance with the Trust Deed. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology proposed to the Rating Agencies.

"**Y**" means, for as long as the Initial or any New Originator's credit rating from S&P falls below A-1+ (short-term) and such Originator engages in the business of, among other things, attracting or accepting deposits, an additional amount calculated on the basis of a method proposed to the Rating Agencies in connection with the possible set-off risk pertaining to deposits maintained, if any, by Borrowers with such Originator (the "**Deposit Amount**"). The Deposit Amount will be adjusted as follows. If the outcome of A(a) is lower than A(b) as described above, the Deposit Amount will be reduced with an amount equal to A(b) minus A(a) provided that the Deposit Amount will always be at least 0. If the outcome of A(a) is higher than A(b) as described above, the Deposit Amount will be reduced with the amount of the Excess Credit Enhancement. "**Excess Credit Enhancement**" means the amount (if any) by which the outcome of A(b) above undercuts the outcome that would have resulted from A(b) above if an Asset Percentage as notified to the Rating Agencies had been used.

"**Z**" means zero as long as the Total Return Swap is in place and, if a Portfolio Test is implemented or an alternative hedging methodology is put in place, is equal to the weighted average maturity in years of all outstanding Covered Bonds multiplied by the euro equivalent of the aggregate Principal Amount Outstanding of such Covered Bonds (and in respect of those Covered Bonds not denominated in Euro, converted into Euro at the respective Structured Swap Rate) multiplied by P%, where "**P**" means the weighted average margin of all outstanding Covered Bonds taken into consideration the remaining life of the relevant Series minus the AIC Margin agreed in the AIC Account Agreement.

"**Index**" means the index of increases of house prices issued by the Land Registry in relation to residential properties in The Netherlands.

"**Indexed Valuation**" means at any date in relation to any Transferred Receivable secured over any Property:

- (a) where the Original Market Value of that Property is equal to or greater than the Price Indexed Valuation as at that date, the Price Indexed Valuation; or
- (b) where the Original Market Value of that Property is less than the Price Indexed Valuation as at that date, the Original Market Value plus 85% of the difference between the Original Market Value and the Price Indexed Valuation.

"**Land Registry**" means the relevant Dutch land registry (*kadaster*) where the ownership of the relevant Properties together with the Mortgages and any other Adverse Claims thereon are registered.

"**Original Foreclosure Value**" in relation to any Property means the foreclosure value (*executiewaarde*) given to that Property by the most recent valuation addressed to the Originator that transferred the relevant Transferred Receivable to the CBC.

"**Original Market Value**" in relation to any Property means the Original Foreclosure Value divided by 0.85.

"**Price Indexed Valuation**" in relation to any Property at any date means the Original Market Value of that Property increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value.

4.2 PORTFOLIO TESTS

As an alternative to the Total Return Swap Agreement, the Issuer will at any time be allowed to opt for (i) implementation of portfolio tests or (ii) an alternative hedging methodology, if confirmation from the Rating Agencies is obtained that this will not adversely affect the then current ratings on the Covered Bonds. If as a result of a rating downgrade a Swap Provider ceases to be an Eligible Swap Provider, then the CBC will be allowed to, instead of collateralisation or Swap Provider substitution, opt for implementation of portfolio tests.

If implemented, such portfolio tests (the "**Portfolio Tests**") will be carried out by the Administrator and will be required to be met by the CBC and the Originators under the Asset Monitor Agreement on each Calculation Date. An example of a Portfolio Test is set out below, the final Portfolio Tests are subject to discussions with the Rating Agencies and may change:

(a) the difference between the sum of $A + B + C + D + E + F + G$ and the NPV of the Covered Bonds is a certain amount, where:

A = the NPV of any future cash flows (interest, principal and any other payments such as prepayment penalties) resulting from the Net Outstanding Principal Balance of the Transferred Receivables;

B = the amount of any receipts (interest, principal and any other payments such as prepayment penalties) on the Net Outstanding Principal Balance of the Transferred Receivables up to the end of the immediately preceding Calculation Period which have not been applied as at the relevant Calculation Date in accordance with the Trust Deed;

C = the outstanding principal balance of any Transferred Collateral other than Substitution Assets;

D = The NPV of any future cash flows (interest, principal and any other payments) resulting from the Substitution Assets (and any interest accrued thereon);

E = without double counting, any other cash or deposits held by the CBC;

F = the mark-to-market value of any Structured Swaps that are entered into by the CBC; and

G = the mark-to-market value of any Interest Rate Swaps that are entered into by the CBC;

(b) the difference in Basis Point Duration between the sum of $A + B + C + D + E + F + G$ and the Covered Bonds is not more than a certain percentage; and

(c) the difference in Basis Point Duration between the sum of $A + B + C + D + E + F + G$ for that Term Point and the Covered Bonds is not more than a certain percentage, where the following Term Points can be defined:

- 1 to 3, 4 to 6, 7 to 9 and 10 to 12 months
- 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 20, 25, 30 years.

A breach of a Portfolio Test will not constitute an Issuer Event of Default but will prevent the Issuer from issuing any further Series until remedied and, if not remedied by the immediately succeeding Calculation Date will constitute a "**Breach of Portfolio Test**" and will entitle the Trustee to serve a Notice to Pay.

For the purpose hereof:

"Basis Point Duration" means the percentage change in net present value of a financial asset due to the change of one basis point in the relevant interest rate.

4.3 AMORTISATION TEST

Under the Asset Monitor Agreement and the Guarantee Support Agreement, the CBC and the Originators, respectively, must ensure that on each Calculation Date following service of a Notice to Pay (but prior to service of a CBC Acceleration Notice), the Amortisation Test Aggregate Asset Amount is in an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the "**Amortisation Test**").

If on any Calculation Date following the service of a Notice to Pay the Amortisation Test is not met, then that shall constitute a "**Breach of the Amortisation Test**" and the CBC (or the Administrator on its behalf) shall immediately notify the Trustee thereof, and the Trustee shall be entitled to serve a CBC Acceleration Notice under the Conditions.

For this purpose:

"**Amortisation Test Aggregate Asset Amount**" means $A + B + C - Z$.

"**A**" means the sum of all Amortisation Test Current Balances of all Transferred Receivables. The "**Amortisation Test Current Balance**" of a Transferred Receivable is the lower of:

- (i) the Current Balance of such Transferred Receivable minus α ; and
- (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Transferred Receivable, minus β .

" **α** " means for each Transferred Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Receivable and falls under category 4 of the above Deduction Risk description: an amount calculated on the basis of a method proposed to the Rating Agencies related to the Savings and Accrued Savings Interest in connection with such Transferred Receivable, provided that no amount will be deducted if and to the extent that a Master Sub-Participation Agreement is effective in relation to the relevant Transferred Receivable;
- (ii) if it falls under category 5 of the above Deduction Risk description: an amount calculated on the basis of a method proposed to the Rating Agencies in connection with the possible Deduction Risk;
- (iii) if it corresponds to fund a Construction Deposit: the amount of the Construction Deposit;
- (iv) if it was in breach of the Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero; and/or
- (v) if it is 3 months or more in arrears: such amount as is necessary to arrive at 30% of its Current Balance and/or
- (vi) if it is a Defaulted Receivable: such amount as is necessary to reduce its Current Balance to zero.

" **β** " means for each Transferred Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii) α minus L. "**L**" means for each Transferred Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation provided that if the result is negative, L shall be zero and if the result exceeds α , L shall equal α .

"**B**" means the amount of any cash standing to the credit of the AIC Account and the principal amount of any Authorised Investments (excluding any Revenue Receipts received in the immediately preceding Calculation Period).

"**C**" means the outstanding principal balance of any Substitution Assets. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology provided by the Rating Agencies.

"**Z**" means zero as long as the Total Return Swap is in place and, if a Portfolio Test is implemented or an alternative hedging methodology is put in place, is equal to the weighted average maturity in years of all outstanding Covered Bonds multiplied by the euro equivalent of the aggregate Principal Amount Outstanding of such Covered Bonds (and in respect of those Covered Bonds not denominated in Euro, converted into Euro at the Structured Swap Rate) multiplied by P%, where "**P**" means the weighted average margin of all outstanding Covered Bonds taken into consideration the remaining life of the relevant Series minus the AIC Margin agreed in the AIC Account Agreement.

"**Authorised Investments**" means:

- (i) euro denominated government securities, euro demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) provided that (a) in all cases such investments have a remaining maturity date of 30 days or less and mature on or before the next following CBC Payment Date and the short term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least A-1 (short term) or A (long term) by S&P's and P-1 (short term) by Moody's and (b) the total exposure to such investments shall not exceed 20% of the (euro equivalent of the) aggregate Principal Amount Outstanding of all Covered Bonds then outstanding;
- (ii) euro denominated government securities, euro demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) provided that in all cases such investments have a remaining maturity date of 364 days or less and the short term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least A-1+ (short term) or AA- (long term) by S&P's and P-1 by Moody's; and
- (iii) euro denominated government securities, euro demand or time deposits, certificates of deposit which have a remaining maturity date of more than 364 days and the long term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least AAA by S&P's and Aaa by Moody's.

"**Structured Swap Rate**" means the currency exchange rate set out in any Structured Swap Agreement.

4.4 SALE OR REFINANCING OF SELECTED ASSETS

The Asset Monitor Agreement provides that the CBC shall sell or refinance Selected Receivables following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, if on any date the Earliest Maturing Covered Bonds have an Extended Due for Payment Date which falls within twelve months, or such other date as the Trustee may approve, of such date. The proceeds from any such sale or refinancing will, in the case of each Savings Receivable to which a Participation applies, after deduction of an amount equal to the relevant Redemption Amount, be credited to the AIC Account Principal Ledger and applied as set out in the Post-Notice-to-Pay Priority of Payments. The CBC will be obliged to sell or refinance Selected Receivables in the Portfolio in accordance with the Asset Monitor Agreement (as described below), subject to the rights of pre-emption enjoyed by the Originators to purchase the Selected Receivables pursuant to the Guarantee Support Agreement.

If the CBC is required to sell or refinance Selected Receivables as abovementioned, the Asset Monitor Agreement provides that the CBC shall ensure that Selected Receivables will be selected on a random basis as described in the Asset Monitor Agreement, provided that (i) subject to (ii) of this paragraph, no more Selected Receivables will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount and (ii) the aggregate Current Balance of such Selected Receivables shall not exceed the "**Required Current Balance Amount**", which is calculated as follows:

$$\text{Adjusted Required Redemption Amount} \quad \times \quad \text{A/B,}$$

where:

"**Adjusted Required Redemption Amount**" means an amount equal to the euro equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the AIC Account and the principal amount of any Authorised Investments and Substitution Assets (excluding all amounts to be applied on the following CBC Payment Date to repay higher ranking amounts in the Post-Notice-to-Pay Priority of Payments and those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series).

"**A**" means an amount equal to the aggregate of the Current Balance of all Transferred Receivables and the prudent market value of all other Transferred Assets.

"**B**" means the euro equivalent of the Required Redemption Amount in respect of all Series then outstanding.

"**Required Redemption Amount**" means in respect of a Series, the amount calculated as follows: the 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 will offer the Selected Receivables for sale to Purchasers for the best price reasonably available but in any event for an amount not less than the Adjusted Required Redemption Amount plus, in the case of Savings Receivables, an amount equal to the aggregate Participations.

If the Selected Receivables have not been sold or refinanced (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount plus, in the case of each Savings Receivable to which a Participation applies, an amount equal to the relevant Participation by the date which is six months prior to the Extended Due for Payment Date of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the CBC will (i) offer the Selected Receivables for sale for the best price reasonably available or (ii) seek to refinance the Selected Receivables on the best terms reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount plus, in the case of each Savings Receivable to which a Participation applies, an amount equal to the relevant Participation.

In respect of the sale or refinancing of Selected Receivables following service of a Notice to Pay on the CBC, in addition to offering Selected Receivables for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the CBC (subject to the rights of pre-emption enjoyed by the Originators pursuant to the Guarantee Support Agreement) is under the Asset Monitor Agreement permitted to sell a portfolio of Selected Receivables, in accordance with the provisions summarised above, in respect of other Series.

Under the Asset Monitor Agreement the CBC is also permitted to sell to Purchasers part of any portfolio of Selected Receivables ("**Partial Portfolio**"). Except in circumstances where the portfolio of Selected Receivables is being sold within six months of the Extended Due for Payment Date of the Series to be repaid from such proceeds, the sale price of the Partial Portfolio (as a proportion of the Adjusted Required Redemption Amount plus, in the case of each Savings Receivable to which a Participation applies, an amount equal to the relevant Participation) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Receivables.

The CBC will through a tender process appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale or refinancing of the Selected Receivables (if such terms are commercially available in the market) to advise it in relation to the sale or refinancing of the Selected Receivables to Purchasers (except where the Originators are buying the Selected Receivables in accordance with their right of pre-emption in the Guarantee Support Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Trustee.

In respect of any sale or refinancing of Selected Receivables following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, the CBC will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Receivables are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Guarantee Support Agreement and the Asset Monitor Agreement.

The terms of any sale and purchase agreement with respect to the sale of Selected Receivables or the terms of any refinancing will be subject to the prior written approval of the Trustee.

If Purchasers accept the offer or offers from the CBC, then the CBC will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant Purchasers which will require, 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 Receivables unless expressly agreed by the Trustee.

After a CBC Acceleration Notice has been served on the CBC, the Trustee may institute such proceedings or take such action as it thinks fit against the Issuer and the CBC to enforce its rights under the Trust Deed and the Security Documents in accordance with the terms of the Trust Deed.

Sale of Substitution Assets

The Asset Monitor Agreement provides that the CBC (or the Administrator on its behalf) shall sell all Substitution Assets as quickly as reasonably practicable, subject to the pre-emption rights enjoyed by the Originators pursuant to the Guarantee Support Agreement, in each of the following circumstances following service of an Issuer Acceleration Notice and a Notice to Pay.

For the purposes hereof:

"Earliest Maturing Covered Bonds" means at any time the relevant Series that has the earliest Final 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).

4.5 ASSET MONITOR

Under the terms of an asset monitor appointment agreement entered into on the Programme Date between KPMG Accountants N.V. (the "**Asset Monitor**"), the CBC, the Administrator, the Issuer and the Trustee (the "**Asset Monitor Appointment Agreement**"), the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Administrator to the Asset Monitor, to conduct tests on the arithmetic accuracy of the calculations performed by the Administrator in respect of the Asset Cover Test and the Amortisation Test with a view to confirmation of the accuracy of such calculations.

The Asset Monitor will conduct such tests (i) in respect of the Asset Cover Test, on the Calculation Date immediately preceding each anniversary of the Programme Date; and (ii) in respect of the Amortisation Test, on each Calculation Date. If the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Issuer or the Administrator fall below BBB- by S&P, respectively, the Asset Monitor will be required to conduct such tests in respect of the Asset Cover Test following each Calculation 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 (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, (as at the date of the relevant Asset Cover Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests for each of the four consecutive Calculation Dates thereafter.

The Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it by the Administrator for the purpose of conducting such tests is true and correct and is complete and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The results of the tests conducted by the Asset Monitor will be delivered to the Administrator, the CBC, the Issuer, the Trustee and the Rating Agencies (the "**Asset Monitor Report**") in accordance with the Asset Monitor Appointment Agreement. If the calculations performed by the Administrator have not been performed correctly, the Asset Monitor Report shall set out the correct calculation of the Asset Cover Test or Amortisation Test, as applicable.

Under the terms of the Asset Monitor Appointment Agreement the CBC will pay to the Asset Monitor a fee per test for the tests to be performed by the Asset Monitor.

The CBC may, at any time, but subject to the prior written consent of the Trustee, terminate the appointment of the Asset Monitor by providing at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the CBC (such replacement to be approved by the Trustee if the replacement is an accountancy firm of international standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

The Asset Monitor may, at any time, resign from its appointment under this Agreement upon providing the CBC and the Trustee (copied to the Rating Agencies) 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 use its best endeavours to appoint a replacement (such replacement to be approved by the Trustee if the replacement is an accountancy firm of international standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

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 Trustee, if the replacement is an accountancy firm of international standing) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

In the Trust Deed the Trustee agrees to, upon receipt of each 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.

5. SERVICING AND CUSTODY

5.1 SERVICING

Pursuant to the terms of a servicing agreement entered into on the Programme Date between the CBC, the Initial Originator, the Bank (in its capacity as servicer, the "**Initial Servicer**") and the Trustee (the "**Initial Servicing Agreement**"), the Initial Servicer has agreed to service on behalf of the CBC the Initial Portfolio and the New Receivables, unless any New Originator and the Initial Servicer agree that such New Originator or a third party servicer shall act as servicer in relation to Eligible Receivables transferred by such New Originator to the CBC subject to fulfilling the Servicer Criteria (as described below).

If the Initial Servicer is to service the Eligible Receivables transferred by such New Originator, this will be provided for through an amendment to the Initial Servicing Agreement. If it is agreed that the New Originator or third party servicer will service, on behalf of the CBC, the New Receivables transferred by such New Originator to the CBC, then a servicing agreement will be entered into between such New Originator or third party servicer, as applicable, (in its capacity as servicer, the "**New Servicer**" and, together with the Initial Servicer and any other New Servicer, a "**Servicer**"), the CBC and the Trustee on substantially the same terms as the Initial Servicing Agreement so that each New Servicer has substantially the same rights and obligations as the Initial Servicer (each a "**New Servicing Agreement**" and, together with the Initial Servicing Agreement, a "**Servicing Agreement**").

Each Servicer will be required to:

- (i) administer the relevant Transferred Receivables in accordance with the relevant Originator's Lending Criteria and the relevant Servicing Agreement;
- (ii) collect as agent for the CBC and, following the occurrence of a CBC Event of Default, for the Trustee, all amounts due under each Transferred Receivable; and
- (iii) use all reasonable endeavours to collect all payments due under or in connection with the Transferred Receivable and to enforce all covenants and obligations of each Borrower in accordance with the Enforcement Procedures and take such action as is not materially prejudicial to the interests of the CBC and in accordance with such actions that a Reasonable Prudent Lender would undertake.

Each Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the CBC in relation to the Receivables that it is servicing pursuant to the terms of the relevant Servicing Agreement, and to do anything which it reasonably considers necessary or convenient or incidental to the administration of those Receivables.

Each Servicer will undertake to, among other things, perform the services listed below (the "**Services**") in relation to those Receivables that it is servicing, and to:

- prepare a quarterly investor report for the CBC in the form set out in Schedule 3 to the Initial Servicing Agreement in respect of the Transferred Receivables (the "**Quarterly Investor Report**") and to deliver the same to the CBC and the Trustee on each Calculation Date;

- assist the Administrator in the preparation of a monthly asset cover report in accordance with the Administration Agreement;
- keep records and books of account on behalf of the CBC in relation to the Transferred Receivables;
- notify relevant Borrowers of any change in their payments;
- assist the auditors of the CBC and provide information to them upon reasonable request;
- notify relevant Borrowers of any other matter or thing which the applicable Loan Agreement require them to be notified of in the manner and at the time so required;
- subject to the provisions of the relevant Servicing Agreement take all reasonable steps to recover all sums due to the CBC including without limitation by the institution of proceedings and/or the enforcement of any Transferred Receivable;
- to the extent permitted under applicable data protection and other laws, provide on a timely basis to the Rating Agencies all information on the Borrowers and the Loan Agreements which is reasonably required in order for the Rating Agencies to be able to establish their credit estimates on Borrowers at all reasonable times upon reasonable notice subject to the relevant Servicer being reasonably capable of providing such information without significant additional cost;
- make all calculations and render all other services required for compliance with the Master Sub-Participation Agreements;
- take all other action and do all other things which it would be reasonable to expect a Reasonable Prudent Lender to do in administering its Loan Agreements and their Related Security; and
- act as collection agent on behalf of the CBC in accordance with the provisions of the Servicing Agreement.

The Initial Servicer will represent and warrant that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and covenants to comply with the information duties towards the Borrowers under or pursuant to the Wft. Furthermore, the Initial Servicer will covenant that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft. The Initial Servicer may only terminate the Initial Servicing Agreement if a New Servicer has been appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit provider or intermediary.

The Initial Servicer also undertakes that, on the Initial Servicer ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by S&P of at least BBB and, if rated by Moody's, by Moody's of at least Baa1, it will use reasonable efforts to enter into a master servicing agreement with a third party within 60 days in accordance with the terms of the Initial Servicing Agreement.

The CBC will pay to the Initial Servicer a servicing fee as agreed in the Initial Servicing Agreement Fees payable to New Servicers and/or the Initial Servicer acting as Servicer in respect of Receivables transferred by New Originators to the CBC will be determined on the date that they accede to the Programme.

"Enforcement Procedures" means the procedures for the enforcement of the Receivables undertaken by a Servicer from time to time in accordance with the relevant Originator's Lending Criteria.

"New Receivables" means Eligible Receivables, other than the Eligible Receivables comprised in the Initial Portfolio, which an Originator may assign and transfer, to the CBC on a Transfer Date following the First Transfer Date pursuant to the Guarantee Support Agreement.

5.2 SERVICERS

The CBC and the Trustee may, upon written notice to the relevant Servicer, terminate the relevant Servicer's rights and obligations immediately if any of the following events (a "**Servicer Event of Default**") occurs:

- the relevant Servicer defaults in the payment of any amount due to the CBC under the relevant Servicing Agreement and fails to remedy that default for a period of 7 Business Days after becoming aware of the default;
- the relevant Servicer fails to comply with any of its other obligations under the Servicing Agreement which failure in the opinion of the Trustee is materially prejudicial to Covered Bondholders and does not remedy that failure within 20 Business Days after becoming aware of the failure;
- the relevant Servicer is subjected to a bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or, if applicable, the imposition of emergency regulations (*noodregeling*) in the interest of all creditors as referred to in chapter 3.5.5 of the Wft (the "**Dutch Insolvency Proceedings**") or any equivalent or analogous proceeding under the laws of any other jurisdiction (together with the Dutch Insolvency Proceedings the "**Insolvency Proceedings**"); or
- at any time it becomes unlawful for the relevant Servicer to perform all or a material part of its obligations under the relevant Servicing Agreement or the relevant Servicer ceases to be duly licensed to act as consumer credit provider or intermediary pursuant to the Wft.

Subject to the fulfilment of a number of conditions, a Servicer may voluntarily resign by giving not less than 12 months' notice to the Trustee and the CBC provided that a substitute servicer who meets the Servicer Criteria has been appointed and enters into a servicing agreement with the CBC substantially on the same terms as the Initial Servicing Agreement. The resignation of a Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Covered Bonds unless the Covered Bondholders agree otherwise by a Programme Resolution.

If the appointment of a Servicer is terminated, the relevant Servicer must deliver the Borrower Files and other documentation held by it relating to the Transferred Receivables administered by it to, or at the direction of, the CBC. The relevant Servicing Agreement will terminate at such time as the CBC has no further interest in any of the Transferred Receivables serviced under the relevant Servicing Agreement.

A Servicer may sub-contract the performance of its duties under the Servicing Agreement provided that it meets conditions as set out in the relevant Servicing Agreement.

Each new Servicer and any assignee or transferee of an existing Servicer will have to fulfil, among other things, the following criteria (the "**Servicer Criteria**"):

- (a) it has experience with and systems capable of administering portfolios of residential mortgage loans in The Netherlands, complies with Rating Agency servicer criteria and is approved by the CBC and the Trustee;

- (b) it enters into an agreement substantially on the same terms as the Initial Servicing Agreement;
- (c) it has all necessary consents, licences, authorities and approvals required under the laws of The Netherlands (including the Wft) which may be necessary in connection with the performance of the Services; and
- (d) the then current ratings of the Covered Bonds are not adversely affected by the appointment of the new Servicer.

5.3 CUSTODY

If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets. The Substitution Assets will be serviced in accordance with a custody agreement to be entered into between the CBC and an eligible custodian (the "**Custody Agreement**") the terms and conditions of which will be agreed with the Trustee.

6. SWAPS

The CBC is only permitted to enter into swap agreements with a counterparty which is permitted under Dutch law to enter into derivative contracts with Dutch residents (a "**Swap Provider**") that is either (a) the Bank (which will be required to satisfy appropriate collateralisation requirements if at such time the Bank does not have the required ratings to qualify as an Eligible Swap Provider) or (b) any Eligible Swap Provider, as the case may be. All such swap agreements will be required to be in Approved Form. An Issuer Event of Default will not constitute an event of default or a termination event under any Swap Agreement.

On the Programme Date, the CBC entered into the Total Return Swap Agreement and the Swap Undertaking Letter.

The Total Return Swap Agreement provides that in case of a sale or refinancing of Selected Receivables, the prospective purchaser (if such purchaser has been approved by the Swap Provider) has the option to purchase such Selected Receivables with or without the corresponding Total Return Swap. If the prospective purchaser of the Selected Receivables elects to purchase such Selected Receivables with the corresponding part of the Total Return Swap, the Total Return Swap Agreement will permit the CBC to transfer the corresponding rights and obligations thereunder to such purchaser. If the Selected Receivables are, or part thereof is, purchased or refinanced without the corresponding (part of the) Total Return Swap, the Total Return Swap will be terminated in relation to such (part of the) Selected Receivables.

Rating downgrade language acceptable to the Rating Agencies is included in the Total Return Swap and will be included in the other Swap Agreements in relation to the Swap Providers. Provisions typically include collateralisation and counterparty substitution provisions as set by the Rating Agencies. For the Total Return Swap there are provisions allowing the CBC to, instead of collateralisation or counterparty substitution, opt for implementation of Portfolio Tests. The Issuer also has the right to implement the Portfolio Tests at any time.

If Portfolio Tests are implemented then the Total Return Swap Agreement will be terminated. Further, if an alternative hedging methodology is put in place and confirmation from the Rating Agencies is obtained that this will not adversely affect the then current ratings on the Covered Bonds, then the Total Return Swap Agreement will be terminated and the CBC will be required to enter into such derivatives transactions as are required to comply with such alternative hedging methodology. If at any time (i) the Bank does not have the required ratings to qualify as an Eligible Swap Provider for Interest Rate Swaps or Structured Swaps or (ii) a Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served, then the Bank, in accordance with the Swap Undertaking Letter in relation to each relevant Series of Covered Bonds, will be required to enter into (where applicable with appropriate collateralisation requirements) or procure an Eligible Swap Provider to enter into Interest Rate Swap Agreements and Structured Swap Agreements with the CBC, provided that if (i) above applies and the Bank still has the required ratings of an Interest Rate Swap Provider, only Structured Swap Agreements are required.

Upon the termination of a Swap Agreement, the CBC or the relevant Swap Provider may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this termination payment will be calculated and made in euro.

For as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served, all amounts to be paid and (other than in respect of any collateral arrangements) received, respectively, by the CBC under any Swap Agreement, will be paid and received, respectively, on behalf of the CBC by the Issuer for its own account, *See Section 7. Cashflows.*

For the purpose hereof:

"Approved Form" means a 1992 Multicurrency - Cross Border or 2002 ISDA Master Agreement and schedule thereto and confirmation in a form to be attached to the Swap Undertaking Letter, as amended from time to time by agreement of the Trustee, the CBC and the relevant Swap Provider from time to time (subject to prior receipt of a Rating Agency Confirmation in respect of any such amendment).

"Eligible Swap Provider" means a financial institution which is permitted under Dutch law to enter into derivative contracts with Dutch residents and whose unsecured, unsubordinated and unguaranteed securities are rated not lower than:

- (a) in the case of the Total Return Swap, A-1 (short term) from S&P and A (long term) from S&P;
- (b) in the case of a Structured Swap, A-1+ (short term) from S&P and AA- (long term) from S&P; and
- (c) in the case of an Interest Rate Swap, A-1 (short term) from S&P and A (long term) from S&P.

"Swap Agreements" means the Total Return Swap Agreement, any Interest Rate Swap Agreement(s) and any Structured Swap Agreement(s);

"Swap Provider Default" means the occurrence of an Event of Default or Termination Event (each as defined in each of the relevant Swap Agreements) where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in the relevant Swap Agreement);

"Swap Provider Downgrade Event" means the occurrence of any Additional Termination Event pursuant to Part 1(h)(i) (*First Rating Trigger Collateral*) or (j) (*Second Rating Trigger Replacement*) or 5(l) (*Rating Events*) of the Schedule forming part of the relevant Swap Agreement;

"Swap Undertaking Letter" means a letter pursuant to which the Bank, the Trustee and the CBC agree that the Bank shall or procure an Eligible Swap Provider to enter into Interest Rate Swaps and Structured Swaps in the Approved Form.

6.1 TOTAL RETURN SWAP

Some of the Transferred Receivables pay a variable rate of interest, sometimes linked to an index. Other Transferred Receivables pay a fixed rate of interest for a period of time. To provide a hedge between possible variances between, on a monthly basis:

- (a) the rates of interests on the various Transferred Receivables; and
- (b) EURIBOR for one month deposits,

the CBC and the Bank (in its capacity as total return swap provider, the "**Total Return Swap Provider**") have entered into a swap transaction (the "**Total Return Swap**") (and the Trustee in respect of certain provisions) (the "**Total Return Swap Agreement**").

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

On each CBC Payment Date, the following payments will be made under the Total Return Swap entered into in respect of all Transferred Receivables:

- (a) the Total Return Swap Provider will pay to the CBC an amount equal to $A \times B$, where "A" equals the then Net Outstanding Principal Balance of all performing Transferred Receivables plus the balance of the AIC Account and the aggregate principal balance of the Authorised Investments and Substitution Assets and "B" equals EURIBOR for one month deposits; and
- (b) the CBC will pay to the Total Return Swap Provider an amount equal to (i) the aggregate sum of all Revenue Receipts received in respect of the Transferred Receivables during the related Calculation Period, plus (ii) the accrued interest on the AIC Account and the revenue proceeds from the Authorised Investments received by the CBC during the related Calculation Period, minus (iii) an amount equal to the product of the Swap Margin, the Net Outstanding Principal Balance of all performing Transferred Receivables on the relevant Calculation Date and the relevant day count fraction, minus (iv) an amount equal to the costs and fees paid by the CBC (or the Issuer on its behalf) to the Servicers during the relevant Calculation Period.

For the purposes of the foregoing:

- (i) a Transferred Receivable will be "**performing**" on any CBC Payment Date if it is not a Defaulted Receivable; and
- (ii) "**Swap Margin**" means 70 basis points.

6.2 INTEREST RATE SWAPS

Interest Rate Swaps are used to hedge mismatches between the Transferred Receivables and the Covered Bonds in the following manner.

The interest rate payable by the CBC with respect to a Series denominated in euro may bear a non-EURIBOR rate of interest. To provide a hedge against the possible variance between:

- (1) the EURIBOR for one month deposits; and
- (2) the rate of interest payable by the CBC under the Euro denominated Series other than those with equity or index-linked rates of interest,

(a) the CBC and (b) the Bank (where applicable with the appropriate collateralisation requirements) or an Eligible Swap Provider, as the case may be, (each an "**Interest Rate Swap Provider**") (and (c) the Trustee in respect of certain provisions) will enter into interest rate swap transactions (the "**Interest Rate Swaps**") in relation to each relevant Series in form and substance acceptable to the Rating Agencies (the "**Interest Rate Swap Agreements**") if (i) at any time the Bank does not have the required ratings to qualify as an Eligible Swap Provider for Interest Rate Swaps or (ii) a Notification Event has occurred or a Notice to Pay or CBC Acceleration Notice has been served.

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

- (a) on each Interest Payment Date, the relevant Interest Rate Swap Provider will pay the CBC an amount equal to the aggregate Principal Amount Outstanding of such Series as at the preceding Interest Payment Date multiplied by the relevant swap rate; and
- (b) on each CBC Payment Date, the CBC will pay to the Interest Rate Swap Provider an amount equal to the aggregate Principal Amount Outstanding of such Series as at the preceding Interest Payment Date multiplied by EURIBOR for one month deposits.

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

6.3 STRUCTURED SWAPS

Structured Swaps are used to hedge mismatches between the Transferred Receivables and the Covered Bonds in the following manner.

The Transferred Receivables will be denominated in euro. However, (i) the interest payable by the CBC with respect to a Series may be denominated in a currency other than euro and/or may be equity or index-linked and/or (ii) principal under a Series may be payable in a currency other than euro.

To provide a hedge against the variance between:

- (a) (i) EURIBOR for one month deposits;
- (ii) the euro denominated principal receipts under the Transferred Assets; and
- (b) (i) the fixed rate, index or equity calculation which governs the rate of interest with respect to a Series; and
- (ii) the currency of a Series,

(a) the CBC and (b) the Bank (where applicable with the appropriate collateralisation requirements) or an Eligible Swap Provider (each a "**Structured Swap Provider**") (and (c) the Trustee in respect of certain provisions) will enter into swap transactions (the "**Structured Swaps**", and together with the Interest Rate Swaps and the Total Return Swap, the "**Swaps**") in relation to each relevant Series in form and substance acceptable to the Rating Agencies (the "**Structured Swap Agreements**") if (i) at any time the Bank does not have the required ratings to qualify as an Eligible Swap Provider for Structured Swaps or (ii) a Notification Event has occurred or a Notice to Pay or CBC Acceleration Notice has been served. Where required to hedge such risks, there will be one Structured Swap in relation to each Series.

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

- (a) if such Series is denominated in a currency other than euro, which means that there is an exchange of principal, on or about the date of issue of each such Series, the CBC will pay the proceeds of issue of such Series to the Structured Swap Provider and the Structured Swap Provider will pay to the CBC a euro amount in respect of such proceeds (at the exchange rate specified in the relevant confirmation);
- (b) on each Interest Payment Date, the Structured Swap Provider will pay the CBC an amount equal to the aggregate Principal Amount Outstanding of such Series as at the preceding Interest Payment Date, multiplied by the relevant swap rate;
- (c) on each CBC Payment Date, the CBC will pay to the Structured Swap Provider an amount equal to the euro equivalent of the then aggregate Principal Amount Outstanding of such Series multiplied by EURIBOR for one month deposits; and
- (d) if such Series is denominated in a currency other than euro, which means that there is an exchange of principal, on the date of repayment of such Series, the CBC will pay to the Structured Swap Provider an amount equal to the euro equivalent of the aggregate

Principal Amount Outstanding of such Series (as determined by the relevant swap confirmation) as at the preceding Interest Payment Date, and the Structured Swap Provider will pay the CBC an amount equal to the aggregate Principal Amount Outstanding of such Series in the currency in which such Series is denominated.

7. CASHFLOWS

- (A) For as long as no Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served:
- (a) pursuant to the Guarantee Support Agreement, the CBC is not be entitled to receive or retain any proceeds from the Transferred Assets; such proceeds will all be received and retained by the Originators for their own benefit; and
 - (b) pursuant to the Trust Deed, the following will apply:
 - (i) all costs and expenses of the CBC (including for the avoidance of doubt the minimum taxable profit to be deposited in the Capital Account) will be paid on behalf of the CBC by the Issuer for its own account, as consideration for the CBC assuming the Guarantee;
 - (ii) all amounts to be paid and received, respectively, by the CBC under any Swap Agreement or Master Sub-Participation Agreement will be paid and received, respectively, on behalf of the CBC by the Issuer for its own account (except that any collateral to be provided by a Swap Provider following its downgrade will be delivered to the CBC irrespective of whether any Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time and, accordingly, any payments or deliveries to be made in respect of any such collateral arrangements shall be made directly between the CBC and the relevant Swap Provider); and
 - (iii) on each CBC Payment Date the CBC or the Administrator on its behalf will distribute all amounts (if any) then standing to the credit of the CBC Accounts to the Issuer or, if the Issuer is subject to an Insolvency Proceeding, any solvent Originator to the extent permitted by the Asset Cover Test. The CBC need not concern itself as to how such proceeds are allocated between the Issuer and the Originators.
 - (c) pursuant to the Trust Deed, unless and until the Issuer has a short-term credit rating from S&P of at least A-1+ and from Moody's of at least P-1, the CBC will be required to maintain a reserve fund (the "**Reserve Fund**") on the AIC Account which will be credited by the Issuer with an amount equal to the Reserve Fund Required Amount and such further amounts as are necessary from time to time to ensure that an amount up to the Reserve Fund Required Amount is credited to the Reserve Fund for as long as the above rating trigger is breached. The Issuer will do so as consideration for the CBC assuming the Guarantee.
- (B) If a Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served on the CBC:
- (a) pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following

such Notification Event or service of such Notice to Pay or CBC Acceleration Notice;

- (b) pursuant to the Trust Deed, the following will apply:
- (i) if a Notification Event has occurred but no Notice to Pay or CBC Acceleration Notice has been served, all costs, expenses, Swaps and Master Sub-Participation Agreements will continue to be settled on behalf of the CBC by the Issuer as abovementioned and all amounts standing to the credit of the CBC Accounts will continue to be distributed as abovementioned;
 - (ii) if a Notice to Pay has, but no Issuer Acceleration Notice or CBC Acceleration Notice has been served, all costs, expenses, Swaps and Master Sub-Participation Agreements will continue to be settled on behalf of the CBC by the Issuer as abovementioned but no further amounts standing to the credit of the CBC Accounts will be distributed as mentioned under paragraph (A)(b)(iii) above;
 - (iii) if an Issuer Acceleration Notice and a Notice to Pay have, but no CBC Acceleration Notice has been served, the Administrator will apply all (1) Available Revenue Receipts and all Available Principal Receipts on behalf of the CBC in accordance with the Post-Notice-to-Pay Priority of Payments and (2) other monies standing to the credit of the CBC Accounts in accordance with the Administration Agreement, the AIC Account Agreement, the Trust Deed and any other Transaction Document;
or
 - (iv) if a CBC Acceleration Notice has been served, all monies received or recovered by the Trustee or any other Secured Creditor and all monies held by or on behalf of the CBC will be applied in accordance with the Post-CBC-Acceleration-Notice Priority of Payments (other than amounts standing to the credit of the Participation Ledger or the Swap Collateral Ledger, or required to be deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts, which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Participation Ledger and the Swap Collateral Ledger);
and
- (c) pursuant to the Trust Deed, after (i) the date falling three months after the occurrence of a Notification Event pursuant to which the relevant Borrowers have been notified of the transfer of the related Transferred Receivables and have been instructed to direct any payments under such Transferred Receivables to the CBC or (ii) the date on which the CBC demonstrates that the relevant Borrowers pay the required amounts under the Transferred Receivables to the CBC, the CBC will no longer be required to maintain the Reserve Fund and any amounts standing to the credit of the Reserve Fund will be added to certain other income of the CBC in calculating the Available Revenue Receipts and applied in accordance with the relevant Priority of Payments.

For the purposes hereof:

"Available Principal Receipts" means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (a) the amount of Principal Receipts received during the previous Calculation Period, *less* the equivalent of any Third Party Amounts due and payable or to become due and payable in the immediately following CBC Payment Period;
- (b) any other amount standing to the credit of the Principal Ledger; and
- (c) all amounts in respect of principal (if any) to be received by the CBC under the Transaction Documents (other than the Master Sub-Participation Agreements) on the relevant CBC Payment Date (other than any Swap Replacement Excluded Amounts and Swap Collateral Excluded Amounts).

"Available Revenue Receipts" means on a Calculation Date an amount equal to the aggregate of:

- (a) the amount of Revenue Receipts received during the previous Calculation Period;
- (b) other net income of the CBC including all amounts of interest received on the CBC Accounts, the Substitution Assets and Authorised Investments in the preceding Calculation Period and amounts received by the CBC under the Interest Rate Swap Agreements and in respect of interest received by the CBC under the Structured Swap Agreement and the Total Return Swap Agreement on the relevant CBC Payment Date (other than any Swap Replacement Excluded Amounts and Swap Collateral Excluded Amounts); and
- (c) following the service on the CBC of a Notice to Pay, amounts standing to the credit of the Reserve Fund Ledger.

"Initial Participant" means any of Achmea Pensioen- en Levensverzekeringen N.V. and N.V. Interpolis BTL in their capacity as Participant under the relevant Master Sub-Participation Agreement.

"New Participant" means any insurer other than the Initial Participants which enters into a Master Sub-Participation Agreement with the relevant Originator(s), the CBC and the Trustee.

"Participant" means any Initial Participant or New Participant.

"Participation Fraction" means, with respect to a Savings Receivable, the outcome of: the relevant Participation *divided by* the Gross Outstanding Principal Balance of such Savings Receivable.

"Pre-Notice-to-Pay Priority of Payments" means the arrangement set out in paragraphs (A)(b)(i) through (iii) and (B)(b)(i) and (ii) of this section 7 (*Cashflows*).

"Principal Receipts" means:

- (a) any amount, sales proceeds, refinancing proceeds, arrearages and other amount relating to principal, and any Accrued Interest and Arrearages of Interest as at the Transfer Date of the relevant Transferred Receivable, received or recovered by the CBC in respect of the Transferred Receivables (i) other than any prepayment penalties, (ii) net of any relevant foreclosure costs and (iii) *less*, with respect to each Savings Receivable to which a Participation applies, an amount equal to the relevant Redemption Amount;
- (b) any Initial Settlement Amount received from any Participant under the relevant Master Sub-Participation Agreement; and
- (c) an amount equal to any Increase which applies to any Participation pursuant to the relevant Master Sub-Participation Agreement.

"Reserve Fund Required Amount" means an amount equal to the aggregate of the Scheduled Interest due on the next following Interest Payment Date for each Series, as calculated on each Calculation Date.

"Revenue Receipts" means:

- (a) interest, fees and other amounts received or recovered by the CBC in respect of the Transferred Receivables (i) other than the Principal Receipts and any prepayment penalties, (ii) net of any relevant foreclosure costs and (iii) *less*, with respect to interest in respect of each Savings Receivable to which a Participation applies, an amount equal to the net amount received or recovered *multiplied by* the applicable Participation Fraction; and
- (b) prepayment penalties received or recovered by the CBC in respect of the Transferred Receivables.

"Savings Receivable" means a Transferred Receivable resulting from a Savings Loan.

"Swap Collateral Excluded Amounts" means amounts standing to the credit of the Swap Collateral Ledger.

"Swap Replacement Excluded Amounts" means amounts standing to the credit of the Swap Replacement Ledger.

7.1 LEDGERS

(A) Credits to Ledgers

Pursuant to the Administration Agreement, the CBC (or the Administrator on its behalf) agreed to open, administer and maintain the following Ledgers and credit amounts thereto as follows:

1. A revenue ledger of the AIC Account (the "**AIC Account Revenue Ledger**"), to which the following euro amounts shall be credited upon deposit of the same into the AIC Account:
 - (a) all Revenue Receipts;
 - (b) all amounts of interest paid on the AIC Account;
 - (c) all amounts of interest paid in respect of any Substitution Assets or Authorised Investments;
 - (d) to the extent that any Substitution Asset or Authorised Investment is redeemed or sold, the difference (if positive) between the acquisition price thereof, on the one hand, and sale or redemption price thereof, on the other; if such difference is negative, it will be debited to the AIC Account Revenue Ledger upon completion of such redemption or sale; and
 - (e) all euro amounts (other than Swap Replacement Excluded Amounts and Swap Collateral Excluded Amounts) received by the CBC under the Swap Agreements.

If pursuant to the Administration Agreement a bank account is opened in a currency other than euro, the Administrator shall maintain a revenue ledger in respect of such foreign currency account (the AIC Account Revenue Ledger and all such foreign currency revenue ledgers, the "**Revenue Ledger**"). Amounts shall be credited to such foreign currency revenue ledger in the same manner as amounts are credited to the AIC Account Revenue Ledger.

2. A principal ledger of the AIC Account (the "**AIC Account Principal Ledger**"), to which the following amounts shall be credited upon deposit of the same into the AIC Account:
 - (a) all Principal Receipts;
 - (b) any amount received (other than from redemption or sale) from any Substitution Asset or Authorised Investment which is not required to be credited to the Revenue Ledger;
 - (c) the principal amount of any Transferred Collateral in the form of cash;
 - (d) 100% of the aggregate acquisition price paid by the relevant Originator for the Substitution Assets; and
 - (e) any amount required to be transferred to the AIC Account in accordance with item (j) of the Post-Notice-to-Pay Priority of Payments.

If pursuant to the Administration Agreement a foreign currency CBC Account is opened, the Administrator shall maintain a principal ledger in respect of such foreign currency CBC Account (the AIC Account Principal Ledger and all such foreign currency principal ledgers, the "**Principal Ledger**"). Amounts shall be credited to such foreign currency principal ledger in the same manner as amounts are credited to the AIC Account Principal Ledger.

3. A ledger of the AIC Account (the "**Swap Collateral Ledger**") to which shall be credited any collateral provided by any Swap Provider not or no longer having the minimum ratings required for an Eligible Swap Provider.
4. A ledger of the AIC Account (the "**Swap Replacement Ledger**") to which shall be credited (i) premiums received from any replacement Swap Provider upon entry by the CBC into a replacement Swap Agreement or (ii) termination payments received from any Swap Provider in respect of a Swap Agreement which has terminated.
5. A ledger of the AIC Account (the "**Reserve Fund Ledger**") to which shall be credited all amounts received from the Issuer for the purpose of the Reserve Fund.
6. A ledger of the AIC Account (the "**Participation Ledger**") to which shall be credited all Redemption Amounts deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts.

(B) **Debits to Ledgers**

Pursuant to the Administration Agreement, the CBC (or the Administrator on its behalf) agreed not to debit any amounts to any Ledger, except as follows:

1. The Revenue Ledger: in accordance with the relevant Priority of Payments.
2. The Principal Ledger: in accordance with the relevant Priority of Payments.
3. The Swap Collateral Ledger: amounts may only be withdrawn (i) to return collateral to the relevant Swap Provider in accordance with the terms of the applicable Swap Agreement and collateral arrangements and (ii) following termination of the applicable Swap Agreement to the extent not required to satisfy any termination payment due to the relevant Swap Provider, (a) if a replacement Swap Agreement is to be entered into, for credit to the Swap Replacement Ledger or (b) if no Replacement Swap Agreement is to be entered into, for credit to the Revenue Ledger.
4. The Swap Replacement Ledger: amounts credited to the Swap Replacement Ledger will only be available to pay (i) any termination amount due to a Swap Provider in respect of a Swap Agreement which has terminated, (ii) any premium due to a replacement Swap Provider upon entry into a replacement Swap Agreement and (iii) to the extent in excess of amounts owed to Swap Providers in respect of (a) Swap Agreements which have terminated or (b) any premium payable to a replacement Swap Provider upon entry into a replacement Swap Agreement, for credit to the Revenue Ledger.

5. The Reserve Fund Ledger: in accordance with the relevant Priority of Payments or, if the rating trigger requiring the CBC to establish a Reserve Fund is no longer breached, to repay amounts to the Issuer.
6. The Participation Ledger: Redemption Amounts standing to the credit of the Participation Ledger will only be available to be on-paid to the relevant Participant under the relevant Participation on a CBC Payment Date.

7.2 POST-NOTICE-TO-PAY PRIORITY OF PAYMENTS

On each CBC Payment Date following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay, but prior to the service of a CBC Acceleration Notice, the Administrator will apply (1) all monies standing to the credit of the CBC Accounts other than Available Revenue Receipts and Available Principal Receipts in accordance with the Administration Agreement, the AIC Account Agreement, the Trust Deed and any other Transaction Document and (2) all Available Revenue Receipts and all Available Principal Receipts on behalf of the CBC in the following order of priority (the "**Post-Notice-to-Pay Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) first, to the payment of all amounts due and payable or to become due and payable to the Trustee in the immediately following CBC Payment Period under the provisions of the Trust Deed (other than under the Parallel Debt), together with interest and plus any applicable VAT (or similar taxes) thereon as provided therein;
- (b) second, to the payment of (i) amounts equal to the minimum profit stated in the Dutch tax agreement obtained on behalf of the CBC to be deposited in the Capital Account from time to time and of (ii) taxes owing by the CBC to any tax authority accrued and unpaid (other than any Dutch corporate income tax in relation to the amounts equal to the minimum profit referred to under (i) above);
- (c) third, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein; and
 - (ii) any amounts then due and payable by the CBC to third parties and incurred without breach by the CBC of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any such amounts expected to become due and payable by the CBC in the immediately following the CBC Payment Period and to pay or discharge any liability of the CBC for taxes;
- (d) fourth, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Servicers and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicers in the immediately following CBC Payment Period under the provisions of the Servicing Agreements;
 - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately following CBC Payment Period under the provisions of the Administration Agreement;

- (iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the AIC Account Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein;
 - (iv) any amounts (including costs and expenses) due and payable to the Managing Director pursuant to the Management Agreement (CBC), plus any applicable VAT (or similar taxes) thereon as provided therein; and
 - (v) any amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (i) below) pursuant to the terms of the Asset Monitor Appointment Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein;
- (e) fifth, in or towards satisfaction of any amounts due and payable to the Total Return Swap Provider (including any termination payment due and payable by the CBC under the Total Return Swap Agreement but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Total Return Swap Agreement to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger;
- (f) sixth, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger:
- (i) to each Interest Rate Swap Provider, all amounts (including any termination payment due and payable by the CBC under the relevant Interest Rate Swap Agreement but excluding any Excluded Swap Termination Amount) then due to it under the relevant Interest Rate Swap Agreement, provided that the aggregate amount payable to the Interest Rate Swap Providers under this paragraph (f)(i) shall not exceed the Interest Pro Rata Amount; and
 - (ii) to each Structured Swap Provider, all amounts (including any termination payment due and payable by the CBC under the relevant Structured Swap Agreement but excluding any Excluded Swap Termination Amount) other than in respect of principal then due to it under the relevant Structured Swap Agreement, provided that the aggregate amount payable under this paragraph (f)(ii) in respect of Structured Swap Agreements relating to the same currency shall not exceed that currency's Interest Pro Rata Amount;
- (g) seventh, to pay to the Trustee or (if so directed by the Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* Scheduled Interest that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of each Series;
- (h) eighth, to pay *pro rata* and *pari passu* according to the respective amounts owing thereto, amounts in respect of principal then due and payable to each Structured Swap Provider under the relevant Structured Swap Agreement, provided that the aggregate amount payable under this paragraph (h) in respect of Structured Swap Agreements relating to the same currency shall not exceed that currency's Principal Pro Rata Amount;

- (i) ninth, to pay to the Trustee or (if so directed by the Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* Scheduled Principal that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of each Series;
- (j) tenth, to deposit the remaining moneys in the AIC Account for application on the next following CBC Payment Date in accordance with the priority of payments described in paragraphs (a) to (i) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series);
- (k) eleventh, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amount due and payable by the CBC to the relevant Swap Provider under the relevant Swap Agreement to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger;
- (l) twelfth, towards payment of any indemnity amount due to the Originators pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement; and
- (m) thirteenth, thereafter any remaining monies will be paid to the Issuer or, if the Issuer is subject to an Insolvency Proceeding and any Originator is not subject to an Insolvency Proceeding, to any such Originator, provided that the CBC may assume that the Issuer and any Originator are not subject to an Insolvency Proceeding unless it has received at least five Business Days' prior written notice to the contrary from any Originator (and the CBC need not concern itself as to how such proceeds are allocated between the Originators).

For the purposes hereof:

"CBC Payment Period" means each period from (and including) a CBC Payment Date to (but excluding) the next CBC Payment Date.

"Excluded Swap Termination Amount" means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Provider as a result of a Swap Provider Default or Swap Provider Downgrade Event with respect to such Swap Provider.

"Interest Pro Rata Amount" means, on any CBC Payment Date, in respect of any Interest Rate Swap Agreement or Structured Swap Agreement, the amount (other than Excluded Swap Termination Amounts and amounts in respect of principal) due under such Interest Rate Swap Agreement or Structured Swap Agreement multiplied by $\frac{A}{B}$, where:

- (i) 'A' equals the aggregate notional amounts (denominated in euro) of all Interest Rate Swap Agreements and Structured Swap Agreements in respect of which a Swap Payment Date falls on such CBC Payment Date; and

- (ii) 'B' equals the euro equivalent of the Principal Amount Outstanding of all Covered Bonds then outstanding in respect of which an amount of interest is due on such CBC Payment Date.

"Principal Pro Rata Amount" means, on any CBC Payment Date, in respect of any principal amount due under any Structured Swap Agreement, such amount multiplied by $\frac{A}{B}$, where:

- (i) 'A' equals the aggregate principal exchange amounts (denominated in euro) under all Structured Swap Agreements in respect of which such principal exchange amounts are due on such CBC Payment Date; and
- (ii) 'B' equals the aggregate of the euro equivalent of the principal amounts due in respect of all Covered Bonds on such CBC Payment Date.

"Third Party Amounts" means any amounts due and payable by the CBC to third parties that are not provided for payment elsewhere in the relevant Priority of Payments and incurred by the CBC in the ordinary course of its business which amounts may be paid daily from moneys on deposit in the AIC Account.

7.3 POST-CBC-ACCELERATION-NOTICE PRIORITY OF PAYMENTS

Under the terms of the Trust Deed, each of the Secured Creditors agrees that all monies received or recovered by the Trustee or any other Secured Creditor (whether in the administration, liquidation of the CBC or otherwise) following the occurrence of a CBC Event of Default and service of a CBC Acceleration Notice (other than amounts standing to the credit of the Participation Ledger or the Swap Collateral Ledger, or required to be deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts, which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Participation Ledger and the Swap Collateral Ledger), will be applied following the enforcement of the Security in the following order of priority (the "**Post-CBC-Acceleration-Notice Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) first, in or towards satisfaction of all amounts due and payable or to become due and payable to the Trustee under the provisions of the Trust Deed (other than under the Parallel Debt) together with interest and, plus any applicable VAT (or similar taxes) thereon;
- (b) second, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any remuneration then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement plus any applicable VAT (or similar taxes) thereon as provided therein;
- (c) third, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of:
 - (i) any remuneration then due and payable to the Servicers and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicers under the provisions of the Servicing Agreements;
 - (ii) any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement;
 - (iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the AIC Account Agreement, plus any applicable VAT (or similar taxes) thereon as provided therein; and
 - (iv) amounts (including costs and expenses) due to the Managing Director pursuant to the terms of the Management Agreement (CBC), plus any applicable VAT (or similar taxes) thereon as provided therein;
- (d) fourth, in or towards satisfaction of any amounts due and payable to the Total Return Swap Provider (including any termination payment due and payable by the CBC under the Total Return Swap Agreement but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Total Return Swap Agreement to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger;

- (e) fifth, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts due and payable to the Interest Rate Swap Providers under the relevant Swap Agreements (including any termination payment due and payable by the CBC under the relevant Swap Agreement but excluding any Excluded Swap Termination Amounts);
- (f) sixth, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts due and payable to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger:
 - (i) to the Structured Swap Providers under the Structured Swap Agreements (including any termination payment due and payable by the CBC under the relevant Swap Agreement but excluding any Excluded Swap Termination Amounts); and
 - (ii) to the Trustee or (if so directed by the Trustee) the Principal Paying Agent for payment to of the Covered Bondholders *pro rata* and *pari passu* in respect of interest and principal due and payable on each Series in accordance with the Guarantee;
- (g) seventh, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the CBC to the relevant Swap Provider under the relevant Swap Agreement to the extent not paid from the Swap Replacement Ledger or the Swap Collateral Ledger; and
- (h) eighth, thereafter any remaining monies will be paid to the Issuer or, if the Issuer is subject to an Insolvency Proceeding and any Originator is not subject to an Insolvency Proceeding, to any such Originator, provided that the CBC may assume that the Issuer and any Originator are not subject to an Insolvency Proceeding unless it has received at least five Business Days' prior written notice to the contrary from any Originator (and the CBC need not concern itself as to how such proceeds are allocated between the Originators).

7.4 CBC ACCOUNTS

AIC Account

Pursuant to the terms of an AIC account agreement entered into on the Programme Date between the CBC, ABN AMRO Bank N.V. as account bank (in such capacity, the "**Account Bank**"), and the Trustee (the "**AIC Account Agreement**"), the CBC will maintain, with the Account Bank, the AIC Account:

- (a) into which are paid all amounts received by the CBC in respect of Transferred Assets; and
- (b) 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.

If the short term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank is not rated at least A-1+ by S&P or P-1 by Moody's (the "**Account Bank Ratings**") then within 30 Business Days of such occurrence either:

- (i) the AIC Account will be closed and new accounts opened under the terms of a new AIC Account Agreement substantially on the same terms as the AIC Account Agreement opened with a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P and P-1 by Moody's; or
- (ii) the Account Bank will obtain a guarantee of its obligations under the AIC Account Agreement on terms acceptable to the Trustee, acting reasonably, from a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P and P-1 by Moody's,

(in each case, provided that the Rating Agencies then rating the Covered Bonds confirm that the then current ratings of the Covered Bonds would not be adversely affected thereby) unless each Rating Agency confirms that its then current rating of the Covered Bonds will not be adversely affected as a result of the Account Bank Ratings falling below A-1+/P-1 (or the reason for this having occurred) within 15 days of such downgrade. If the Rating Agency confirmations are given as above, reference to the "**Account Bank Ratings**" shall be deemed to be instead the relevant rating of the Account Bank at the time of such confirmations, but the original rating shall be reinstated if the relevant rating of the Account Bank is subsequently upgraded to the original level.

Pursuant to the AIC Account Agreement, the Account Bank has agreed to pay interest on the moneys standing to the credit of the AIC Account at specified rates determined in accordance with the AIC Account Agreement.

Foreign Currency Accounts

If a Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served, and the Issuer has any Covered Bonds denominated in a currency other than euro outstanding or issues such Covered Bonds at any time thereafter, the Administrator shall, on behalf of the CBC, establish and maintain an account in that currency and, unless otherwise specified in the

Transaction Documents, all amounts received by the CBC in that currency shall be promptly deposited into such account.

Capital Account

The CBC also opened an account with the Account Bank into which its paid-up share capital (*gestort aandelenkapitaal*) has been deposited (the "**Capital Account**"). The minimum taxable profit will be deposited in such Capital Account. No security rights are granted over the amounts standing to the credit of such Capital Account.

For the purposes hereof:

"**AIC Account**" means the bank account of the CBC held pursuant to the AIC Account Agreement or such additional or replacement account as may be for the time being in place with the prior consent of the Trustee.

"**AIC Margin**" means a separate margin per annum as agreed in the AIC Account Agreement.

"**AIC Rate**" means the rate of interest accruing on the balance standing to the credit of the AIC Account equal to the rate of EURIBOR for one-month euro deposits less the AIC Margin.

"**CBC Accounts**" means the AIC Account, any foreign currency account and any additional or replacement accounts opened in the name of the CBC, excluding the Capital Account.

"**Priority of Payments**" means the Pre-Notice-to-Pay Priority of Payments, the Post-Notice-to-Pay Priority of Payments or the Post CBC-Acceleration-Notice Priority of Payments, as the case may be.

8. GENERAL

Authorisation

The Programme and the issue of Covered Bonds under the Programme have been duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 22 February 2007. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of Covered Bonds and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Covered Bonds.

The giving of the Guarantee has been duly authorised by a resolution of the Board of Managing Directors of the CBC dated 21 February 2007.

Listing of Covered Bonds

Application has been made for Covered Bonds issued under the Programme to be admitted to the Official List of the Stock Exchange, through the Listing Agent. For so long as Covered Bonds are listed on the Stock Exchange there will be a paying agent in Ireland. The Bank of New York has been appointed as the principal paying agent.

Documents Available

During the life of this Base Prospectus, copies of the following documents will, when published, be available in electronic form, free of charge, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer and from the specified office of the Listing Agent and the Principal Paying Agent:

- (i) an English translation of the most recent articles of association (*statuten*) of the Issuer, the Trustee and the CBC;
- (ii) the audited financial statements of the Issuer for the financial years ended 2003, 2004 and 2005 and the most recently available published interim financial statements (semi-annual figures) of the Issuer (in English), in each case together with the audit reports prepared in connection therewith;
- (iii) the form of the Programme Agreement (or in the form as executed in connection with the appointment of any Dealer, if different);
- (iv) the Trust Deed (which contains the forms of the Temporary Global Covered Bonds and Permanent Global Covered Bonds, the Definitive Covered Bonds, the Receipts, the Coupons, the Talons and the Registered Covered Bonds Deed);
- (v) an electronic copy of this Base Prospectus;
- (vi) any future base prospectuses, information memoranda and supplements including Final Terms (including a Final Terms relating to an unlisted Covered Bond) to this Base Prospectus; and
- (vii) each of the following transaction documents and any agreements entered into in connection therewith from time to time (the "**Transaction Documents**"), namely:

- Administration Agreement
- Agency Agreement
- AIC Account Agreement
- Asset Monitor Agreement
- Asset Monitor Appointment Agreement
- each Beneficiary Waiver Agreement
- each Deed of Assignment and Pledge (as defined in the Incorporated Terms Memorandum)
- each Deed of Re-Assignment and Release (as defined in the Incorporated Terms Memorandum)
- Guarantee Support Agreement
- Incorporated Terms Memorandum
- Initial Servicing Agreement
- each Interest Rate Swap Agreement (as applicable in relation to the Covered Bonds of any Series)
- each Management Agreement (as defined in the Incorporated Terms Memorandum)
- each Master Sub-Participation Agreement
- Programme Agreement
- each Security Document
- each Structured Swap Agreement (as applicable in relation to the Covered Bonds of any Series)
- each Subscription Agreement (as applicable in the case of an issue of Covered Bonds subscribed pursuant to a subscription agreement)
- Swap Undertaking Letter
- Total Return Swap Agreement
- Trust Deed
- Issuer-ICSD Agreement.

The Issuer and the CBC will, in connection with the listing of the Covered Bonds on the Irish Stock Exchange or such other or further stock exchange(s) or markets as may be agreed, so long as any Covered Bonds remain outstanding and listed on such exchange, in the event of any material change in the condition of the Issuer or the CBC which is not reflected in this Base Prospectus, prepare a supplement to this Base Prospectus.

If the terms of the Programme are modified or amended in a manner which would make this Base Prospectus, as so modified or amended, inaccurate or misleading, a new base prospectus will be prepared.

Clearing Systems

The Bearer Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg, Euroclear Netherlands and/or any other agreed clearance system. The appropriate Common Code, ISIN Code and Fondscodex for each Tranche of Bearer Covered Bonds allocated by Euroclear, Clearstream Luxembourg and for Bearer Covered Bonds deposited with Euroclear Netherlands by Euronext Amsterdam or Clearnet S.A. Amsterdam Branch Stock Clearing or any other relevant security code will be specified in the applicable

Final Terms. If the Bearer Covered Bonds are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms. Any Transaction will normally be effected not earlier than three days after the date of the transaction.

Material Change

Save as disclosed in this Base Prospectus or any document attached hereto, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2006 or in case of the CBC, since the date of its incorporation.

Litigation

Neither the Issuer nor the CBC is not and has not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the CBC is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the Issuer or the CBC, respectively.

No Action Since Incorporation

Save as disclosed in this Base Prospectus, since 31 January 2007 (being the date of incorporation of the CBC), the CBC has not:

- (i) commenced operations;
- (ii) made up annual financial accounts as at the date of this Base Prospectus; or
- (iii) entered into any contracts or arrangements not being in its ordinary course of business.

Auditors

The auditors of the Issuer are KPMG Accountants N.V. (registered accountants). KPMG has audited the Issuer's accounts, in accordance with generally accepted auditing standards in The Netherlands and issued unqualified auditors' reports for each of the three financial years ended 31 December 2003, 2004 and 2005. The auditors of the Issuer are independent and are a member of the Royal Dutch Institute for Registered Accountants (*Koninklijk Nederlands Instituut voor Register Accountants*).

The CBC has not prepared financial statements since its incorporation. The auditors of the CBC are KPMG Accountants N.V., who will audit CBC's accounts for its first financial year, ending on 31 December 2007, in accordance with generally accepted auditing standards in The Netherlands.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Covered Bonds.

Reports

For so long as Covered Bonds are admitted to listing on the Official List of the Stock Exchange, the most recently published relevant reports of the Issuer will be available at the specified offices of the Paying Agents and at the Issuer's registered office free of charge.

US Taxes

The Covered Bonds will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code.'

The sections referred to in such legend provide that a United States person who holds a Covered Bond will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Covered Bond and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Non-Petition

For so long as any Covered Bonds are outstanding, each Originator has agreed that it will not terminate or purport to terminate the CBC or institute any winding-up, administration, Insolvency Proceeding or other similar proceedings against the CBC. Furthermore, the Originators have agreed among other things not to demand or receive payment of any amounts payable by the CBC (or the Administrator on its behalf) or the Trustee unless all amounts then due and payable by the CBC to all other creditors ranking higher in the relevant Priority of Payments have been paid in full.

Limited Recourse

Each Transaction Party (as defined in the Incorporated Terms Memorandum) has agreed with the CBC that notwithstanding any other provision of any Transaction Document, all obligations of the CBC to such Transaction Party are limited in recourse as set out in the limited recourse provisions of the Incorporated Terms Memorandum.

Taxes

Each Originator will be responsible for the payment of its own tax liabilities and will be required to indemnify the CBC and the other Originators from any liabilities which they incur as a result of the relevant Originator's non-payment.

Governing Law

All Transaction Documents other than the Swap Agreements will be governed by Dutch law. The Swap Agreements will be governed by English law.

ANNEX 1

CONSOLIDATED FINANCIAL STATEMENTS 2005 ACHMEA HYPOTHEEKBANK N.V.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

<i>in thousands of euros</i>		2005	2004
	<i>Note</i>		
Interest income and change in fair value of interest-sensitive financial instruments	6	682,221	668,446
Interest expenses	6	<u>598,534</u>	<u>595,083</u>
Interest margin and changes to fair value of interest sensitive financial instruments	6	<u>83,687</u>	<u>73,363</u>
Fees and commissions	7	-4,195	-5,798
Fee and commission income		<u>-4,195</u>	<u>-5,798</u>
Impairment on financial instruments and other assets	14	1,583	1,964
Operating expenses	8	<u>37,552</u>	<u>36,988</u>
Operating result before tax		<u>40,357</u>	<u>28,613</u>
Taxes on operating result	10	<u>13,173</u>	<u>11,569</u>
Net profit		<u>27,184</u>	<u>17,044</u>

The fiscal year 2005 relates to Achmea Hypotheekbank's financial performance as prepared under full adoption of IFRS. The comparative figures are prepared in accordance with this, with the exception of application of IAS 32 and IAS 39, Financial Instruments.

CONSOLIDATED BALANCE SHEET

(before appropriation of profit)

As at 31 December 2005

in thousands of euros

	<i>Note</i>	31-Dec-05	31-Dec-04
Assets			
Cash	11	19,373	11,573
Banks	12	609,887	263,641
Derivative financial instruments	13	340,888	0
Private sector loans and advances	14	12,705,351	12,421,687
Interest-bearing securities	15	81,079	78,336
Equipment	16	751	1,193
Net deferred tax assets	23	7,046	3,132
Receivables and other assets	17	40,809	317,997
Total assets		13,805,184	13,097,559
Liabilities			
Banks	18	1,062,884	1,032,255
Derivative financial instruments	13	608,247	0
Funds entrusted	19	3,289,967	3,175,044
Debt securities	20	8,178,158	7,958,644
Other tax liabilities	24/29	44,060	32,276
Accruals and other liabilities	22	163,171	457,418
Subordinated liabilities	21	194,990	195,036
Shareholders' equity	26	263,707	246,886
Total liabilities		13,805,184	13,097,559

The fiscal year 2005 relates to Achmea Hypotheekbank's financial performance as prepared under full adoption of IFRS. The comparative figures are prepared in accordance with this, with the exception of application of IAS 32 and IAS 39, Financial Instruments.

Consolidated statement of changes in total shareholders' equity

	Share capital	Share premium	Revaluation reserve	Retained earnings	Other reserves	Total Equity
<i>in thousands of euros</i>						
As at 1 January 2004	18,152	164,206	0	23,204	35,198	240,760
First-time adoption of 01-01-2004 excluding IAS 32/39					24,082	24,082
Retained earnings				17,044		17,044
Distribution of profit 2003				-23,204	23,204	0
Dividends to shareholders					-35,000	-35,000
As at 31 December 2004	18,152	164,206	0	17,044	47,484	246,886
As at 1 January 2005	18,152	164,206	0	17,044	47,484	246,886
First-time adoption 01-01-2005 IAS 32/39			1,950		-11,236	-9,286
Retained earnings				27,184		27,184
Distribution of profit 2004				-17,044	17,044	0
Net unrealised results on available for sale financial			-1,077			-1,077
Dividends to shareholders						0
As at 31 December 2005	18,152	164,206	873	27,184	53,292	263,707

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

in thousands of euros

	2005	2004
Net profit	27,184	17,044
<i>Adjustments for:</i>		
Depreciation	662	1,380
Impairment on financial instruments and other assets	1,583	1,964
Derivative financial instruments	267,359	0
Reclassification to shareholders' equity	0	-29,534
Changes in general reserve	-11,237	31,044
Changes in revaluation reserve	873	0
Cash flow from operating activities (1)	286,424	21,898
Trade portfolio interest-bearing securities	-2,743	-1,193
Banks (assets), not immediately payable	-41,246	-41,999
Banks (assets), other	-305,000	240,000
Credits (excluding impairment on financial instruments and other assets)	-153,358	-500,321
Banks (liabilities), not immediately payable	30,629	-84,125
Funds entrusted	114,923	-65,248
Receivables and other assets	277,187	34,856
Net deferred tax assets	-3,914	-376
Other tax liabilities	11,784	10,435
Accruals and other liabilities	-294,247	-4,305
Net cash flow from operational activities (2)	-365,985	-412,276
Investments in property and equipment	-220	-362
Purchase of credit portfolio	-131,887	0
Net cash flow from investment activities (3)	-132,107	-362
Debt securities	219,514	256,555
Subordinated liabilities	-46	0
Paid dividend	0	-35,000
Net cash flow from financing activities (4)	219,468	221,555
Net cash flow (1) + (2) + (3) + (4)	7,800	-169,185
Cash at 1 January	11,573	180,758
Cash at 31 December	19,373	11,573
Movement in cash	7,800	-169,185

The cash flow statement is prepared in accordance with the indirect method, in which a distinction is made between cash flows from operating, investment and financing activities. Cash flows in foreign currencies are converted at the current exchange rate. For cash flows from operating activities, the net profit has been corrected for earnings and expenses that have not resulted in receipts and payments in the same fiscal year and for changes in provisions, and accrued and deferred items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Achmea Hypotheekbank N.V. is domiciled in the Netherlands. The address of its registered office is The Hague. The consolidated financial statements of Achmea Hypotheekbank N.V. for 2005 comprise the financial statements of all group companies that Achmea Hypotheekbank has a controlling interest in.

Achmea Hypotheekbank is a mortgage credit provider. It offers its services in the Netherlands. Achmea Hypotheekbank is a wholly owned subsidiary of Achmea Bank Holding N.V. The top entity of Achmea Hypotheekbank is Eureko B.V.

The financial statements were authorised by the Executive Board on 25 April 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are uniformly applied in all periods covered in these consolidated financial statements. These accounting policies are also used in the preparation of the IFRS opening balance sheet as at 1 January 2004 for the transition to IFRS, as prescribed by IFRS 1. The impact of the adoption of IFRS is clarified in the reconciliation of the net profit and the shareholders' equity, which are part of this annual report. The principles of accounting policies are uniformly applied by all group entities.

The reporting currency in the financial statements of Achmea Hypotheekbank N.V. is the euro (EUR). All statements are in thousands of euros unless stated otherwise.

The assets and liabilities on the balance sheet are structured according to a method in which the liquidity of the individual balance sheet items is decisive.

2.1 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

On 1 January 2005 Achmea Hypotheekbank N.V. adopted the International Financial Reporting Standards (IFRS) as approved by the European Union (EU). The annual report 2005, including the comparative figures for 2004, has therefore been prepared in accordance with IFRS, including the International Accounting Standards (IAS) and interpretations as at 31 December 2005 that were approved by the European Commission.

Achmea Hypotheekbank's annual report 2005, including the comparative figures, is the first report that has been prepared in accordance with IFRS. Achmea Hypotheekbank has reconciled the consolidated financial statements for 2004 with IFRS, for the purposes of comparison. However, consistent with the exemption offered in IFRS 1 first time adoption of IFRS on 1 January 2005 Achmea Hypotheekbank applied IAS 32 (Financial instruments: disclosure and presentation) and IAS 39 (Financial instruments: recognition and measurement) without adjusting the comparative figures. The annual report 2004 of Achmea Hypotheekbank was prepared in accordance with the principles of Dutch GAAP. The annual report 2004 of Achmea Hypotheekbank contains an overview of the principles of financial reporting based on these. For an explanation of the principles 2004 we refer to the financial statements 2004 of Achmea Hypotheekbank.

2.2 CONSOLIDATION PRINCIPLES

Companies in which Achmea Hypotheekbank has a controlling interest are fully consolidated. Controlling interest means that the Company has the direct or indirect power to govern a company's financial and operational policies in order to obtain benefits from that Company's activities. In assessing control potential voting rights that presently are exercisable or convertible are taken into account.

The consolidated financial statements of Achmea Hypotheekbank N.V. contain the financial statements of the companies DMPL I, DMPL II, DMPL III, DPML IV and DMPL V, all of which have their registered office in Amsterdam.

These companies are termed 'special purpose vehicles', established by Achmea Hypotheekbank to securitise mortgage loans. Achmea Hypotheekbank manages and administers the portfolios of DMPL I, II, III, IV and V, bearing most of the economic risks of these portfolios. All shares of the DMPLs are held by Stichting DMPL I Holding, Stichting DMPL II Holding, Stichting DMPL III Holding, Stichting DMPL IV Holding and Stichting DMPL V Holding respectively, all of which have their registered office in Amsterdam.

The mortgage loans that are temporarily transferred to Achmea Pensioen- en Levensverzekeringen N.V. are included in full in the consolidation. The main reason is that Achmea Hypotheekbank has only temporarily transferred the credit risk. The interest risk and the operational risk continue to be fully borne by Achmea Hypotheekbank.

Elimination of intra-group transactions and balances

Intra-group balances and any unrealised profits and losses on transactions in the group, or earnings and expenses from such transactions, are eliminated in preparing of the consolidated financial statements.

Related parties

Insofar as the activities and transactions relate to group companies, these are specifically disclosed in the notes.

2.3 SEGMENT REPORTING

Segment information is provided on Achmea Hypotheekbank's business segments, based on Achmea Hypotheekbank's management and internal reporting structure. In the segmentation, a distinction is made between the sales channels ('direct writers' and 'intermediaries').

The results, assets and liabilities of a segment concern the items directly attributable to a segment. The unallocated items mainly comprise corporate assets and expenses.

2.4 RECOGNITION AND DERECOGNITION ON THE BALANCE SHEET

An asset is recognised on the financial statements if it is probable that future economic benefits of the asset will accrue to Achmea Hypotheekbank and the value of the asset can be reliably determined. Liabilities are recognised in the financial statements if it is probable that these liabilities will result in an outflow of resources that can be reliably measured.

A financial asset is derecognised on the balance sheet if Achmea Hypotheekbank no longer holds the contractual rights for which the asset exists. A financial liability is derecognised on the balance sheet when it is terminated.

Financial assets that are sold are no longer recognised and receivables from the buyer arising from sale are recognised from the moment Achmea Hypotheekbank commits to sell the assets.

2.5 USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with IFRS requires management judgements. Management makes estimates and assumptions that have an impact on the application of the policies and the reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical data and various other factors that are considered to be reasonable under the circumstances. The results of this process constitute the basis for the opinion on the carrying amount of assets and liabilities insofar as the carrying amount cannot be derived from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are continually evaluated. The impacts of the revision of estimates are disclosed in the period in which the revision occurs. If the revision also has an impact on future fiscal years, the impact is also disclosed in future fiscal years.

Assumptions of the management in the adoption of IFRS with a significant impact on the financial statements of the current and future fiscal year are disclosed.

2.6 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and reported at the net amount in the balance sheet when Achmea Hypotheekbank:

- Has a legally enforceable right to set off the asset and the liability, and
- Has the firm intention of settling the net balance or to realize the asset and settle the liability simultaneously.

2.7 FOREIGN CURRENCY

Assets and liabilities in foreign currencies are converted into euros at the exchange rate on the balance sheet date. The resulting exchange rate is included in the income statement. The exception to this general rule is equity instruments classified as 'available for sale'. The unrealised results are transferred to the shareholders' equity. Income and expenses resulting from transactions in a foreign currency are converted at the exchange rate on the transaction date.

2.8 FINANCIAL ASSETS

Achmea Hypotheekbank has classified its investments in the following categories: 'loans and receivables', 'financial assets at fair value through profit and loss' and 'financial assets available for sale'.

(a) **Loans and receivables**

Loans and receivables are financial instruments that are not derivative financial instruments with fixed or determinable payments and that are not quoted in an active market. These financial instruments are generated when Achmea Hypotheekbank provides money or services directly to a debtor without the intention of trading this financial instrument. 'Private sector loans and advances' as covered by this item at Achmea Hypotheekbank comprise only loans granted for the acquisition of mortgage guarantee. These credits are measured at amortised cost based on the effective interest rate method.

(b) **Financial fixed assets at fair value through profit and loss account**

This category has two sub-categories: 'financial assets held for trading' and financial assets at initial designation allocated by management as 'valued at fair value through profit and loss'. A financial asset is classified in the first category if it is primarily acquired with the intention of selling it in the short term, and in the second category when the financial asset is at initial designation allocated as such by management. Derivative financial instruments are classified as held for trading unless they are designated as hedges. Derivative financial instruments with a negative value are classified as financial liabilities and are presented on the balance sheet separately.

(c) **'Available for sale'**

Financial instruments classified as 'Available for sale' are investments acquired for an indefinite period of time that are sold due to liquidity needs, or changes in interest rates, exchange rates or share prices.

Purchases and sales of financial assets at fair value through profit and loss (b) and financial assets classified as 'available for sale' (c) are recognised on the transaction date, i.e. the date on which Achmea Hypotheekbank commits to purchase or sell the asset. Credits are recognised when liquid assets are provided to the creditors.

After first recognition financial assets classified as 'available for sale' (c) and financial assets classified as 'at fair value' through profit and loss (b) are carried at fair value. Gains and losses of the financial assets classified as 'at fair value' through profit and loss are recognised in the income statement in the period in which they arise. Gains and losses of the assets 'available for sale' are directly recognised in equity, until the financial asset is derecognised or this asset has been the subject of an impairment. At that time, the cumulative gain or loss is transferred from the shareholders' equity to the income statement. The interest calculated with the effective interest rate method is directly recognised in the income statement. Dividend on equity instruments is recognised in the income statement when the Achmea Hypotheekbank has acquired the right to receive payment.

The fair value of the instruments listed on an active market is based on the current bid prices. If the market for a financial asset is not active (or the securities are not listed), Achmea Hypotheekbank establishes the fair value using a valuation technique which is commonly used by the industry. These include recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the

same; cash valuation methods; option valuation methods; and other valuation techniques commonly used by market participants.

Financial assets are no longer recognised on the balance sheet when the right of receipt of the cash flows from the financial assets is extinct or when Achmea Hypotheekbank has transferred the risks and benefits as the rights holder.

2.9 IMPAIRMENT OF FINANCIAL ASSETS

General

Achmea Hypotheekbank distinguishes between specific provisions and 'incurred but not reported' (IBNR) provisions.

Under IFRS, the processing of an impairment is necessary if it is improbable that Achmea Hypotheekbank will be able to collect the principle sum and the interest in accordance with the loan agreement. The impairment is established item for item for loans that are individually significant. This is indicated as the specific provision.

Specific provision

Achmea Hypotheekbank conducts regular assessments to establish whether there are any objective signs of impairment of a financial asset or a group of financial assets. Achmea Hypotheekbank first assesses whether there are any objective signs of impairment. A financial asset is considered to be subject to impairment and processed as such only when there are objective arguments for impairment.

This is the case when:

- A loss event has occurred after the first recognition of the asset;
- This loss event has consequences for the estimated future cash flows of the financial asset;
- These cash flows can be reliably estimated.

If there is objective evidence that financial assets measured at amortised cost have been the subject of impairment, the loss is measured as the difference between the carrying amount of the financial assets and the present value of the estimated future cash flows (excluding future credit losses that are not made), discounted at the original effective interest rate of the financial asset. If the asset has a variable interest rate, the discount rate used to measure an impairment is the effective interest rate laid down in the contract. The impairment is recognized on the income statement.

'Incurred but not reported' provision

Losses due to events that occur before the balance sheet date must also be taken into account under IFRS, although Achmea Hypotheekbank is not yet able to allocate these events to all individual items (unemployment, bankruptcy). These situations are events that result in a loss and that occurred before the balance sheet date, but have yet to be reported. This is indicated by an IBNR provision.

The generic impairment is measured by virtue of IBNR based on the average inflow in the Special Management portfolio set off against historic figures. Historic loss data are adjusted on the basis of current observable data in order to take account of the impact of current conditions that did not apply in the period on which the historical loss data are based, and to eliminate the impact of the conditions in the historic period that do not currently exist.

Administrative processing of uncollectable credits

If a credit proves to be wholly or partly uncollectible, it is written off from the corresponding provision for impairment. Amounts that are subsequently collected are added to the income statement. If the amount of the impairment subsequently decreases the release of the provision is credited to the income statement after write-down.

2.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are financial instruments whose value depends on one or more underlying assets, reference prices or indices. Derivative financial instruments are agreements to exchange future cash flows, in which the time and size may depend on the development of market prices of certain underlying assets, reference prices or indices. Examples of derivative financial instruments are currency term contracts, options, interest rate swaps, futures and forward rate agreements. Achmea Hypotheekbank concludes transactions in derivative financial instruments to cover its own interest rate and currency risks.

The first recognition of derivative financial instruments occurs on the date Achmea Hypotheekbank becomes party to the derivative financial instruments contract. The derivative financial instruments are measured at the initial acquisition expense. After first recognition, they are revalued at fair value. The fair values are derived from market prices listed on active markets, including recent market transactions, or determined using valuation methods, including cash value models. Derivative financial instruments are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

In the first recognition of derivative financial instruments, the transaction price (i.e. the fair value of the given or received payment) is the best indicator of the fair value, unless the fair value of that instrument is underpinned by other data of observable current market transactions in the same instrument or based on a valuation method exclusively using observable markets.

Achmea Hypotheekbank has designated the majority of its derivative financial instruments as hedges of the fair value of (parts of) the mortgage portfolio as far as concerning the interest rate risk herein. At the initiation of the transaction, Achmea Hypotheekbank documents the relationship between the hedging instruments and hedged items or positions, as well as the risk management objective and strategy for undertaking various hedge transactions. At the same time, at initiation and for the duration of the hedging relationship, Achmea Hypotheekbank formally documents whether the derivative financial instruments used in the hedge transactions are effective in offsetting changes in the fair value of hedged items. A hedge accounting relationship is effective when prospectively the effectiveness is between 95% and 105%; and retrospectively between 80% and 125%. Effectiveness is measured by dividing the change in fair value of the hedging instruments (parts used in the hedge relationship) with the change in fair value of the hedged item (based on the risk being hedged).

- (A) Achmea Hypotheekbank regularly calculates the fair value of the hedged part of the portfolio of mortgage loans that is attributable to the hedged risk, based on the expected interest re-pricing date. Under the condition that Achmea Hypotheekbank determines that the hedge has been effective with the method it uses to determine the effectiveness, Achmea Hypotheekbank recognizes the change in fair value of the hedged part of the mortgage loan portfolio as a gain or loss in profit and loss account and in the balance sheet line 'portfolio fair value hedge asset adjustment'.
- (B) Achmea Hypotheekbank measures change in the fair value of the derivative financial instruments and recognises them as a gain or loss in profit and loss account. The fair value of the derivative financial instruments is recognised on the balance sheet as a financial asset or a financial liability. If there is ineffectiveness, this is expressed in the income statement as the difference between the change in the fair value of the hedge position and the change in the fair value of the hedging instrument.

In brief, the impact stated in (A) and (B) is indicated by the term 'fair value hedge accounting'. The changes in the fair value of the derivative financial instruments (hedging instruments) are compensated by the changes in the fair value with respect to the interest risk of the parts of the mortgage portfolio allocated to the derivative financial instruments.

According to this hedge policy, Achmea Hypotheekbank terminates the hedging relationships at the end of every month and then defines the new hedging relationships for hedge accounting purposes for the following month. For the terminated hedging relationships, Achmea Hypotheekbank starts with the amortisation to the income statement of the applicable part of 'Private sector loans and advances'. This asset is amortised in accordance with the straight-line method over the remaining term of the financial instruments which were subject to the hedge accounting relationship.

2.11 CASH AND BALANCES WITH BANKS

Cash comprise bank and cash balances, and call deposits. Current account credits that are immediately payable and that constitute an integral part of the cash management of Achmea Hypotheekbank are part of cash in the statement of cash flows.

2.12 EQUIPMENT

Equipment is valued at cost price, less accumulated amortisation and impairment. Other expenses connected to equipment are capitalised only if they lead to future benefits. All other expenses are recognised as an expense in the income statement when they are made.

The depreciation method and useful life of equipment is regularly assessed and changed when the circumstances or expectations substantially change. Depreciations are established according to the straight-line method and transferred to the income statement for the duration of the estimated useful life of the equipment. The estimated useful life is:

- 3–6 years for property excluding equipment;
- 5–10 years for equipment.

2.13 INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised under 'Banks', 'Funds entrusted' and 'Debt securities', and are initially measured at fair value less attributable transaction costs. After first recognition, interest-bearing borrowings are measured at amortised expense, by which the difference between the expense and the redemption value is recognised in the income statement in accordance with the effective interest rate method for the term of the borrowing.

2.14 STAFF REMUNERATIONS

All employees at Achmea Hypotheekbank are formally employed by Achmea Personeel B.V., an operating company of Achmea Holding N.V. The personnel expenses related to the company's activities and other operating expenses are charged on by the operating companies of Achmea Holding N.V.

As a consequence, the pension liabilities, as part of the personnel expenses, are also placed with Achmea Personeel B.V. (based on the indexed average wage). Achmea Personeel B.V. has insured this liability with Achmea Pensioen- en Levensverzekeringen N.V. Allocation of related pension expenses to parts of the Achmea Group is based on the pensionable salary of the active employees. The pension liabilities are calculated by Achmea Personeel B.V. on the basis of the projected unit credit method. In accordance with this method the allocated pension rights per year of service are considered and measured as separate elements (years) of the ultimate liability by virtue of the pension pledges. The allocation to the individual fiscal years is based on the pension rights allocated or to be allocated per year of service.

The provision is determined on the basis of the number of active years of service until the balance sheet date, the estimated salary level at the moment of the expected retirement date and the market interest on the high-quality bonds issued by the companies. These liabilities are less any plan assets related to the scheme.

An average of 215 FTEs (2004: 205 FTEs) were active at Achmea Hypotheekbank during 2005. The number of FTEs includes employees on temporary contracts.

2.15 TAXES

The tax on profit or loss comprises current and deferred tax. Income tax is recognised in the income statement, although tax on direct equity adjustments is recognised in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are

reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most important provisional differences under IFRS at Achmea Hypotheekbank are due to the deviating commercial valuation (fair value and/or amortised expenses on 'Derivative financial instruments', 'Private sector loans and advances', 'Interest-bearing borrowings', 'Debt securities' and 'Funds entrusted') versus tax valuation.

2.16 INTEREST INCOME AND EXPENSES

Interest income and interest expenses are recognised in the income statement for all instruments measured at amortised cost, using the effective interest rate method.

Achmea Hypotheekbank uses the effective interest rate method in order to calculate the amortised cost of a financial instrument. The effective interest rate is exactly that discount rate which equals the original acquisition expense with all the expected related cash flows of that financial instrument over the expected maturity. As part of the calculation Achmea Hypotheekbank estimates cash flows. Considering all contractual terms of the financial instrument (e.g. repayment options), but not future credit losses. In calculating the amortised expense, due consideration is given to all paid or received fees and points between contract parties that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

The amortisation of the fair value hedge adjustment related to the discontinued fair value hedge accounting relationships is also presented as part of the interest income and expense.

2.17 FEE AND COMMISSION INCOME

Fees and commissions, which are not directly related to financial instruments are generally recognised in the periods in which the services have been provided.

3. FINANCIAL RISK MANAGEMENT

Achmea Hypotheekbank manages credit, interest, liquidity and foreign currency risks as part of its normal operation of business. Derivative financial instruments are primarily used to hedge exposure to fluctuations in interest rates.

3.1 STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS

The nature of Achmea Hypotheekbank's activities is such that financial instruments, including derivative financial instruments, are commonly used. Achmea Hypotheekbank's primary objective is to realise an interest margin through its mortgage lending activities. Given that Achmea Hypotheekbank rarely, if ever, acts on its own account on the financial markets, Achmea Hypotheekbank's market risk is mainly constituted of interest risk from banking activities. The foreign currency risks is minor due to the hedging of positions. The Treasury department is responsible for the daily management of interest, liquidity and currency risks. The positions held are fixed to limits and are monitored by the Risk Management department. The interest and liquidity risks are assessed regularly in the Asset and Liability Committee (ALCO) of Achmea Hypotheekbank.

Fair Value Hedge

Achmea Hypotheekbank hedges the interest rate risk from the mortgage lending activities with interest derivative financial instruments. The net fair value of these derivative financial instruments was EUR 272 million credit as at 31 December 2005. Derivative financial instruments are not included in the balance sheet in the comparative figures, based on the exemption in IFRS 1 with respect to IAS 32 and IAS 39.

3.2 CREDIT RISK

Mortgage loans

With respect to banking operations the credit risk of Achmea Hypotheekbank is concentrated in its mortgage lending activities and is managed by applying strict credit assessment criteria set by the Executive Board. Any non-standard conditions imposed on borrowers also require the approval of the credit department within the Achmea Hypotheekbank. Procedures have also been laid down for monitoring interest and repayment arrears. If a borrower fails to make repayment for longer than three months, the file will be handed over to the Non-Performing Loans department, which will continue the debt collection procedures. Impairment provisions are provided for losses that have been incurred at the balance sheet date.

Derivative financial instruments

Achmea Hypotheekbank makes use of stringent limits for net unhedged derivative financial instruments positions, in terms of both size and term. The credit risk is limited at all times to the current fair value of the financial instruments that are a financial asset of Achmea Hypotheekbank, which in connection to derivative financial instruments means that only a small part of the notional amount is used to express the size of the outstanding financial instruments. The credit risk exposure is managed by counter party limits approved by the Executive Board.

For more details on the credit management policy with respect to credit risk of Achmea Hypotheekbank, see the relevant section in the report of the Executive Board.

3.3 CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The cash flow interest rate risk is the risk that the future cash flows of the financial instrument will fluctuate as a consequence of changes in the market interest rates. The fair value interest rate risk is the risk that a financial instrument will fluctuate as a consequence of changes in the market interest rates. Fluctuations in the market interest rates produce both fair value and cash flow risks for Achmea Hypotheekbank. Such fluctuations can result in a mismatch. Unexpected fluctuations may however lower or create losses. The Executive Board establishes fixed-rate mismatch limits, based on the risk limits established under the responsibility of the Executive Board of Eureko. This mismatch is monitored daily. Interest derivative financial instruments are used to improve the matching of financial assets and financial liabilities.

The interest risks of Achmea Hypotheekbank are summarised on the next page. This table is derived from management information as employed by the Executive Board for the management of the interest position. The next table summarises repricing mismatches on the non-trading book at the reporting date. The carrying amount of interest-rate sensitive assets and financial liabilities and the notional amounts of swaps and other derivative financial instruments

are presented in the periods in which they next reprice to market rates or mature, and are summed to show the interest rate sensitivity gap. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the expected maturity date. The repricing date of certain assets and liabilities has been corrected for anticipated early prepayments of the contractual obligations.

Interest-rate sensitivity gap

As at 31 December 2005	Average effective interest percentage	Floating rate instruments	Fixed < 1 year	Fixed between 1 and 2 years	Fixed between 2 and 3 years	Fixed between 3 and 4 years	Fixed between 4 and 5 years	Fixed > 5 years	Total
Cashflows (in thousands of euros)									
Assets									
	%								
Banks and loans and advances to customers	4.86%	3,217,909	1,974,580	1,521,871	1,579,748	1,510,184	1,054,457	4,901,893	15,760,642
Interest-bearing securities	5.42%	17,560	5,040	28,488	36,225	0	0	0	87,313
Total assets	4.86%	3,235,469	1,979,620	1,550,359	1,615,973	1,510,184	1,054,457	4,901,893	15,847,955
Liabilities									
Banks and Funds entrusted	4.22%	1,769,173	434,134	509,133	851,406	173,795	68,571	500,279	4,306,491
Debt securities	3.28%	4,886,882	681,643	514,683	312,964	358,690	810,146	1,864,516	9,429,524
Subordinated liabilities and other debt securities	4.10%	145,502	183,224	6,174	6,174	21,016	11,604	99,336	473,030
Total liabilities	3.59%	6,801,557	1,299,001	1,029,990	1,170,544	553,501	890,321	2,464,131	14,209,045
Interest-sensitivity gap (assets-liabilities)		-3,566,088	680,619	520,369	445,429	956,683	164,136	2,437,762	1,638,910
Interest contracts		2,651,400	1,425,538	-555,013	-558,851	-1,318,874	-207,030	-2,552,075	-1,114,905
Foreign currency forwards		-139,128	-27,795	0	0	0	0	0	-166,923
Interest options		118,026	33,324	-151	-10,954	-8,091	-10,893	-185,860	-64,599
Interest-sensitivity gap		-935,790	2,111,686	-34,795	-124,376	-370,282	-53,787	-300,173	292,483

As at 31 December 2004	Average effective interest percentage	Floating rate instruments	Fixed < 1 year	Fixed between 1 and 2 years	Fixed between 2 and 3 years	Fixed between 3 and 4 years	Fixed between 4 and 5 years	Fixed > 5 years	Total
Cashflows (in thousands of euros)									
Assets									
	%								
Banks and loans and advances to customers	5.08%	2,665,309	2,153,069	1,414,527	1,480,361	1,525,948	1,558,893	4,885,493	15,683,600
Interest-bearing	5.42%	0	0	22,600	28,488	36,225	0	0	87,313
Total assets	5.08%	2,665,309	2,153,069	1,437,127	1,508,849	1,562,173	1,558,893	4,885,493	15,770,913
Liabilities									
Banks and Funds	4.35%	2,235,723	522,037	342,045	499,715	729,802	70,783	544,917	4,945,022
Debt securities	3.22%	4,051,011	800,627	290,006	440,405	312,316	358,848	2,674,594	8,927,807
Subordinated liabilities and other debt securities	4.33%	123,444	71,860	103,067	6,174	6,174	21,016	110,940	442,675
Total liabilities	3.64%	6,410,178	1,394,524	735,118	946,294	1,048,292	450,647	3,330,451	14,315,504
Subordinated liabilities and other debt securities		-3,744,869	758,545	702,009	562,555	513,881	1,108,246	1,555,042	1,455,409
Interest contracts		2,282,612	1,149,957	-831,301	-595,700	-450,675	-1,197,718	-1,232,095	-874,920
Foreign currency forwards		-18,421	304	0	0	0	0	0	-18,117
Interest options		105,629	12,250	-22,861	-7,478	-12,020	-3,104	-98,770	-26,354
Interest-sensitive gap		-1,375,049	1,921,056	-152,153	-40,623	51,186	-92,576	224,177	536,018

The policy described above also applies to foreign currency risks. A certain level of mismatch is permitted at Achmea Hypotheekbank as part of a global portfolio diversification. Achmea Hypotheekbank will enter into a hedge transaction in the event of an expected major currency mismatch that exceeds the limits established in the applicable policy. The following table provides a statement of the monetary financial instruments (classified by major currency) that are not valued at fair value through profit and loss.

STATEMENT OF FINANCIAL INSTRUMENTS

	<u>2005</u>			<u>2004</u>		
<i>in thousands of euros</i>	Total exposure	Notional amount of hedging instruments	Net exposure	Total exposure	Notional amount of hedging instruments	Net exposure
Assets						
US Dollar		123,660	123,660		16,273	16,273
Pound sterling		29,826	29,826			
Other		45,924	45,924		25,220	25,220
		<u>199,410</u>	<u>199,410</u>		<u>41,493</u>	<u>41,493</u>
Liabilities						
US Dollar	122,381		122,381	16,239		16,239
Pound sterling	29,616		29,616			
Other	45,810		45,810	25,220		25,220
	<u>197,807</u>	-	<u>197,807</u>	<u>41,459</u>	-	<u>41,459</u>
Netto						
US Dollar	122,381	123,660	1,279-	16,239	16,273	34-
Pound sterling	29,616	29,826	210-			
Other	45,810	45,924	114-	25,220	25,220	-
	<u>197,807</u>	<u>199,410</u>	<u>1,603-</u>	<u>41,459</u>	<u>41,493</u>	<u>34-</u>

The following foreign currency exchange rates have been employed:

		<u>Closing price</u>		<u>Average price</u>	
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
US Dollar	USD	1.1829	1.3655	1.2668	1.3130
Pound sterling	GBP	0.6857	0.7043	0.6975	0.7043

3.4 LIQUIDITY RISK

Achmea Hypotheekbank has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, other liabilities evidenced by paper, subordinated liabilities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the expense of funds. Achmea Hypotheekbank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. Achmea Hypotheekbank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall strategy of Achmea Hypotheekbank.

The table below analyses Achmea Hypotheekbank's assets and liabilities related to the operations into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

Net liquidity gap

As at 31 December 2005	< 3 months	Between 3 months and 1 year	Between 1 and 5 years	> 5 years	Total
<i>in thousands of euros</i>					
Assets					
Banks and Private sector loans and advances	2,406,863	1,599,794	3,275,211	6,033,370	13,315,238
Interest-bearing securities	15,896	2,323	62,860	0	81,079
Total assets	2,422,759	1,602,117	3,338,071	6,033,370	13,396,317
Liabilities					
Banks	176,812	365,912	500,619	19,541	1,062,884
Funds entrusted	607,191	294,114	720,095	1,668,567	3,289,967
Debt securities	145,000	1,061,290	2,876,550	4,095,318	8,178,158
Subordinated liabilities		90,756	21,089	83,145	194,990
Total liabilities	929,003	1,812,072	4,118,353	5,866,571	12,725,999
Net liquidity gap	1,493,756	-209,955	-780,282	166,799	670,318

As at 31 December 2004	< 3 maanden	Tussen 3 maanden en 1 jaar	Tussen 1 en 5 jaar	> 5 jaar	Totaal
<i>in thousands of euros</i>					
Assets					
Banks and Private sector loans and advances	1,815,727	1,768,880	3,733,230	5,367,491	12,685,328
Interest-bearing securities	0	0	78,336	0	78,336
Total assets	1,815,727	1,768,880	3,811,566	5,367,491	12,763,664
Liabilities					
Banks	95,649	266,500	665,568	4,538	1,032,255
Funds entrusted	227,629	259,515	609,704	2,078,196	3,175,044
Debt securities	129,807	1,238,388	2,514,580	4,075,869	7,958,644
Subordinated liabilities	0	0	105,595	89,441	195,036
Total liabilities	453,085	1,764,403	3,895,447	6,248,044	12,360,979
Net liquidity gap	1,362,643	4,477	-83,881	-880,553	402,686

Matching and controlled mismatching of the maturities and interest rates of assets and liabilities is a fundamental part of the management of Achmea Hypotheekbank. It is generally uncommon for banks to be completely matched, given that credits and borrowings often differ. An unmatched position can improve profitability, but also increases the probability of losses. Achmea Hypotheekbank will always keep the ultimate mismatch within the limits established by the Executive Board of Eureka and Achmea Hypotheekbank.

The maturities of assets and liabilities and the possibility of replacing interest-bearing liabilities at an acceptable expense as they mature are important factors in the assessment of the liquidity and the interest rate and exchange rate risk of Achmea Hypotheekbank.

3.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below summarises the carrying amount and the fair value of the financial assets and financial liabilities that are not measured at their fair value on the balance sheet of Achmea Hypotheekbank. Bid prices or asking prices are used to estimate the fair value of financial assets and financial liabilities.

The fair value and the carrying amounts of the financial assets and financial liabilities are as follows:

Balance sheet at fair values

	Carrying amount	Fair value	Carrying amount	Fair value
<i>in thousands of euros</i>	2005	2005	2004	2004
Financial assets				
Banks	609,887	609,982	263,641	263,677
Private sector Loans and advances	12,705,351	12,993,065	12,421,687	13,046,237
	<u>13,315,238</u>	<u>13,603,047</u>	<u>12,685,328</u>	<u>13,309,914</u>
Financial liabilities				
Banks	1,062,884	1,092,039	1,032,255	1,066,827
Funds entrusted	3,289,967	3,466,224	3,175,044	3,373,881
Debt securities	8,178,158	8,372,691	7,958,644	8,182,827
Subordinated liabilities	194,990	211,399	195,036	214,544
	<u>12,725,999</u>	<u>13,142,353</u>	<u>12,360,979</u>	<u>12,838,079</u>

ESTIMATION OF THE FAIR VALUES

'Amounts due from Banks'

These receivables are payable on demand.

'Private sector loans and advances'

The fair value of 'Private sector loans and advances' is based on the net present value of the future cash flows, discounted using the interest rate for credits with the same risk profile and the same remaining term.

'Banks', 'Funds entrusted' and 'Debt securities'

The fair value of debts to 'Banks', 'Funds entrusted' and 'Debt securities' is based on the present value of the future cash flows, discounted using the interest rate for instruments with the same risk profile and the same remaining term.

'Subordinated liabilities'

The fair value of 'Subordinated liabilities' is based on the cash value of the future cash flows, discounted using the interest rate for subordinated loans with the same risk profile and the same remaining term.

4. CRITICAL ESTIMATES AND JUDGMENTS USED IN APPLICATION OF THE PRINCIPLES OF FINANCIAL REPORTING

Achmea Hypotheekbank uses estimates and assumptions that have an impact on the reported assets and liabilities within the next financial year in question. The estimates and assumptions are continually assessed and are based on historical data and other factors, including future events that are considered to be reasonable, given the circumstances.

Fair value of derivative financial instruments

The fair value of financial instruments, not listed on an active market, is determined by using valuation techniques. Where valuation techniques (e.g. models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the department that created them. All models are tested and validated before use, and adjusted where needed to guarantee that the output reflects actual data and comparative market prices. Wherever practical, the models are used only in combination with observable data. In such areas as credit risk, volatility and correlations however, management must make estimates. Changes in assumptions with respect to these factors could have an impact on the fair value of financial instruments.

Impairment on Private sector loans and advances

Achmea Hypotheekbank reviews its mortgage loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, management makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a certain group, or economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5. SEGMENT INFORMATION

Segment information is provided on Achmea Hypotheekbank's business segments, based on Achmea Hypotheekbank's management and internal reporting structure. The activities of Achmea Hypotheekbank are fully concentrated in the Netherlands.

Achmea Hypotheekbank is organised into two main business segments:

- Direct writers: the sale of mortgages through the direct writing sales channel;
- Intermediaries: the sale of mortgages through intermediaries.

Revenues and expenses, assets and liabilities of a segment comprise items that can be allocated to the segment directly or on a reasonable basis. The unallocated items mainly comprise group assets and expenses. Rates are employed between segments that are based on normal commercial conditions. All segments can be classified as 'continued operations'.

Business segments reporting

<i>in thousands of euros</i>	Direct writers		Intermediaries		Consolidated	
	2005	2004	2005	2004	2005	2004
Profits of external customers						
Interest	25,142	22,919	58,544	50,444	83,686	73,363
Commission	-3,604	-4,342	-590	-1,456	-4,194	-5,798
Other	-9,066	-10,833	-30,069	-28,119	-39,135	-38,952
Segment profit	12,472	7,744	27,885	20,869	40,357	28,613
Taxes	4,071	3,131	9,102	8,438	13,173	11,569
Net profit	8,401	4,613	18,783	12,431	27,184	17,044

<i>in thousands of euros</i>	Direct writers		Intermediaries		Consolidated	
	2005	2004	2005	2004	2005	2004
Segmented assets	3,740,000	3,577,000	8,965,351	8,844,687	12,705,351	12,421,687
Unallocated assets	323,891	195,005	775,942	480,867	1,099,833	675,872
Total assets	4,063,891	3,772,005	9,741,293	9,325,554	13,805,184	13,097,559
Unallocated liabilities	4,063,891	3,772,005	9,741,293	9,325,554	13,805,184	13,097,559
Total liabilities	4,063,891	3,772,005	9,741,293	9,325,554	13,805,184	13,097,559

The fiscal year 2005 relates to Achmea Hypotheekbank's financial performance as prepared under full adoption of IFRS. The comparative figures are prepared in accordance with this, with the exception of application of IAS 32 and IAS 39, financial instruments.

6. INTEREST MARGIN AND CHANGES IN FAIR VALUE OF INTEREST SENSITIVE FINANCIAL INSTRUMENTS

<i>in thousands of euros</i>	2005	2004
Interest income and change in fair value of interest sensitive financial instruments	682,221	668,446
Interest expenses	598,534	595,083
Interest margin and changes to fair value of interest sensitive financial instruments	<u>83,687</u>	<u>73,363</u>

These include revenues from the lending of mortgage loans and related transactions, as well as related commission and other earnings and expenses that have the characteristics of interest. EUR 0.6 million (2004: EUR 12.2 million) is recognised in the interest income with respect to Achmea Group companies. EUR 1.5 million (2004: EUR 1.2 million) is recognised under interest income with respect to interest income on financial assets that have been the subject of impairment.

The interest income can be broken down as follows:

<i>in thousands of euros</i>	2005	2004
Mortgage receivables	621,592	626,026
Other receivables	32,324	42,662
Amortisation of the fair value adjustment related to discontinued hedge accounting relationships, derivative financial instruments and other financial instruments	26,043	
Foreign currency profits	1,773	-922
Other	489	680
	<u>682,221</u>	<u>668,446</u>

In 2005 the interest expenses included the amortisation of the first-time adoption adjustment on 1 January 2005 (EUR 33 million) and the amortisation of fair value adjustments related to discontinued hedge accounting relationships during 2005 (EUR 4 million), among other things.

Earnings of EUR 26 million are included under 'Interest income' with respect to the change in the fair value of the mortgage portfolio, derivative financial instruments and other financial instruments. This comprises EUR 7 million due to a change in the hedged mortgage portfolio and EUR 19 million due to the change in the value of the portfolio derivative financial instruments.

If IFRS had been adopted in full in 2004, the net interest income would have been EUR 44 million. The most important changes would have been the application of the effective interest rate method (financial instrument-related cash flows would have been included in the calculation of the interest) and the amortisation of the fair value adjustments related to discontinued hedge accounting relationships of fair value hedge accounting.

7. FEES AND COMMISSIONS

<i>in thousands of euros</i>	2005	2004
Net Fee and commission income Achmea Group	4,195	5,798
	<u>-4,195</u>	<u>-5,798</u>

8. OPERATING EXPENSES

<i>in thousands of euros</i>	2005	2004
Personnel expenses	16,134	16,265
Administrative expenses	20,756	19,343
Depreciation	662	1,380
	<u>37,552</u>	<u>36,988</u>

9. PERSONNEL EXPENSES

The average number of staff employed by Achmea Hypotheekbank during the year was 215 FTEs (2004:205 FTEs). All employees with a contract are formally employed by Achmea Personeel B.V. The direct salary expenses, pension expenses, emoluments and other payroll-related expenses are charged on to Achmea Hypotheekbank on a monthly basis.

<i>in thousands of euros</i>	2005	2004
Wages and salaries	9,060	7,982
Pension expenses	2,540	2,714
Other security expenses	1,238	1,113
Other personnel expenses	3,296	4,456
	<u>16,134</u>	<u>16,265</u>

10. TAXES ON OPERATING RESULT

Recognised in the income statement

<i>in thousands of euros</i>	2005	2004
Payable tax on profits		
Current year tax expenses	11,304	9,871
	<u>11,304</u>	<u>9,871</u>
Deferred tax expenses		
Origination and reversal of temporary differences	1,408	0
Reduction in the tax rate	461	1,698
	<u>1,869</u>	<u>1,698</u>
Taxes on operating result	<u>13,173</u>	<u>11,569</u>

Reconciliation of effective acute tax

<i>in thousands of euros</i>	2005	2004
Operating result before tax	40,357	28,613
Statutory tax rate (%)	31.5	34.5
Nominal tax amount	12,712	9,871
Adjustment for change in the tax rate	461	1,698
Effective tax amount	<u>13,173</u>	<u>11,569</u>
Effective tax rate (%)	32.64	40.43

11. CASH

<i>in thousands of euros</i>	2005	2004
Cash	19,373	11,573
	<u>19,373</u>	<u>11,573</u>

This item includes all legal tender and payables on demand held at the Dutch Central Bank.

12. BANKS

<i>in thousands of euros</i>	2005	2004
Amounts due from banks	609,887	263,641
	<u>609,887</u>	<u>263,641</u>

Receivables included under 'Amounts due from banks' are:

<i>in thousands of euros</i>	2005	2004
Available on demand	139,887	98,641
< or equal to 3 months	470,000	165,000
> 3 months		
	<u>609,887</u>	<u>263,641</u>

'Amounts due from banks' comprises loans with variable interest.

13. DERIVATIVE FINANCIAL INSTRUMENTS

Achmea Hypotheekbank uses the following derivative financial instruments for hedging purposes:

Currency and interest rate swaps

Swaps are obligations to exchange one set of cash flows for another. Swaps result in an economic exchange of foreign currencies or interest rates or a combination of these (i.e. cross-currency interest rate swaps). The principal is not exchanged except for certain foreign currency swaps. The credit risks of Achmea Hypotheekbank represent to the possible expenses of replacing the swap contracts if counterparties fail to meet their obligations. This risk is continually monitored. In doing so, the fair value, a proportion of the notional amount of the contracts and the liquidity of the market are taken into consideration. To control the level of credit risk taken, Achmea Hypotheekbank only enters into contracts with widely renowned counterparties.

Foreign currency and interest forwards

Currency forwards are obligations to buy foreign currency and euros. Foreign currency and interest forwards entail contractual obligations to receive or pay a net amount based on changes in exchange or interest rates, or to buy or sell a foreign currency or a financial instrument at a specified price at a future date, established in an organised financial market. The credit risk is negligible, because the futures contracts secured by cash or marketable securities are entered into and changes in the futures contract are settled with the exchange daily.

Forward rate agreements

Forward rate agreements are individually negotiated interest futures that call for cash settlement at a future date for the difference between a contracted interest rate and the current market interest rate, based on a notional principal amount.

Foreign currency and interest rate options

Foreign currency and interest rate options are contracts under which the seller (writer) grants the purchaser (holder) the right but not the obligation to buy (a call option) or sell (a put option) before a specified date or for a certain period a certain amount of foreign currency or a financial instrument at a predetermined price. The seller receives a premium from the purchaser for

assuming the foreign currency exchange and interest rate risk. Options may be either exchange-traded or negotiated between Achmea Hypotheekbank and a counterparty (OTC). Achmea Hypotheekbank has a credit risk only on purchased options, and only on the carrying amount of the options, which is equal to the fair value.

The notional amount of certain types of financial instruments provide a basis for comparison with instruments recognized on the balance sheet, but is not necessarily indicative of the amounts of future cash flows or the current fair value of the instruments and does not therefore provide insight into Achmea Hypotheekbank's credit and price risk. The derivative financial instruments are financial assets or financial liabilities as a consequence of movements in the market interest rate or foreign exchange rates with respect to the agreed interest or foreign exchange rate. The aggregate contractual or notional amount of derivative financial instruments on hand can fluctuate significantly from time to time.

The fair values of derivative financial instruments held by Achmea Hypotheekbank are set out below.

As at 31 December 2005

<i>in thousands of euros</i>	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	12,772,867	336,027	608,247
Swaptions	498,331		
Currency forwards	96,839	4,861	
Total assets and liabilities derivative financial instruments		340,888	608,247

As at 31 December 2004

<i>in thousands of euros</i>	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps			
Currency forwards	16,111		
Total assets and liabilities derivative financial instruments			

14. PRIVATE SECTOR LOANS AND ADVANCES

This includes all receivables insofar not a receivable from credit institutions or securitised in bonds and other fixed income securities.

The credits can be broken down as follows:

<i>in thousands of euros</i>	2005	2004
Mortgages	12,712,679	12,427,760
Less: allowance for losses on loans and advances	7,328	6,073
	<u>12,705,351</u>	<u>12,421,687</u>

The loans with variable interest rates are EUR 4.1 billion (2004: EUR 3.1 billion) and loans with fixed interest rates are EUR 8.6 billion (2004: EUR 9.2 billion).

All 'Private sector loans and advances' were granted under mortgage guarantees on private properties located in the Netherlands. Achmea Hypotheekbank may lend the security or pledge it to third parties.

The total 'Private sector loans and advances' at notional value were EUR 12.4 billion (2004: EUR 12.4 billion). EUR 11.3 billion of the total 'Private sector loans and advances' (also based on notional value) as at 31 December 2005 (2004: EUR 11.3 billion) was not freely available due to pledging in respect of cash and capital transactions.

Pledged transactions at nominal value

<i>in thousands of euros</i>	2005	2004
Stichting Trustee Achmea Hypotheekbank	5,070,592	5,693,973
Dutch Mortgage Portfolio Loans I	691,309	806,249
Dutch Mortgage Portfolio Loans II	736,710	855,628
Dutch Mortgage Portfolio Loans III	951,264	1,117,550
Dutch Mortgage Portfolio Loans IV	1,054,116	1,215,751
Dutch Mortgage Portfolio Loans V	1,234,033	0
Achmea Pensioen- en Levensverzekering N.V.	1,413,105	1,413,335
Third party pledging	181,499	181,540
	<u>11,332,628</u>	<u>11,284,026</u>

The breakdown of 'Private sector loans and advances' by term to maturity is as follows:

<i>in thousands of euros</i>	2005	2004
< or equal to 3 months	1,796,976	1,552,086
3 months < x < or equal to 1 year	1,599,794	1,768,880
* 1 year < x < or equal to 5 years	3,275,211	3,733,230
* > 5 years	6,033,370	5,367,491
	<u>12,705,351</u>	<u>12,421,687</u>

Allowance for losses on 'Private sector loans and advances'

The allowance can be broken down as follows:

<i>in thousands of euros</i>	2005	2004
Balance as at 1 January	6,073	4,820
Addition	3,541	1,964
Withdrawals	1,527	711
Releases	759	0
Balance as at 31 December	<u>7,328</u>	<u>6,073</u>

The movements of the 'Private sector loans and advances' can be broken down as follows:

in thousands of euros

		<u>2005</u>	<u>2004</u>
Balance as at 1 January		12,421,687	11,915,150
Opening balance sheet adjustment	First time adoption change	250,367	0
Amortised expenses		<u>0</u>	<u>8,181</u>
		250,367	8,181
Grants		1,773,740	1,857,121
Repayments		-1,714,565	-1,358,215
Adjustments due to the application of fair value hedge accounting	Change	7,005	
	Amortisation	-3,863	
	First time adoption amortisation	<u>-33,305</u>	
		-30,163	0
Amortised expenses	Change	8,556	2,614
	Amortisation	<u>-3,016</u>	<u>-1,911</u>
		5,540	703
Allowance	Allocation	3,541	1,964
	Release	-759	
	Withdrawals	<u>-1,527</u>	<u>-711</u>
		<u>-1,255</u>	<u>-1,253</u>
Balance as at 31 December		<u>12,705,351</u>	<u>12,421,687</u>

If IFRS had been adopted in full in 2004, the value of the 'Private sector loans and advances' would have been EUR 12.6 billion. The most important adjustments would have been the application of the effective interest rate method (financial instrument-related cash flows would have been included in the calculation of the amortised value) and amortisation of adjustments related to discontinued fair value hedge accounting relationships.

15. INTEREST-BEARING SECURITIES

Bonds issued by government and listed on the stock exchange with fixed interest or interest-rate-dependent interest and other fixed income securities not included under 'Banks' as short-term government papers were EUR 81.1 million (2004: EUR 78.3 million).

All interest-bearing securities belong to the bank's investment portfolio. In 2006 EUR 18.2 million of the bonds and other fixed income securities are on demand (2005: nil). The unrealised fair value change from investments in the above bonds was EUR 2.7 million (2004: nil).

The movement in investment securities can be broken down as follows:

<i>in thousands of euros</i>	Available for sale 2005	Available for sale 2004
As at 1 January	78,336	77,143
Changes to market value (IAS 39)	5,102	0
Purchases/grants	0	35,000
Sales/repayments	0	-33,807
Unrealised value adjustments (fair value)	-2,359	0
As at 31 December	81,079	78,336

16. EQUIPMENT

<i>in thousands of euros</i>	2005	2004
As at 1 January	1,193	2,210
Investments	220	363
Depreciations	662	1,380
As at 31 December	751	1,193
Accumulated depreciations	11,181	10,519

'Equipment' comprises equipment, software and information-processing equipment. Residual value is not taken into account. All equipment is used by Achmea Hypotheekbank.

17. RECEIVABLES AND OTHER ASSETS

<i>in thousands of euros</i>	2005	2004
Prepaid interest	35,755	314,401
Other	5,054	3,596
	40,809	317,997

An amount of EUR 3.9 million is included under 'Other' (2004: EUR 2.3 million) with respect to a receivable from Achmea Group companies.

If IFRS had been adopted in full in 2004, the value of 'Other assets' would have been EUR 41.4 million. Under IFRS, prepaid interest on financial instruments valued at fair value are presented in the relevant financial asset, and premium and discount of assets valued as amortised are processed in the amortised value and are not presented separately.

18. BANKS

This includes all non-subordinated liabilities to credit institutions insofar as they are not evidenced in debt securities. The breakdown of banks by term to maturity is as follows:

<i>in thousands of euros</i>	2005	2004
< or equal to 3 months	176,812	95,649
3 months < x < or equal to 1 year	365,912	266,500
* 1 year < x < or equal to 5 years	500,619	665,568
* > 5 years	19,541	4,538
	<u>1,062,884</u>	<u>1,032,255</u>

This item includes an amount of EUR 260 million (2004: EUR 260 million) for loans in which the creditors have acquired the option to change the interest rate structure of the loans. These written options have been substantially hedged by derivative financial instruments. 'Amounts due to banks' does not include amounts due to banking institutions in the Achmea Group. The liabilities to banks with fixed interest rates were EUR 886 million (2004: EUR 937 million) and liabilities to banks with variable interest rates were EUR 177 million (2004: EUR 96 million).

19. FUNDS ENTRUSTED

This includes all non-subordinated liabilities to credit institutions insofar as they are not evidenced in debt securities. The breakdown of funds entrusted by term to maturity is as follows:

<i>in thousands of euros</i>	2005	2004
< or equal to 3 months	607,191	227,629
3 months < x < or equal to 1 year	294,114	259,515
* 1 year < x < or equal to 5 years	720,095	609,704
* > 5 years	1,668,567	2,078,196
	<u>3,289,967</u>	<u>3,175,044</u>

An amount of EUR 1.4 billion (2004: EUR 1.4 billion) of 'Funds entrusted' is pledged to Achmea Pensioen- en Levensverzekeringen N.V. No debts to legal persons and companies that have a capital stake in Achmea Hypotheekbank are included in 'Funds entrusted'. EUR 1.9 billion (2004: EUR 2.1 billion) worth of debts to non-banking institutions in the Achmea Group is included in the 'Funds entrusted'. See the related party disclosure for an itemisation of these debts in the Achmea Group. The funds entrusted with fixed interest rates amounts EUR 1.8 billion (2004: EUR 1.1 billion) and loans with variables interest rates amounts EUR 1.5 billion (2004: EUR 2.1 billion).

If IFRS had been adopted in full in 2004, the value of 'Funds entrusted' would have been EUR 3.2 billion. The most important change would have been the application of the effective interest rate method (financial instrument-related cash flows would have been included in the calculation of the amortised costs).

20. DEBT SECURITIES

These include bonds and other debt securities.

<i>in thousands of euros</i>	Average interest rate			
	2005	2004	2005	2004
Bonds	3.20	3.22	7,953,758	7,775,644
Other debt securities	2.22	2.21	224,400	183,000
			<u>8,178,158</u>	<u>7,958,644</u>

The breakdown of debt securities by term to maturity is as follows:

<i>in thousands of euros</i>	2005	2004
< or equal to 3 months	145,000	129,807
3 months < x < or equal to 1 year	1,061,290	1,238,388
1 year < x < or equal to 5 years	2,876,550	2,514,580
> 5 years	4,095,318	4,075,869
	<u>8,178,158</u>	<u>7,958,644</u>

If IFRS had been adopted in full in 2004, the value of 'Debt securities' would have been EUR 7.9 billion. The most important change would have been the application of the effective interest rate method (financial instrument-related cash flows would have been included in the calculation of the amortised costs).

21. SUBORDINATED LIABILITIES

<i>in thousands of euros</i>	Interest percentage (%)		
		2005	2004
Loan 1996/2006	6.75	90,710	90,756
Loan 1999/2015	5.68	6,807	6,807
Loan 1999/2014	5.57	1,134	1,134
Loan 1999/2009 (*)	5.55	14,839	14,839
Loan 2001/2013 (*)	6.27	25,000	25,000
Loan 2001/2010 (*)	5.77	6,250	6,250
Loan 2001/2011 (*)	5.87	6,250	6,250
Loan 2001/2012 (*)	5.95	6,250	6,250
Loan 2001/2015 (*)	6.12	6,250	6,250
Loan 2002/2012 (*)	5.96	8,000	8,000
Loan 2002/2012 (*)	5.89	4,500	4,500
Loan 2002/2012 (*)	5.89	2,500	2,500
Loan 2002/2012 (*)	5.89	11,500	11,500
Loan 2002/2012 (*)	5.89	5,000	5,000
		<u>194,990</u>	<u>195,036</u>

The loans can only be redeemed before maturity after the permission of the Dutch Central Bank N.V. The loans are subordinated to the company's other current and future liabilities. They are equal in rank. The subordinated loans marked (*) are granted by Achmea Group companies. EUR 11.8 million (2004: EUR 11.8 million) worth of interest was paid on subordinated loans in the financial year.

If IFRS had been adopted in full in 2004, the value of 'Subordinated liabilities' would have been EUR 195 million. The most important change would have been the application of the effective interest rate method (financial instrument-related cash flows would have been included in the calculation of the amortised cost).

22. ACCRUALS AND OTHER LIABILITIES

<i>in thousands of euros</i>	2005	2004
Accrued interest	111,112	317,923
Other accruals	6,123	95,955
Other liabilities	45,936	43,540
Accruals and other liabilities	163,171	457,418

If IFRS had been adopted in full in 2004, the value of 'Accruals and other liabilities' would have been EUR 150 million. Under IFRS, accrued interest on financial instruments valued at fair value is presented in the relevant financial asset, and premium and discount of assets valued as amortised, are processed in the amortised value and are not presented separately.

23. NET DEFERRED TAX ASSETS

Deferred tax assets are calculated on all temporary differences under the liability method using an effective tax rate of 29.6% (2004: 31.5%). Deferred tax assets and liabilities are related to the following items:

<i>in thousands of euros</i>	Assets		Liabilities		Net	
	2005	2004	2005	2004	2005	2004
Interest-bearing securities	2,628	4,537	1,030	1,678	1,598	2,859
Allowance account of Private sector loans and advances			801	1,214	-801	-1,214
Atypical tax processing of expenses			1,235	1,495	-1,235	-1,495
Valuation differences due to IFRS	24,243	9,794			24,243	9,794
Tax position asset/liability	26,871	14,331	3,066	4,387	23,805	9,944
Tax rate (%)	29.60%	31.50%	29.60%	31.50%	29.60%	31.50%
Net deferred tax assets	7,954	4,514	908	1,382	7,046	3,132

Changes to temporary differences during the year 2004

	Balance sheet 01-01- 2004	Realised in result	Realised in shareholders' equity	Balance sheet 31-12-2004
<i>in thousands of euros</i>				
Interest-bearing securities	3,949	1,090		2,859
Allowance account of Private sector loans and advances	-1,569	-355		-1,214
Atypical tax processing of costs	-1,755	-260		-1,495
Valuation differences due to IFRS transition	8,537	-1,257		9,794
	<u>9,162</u>	<u>-782</u>	<u>0</u>	<u>9,944</u>

Changes to temporary differences during the year 2005

	Balance sheet 01- 01-2005	Realised in result	Realised in shareholders' equity	Balance sheet 31-12- 2005
<i>in thousands of euros</i>				
Interest-bearing securities	2,859	-1,261		1,598
Impairment provision of Private sector loans and advances	-1,214	413		-801
Atypical tax processing of costs	-1,495	260		-1,235
Valuation differences due to IFRS transition	9,794	-4,471	18,920	24,243
	<u>9,944</u>	<u>-5,059</u>	<u>18,920</u>	<u>23,805</u>

24. OTHER TAX LIABILITIES

The tax debt of EUR 44 million (2004: EUR 32 million) is the payable tax over current and prior periods.

25. CONTINGENT LIABILITIES AND COMMITMENTS (OFF BALANCE)

Legal procedures

At 31 December 2005 a number of legal procedures had been started against Achmea Hypotheekbank. Based on legal advice, the Executive Board does not expect the outcome of the procedures to have a material impact on the company's financial position.

Contractual liabilities

At 31 December 2005 Achmea Hypotheekbank had contractual liabilities of over EUR 4.2 million, primarily connected to the provision of ICT-related services. EUR 3.2 million of this is connected to ICT-related contracts with group companies.

Contingent liabilities

This includes all liabilities as a result of transactions in which Achmea Hypotheekbank acts as a guarantor for third parties. The contingent liabilities can be specified into liabilities with respect to bank guarantees of EUR 6.8 million (2004: EUR 5.1 million).

Irrevocable facilities

This is all the liabilities with respect to irrevocable promises that could lead to a credit risk. These are offers for mortgage loans and credit facilities accepted by customers of EUR 470 million (2004: EUR 402 million).

26. SHAREHOLDERS' EQUITY

For a disclosure of the shareholders' equity, see the notes to the consolidated statement of changes to shareholders' equity.

27. RELATED PARTIES

Identity of related parties

Achmea Hypotheekbank N.V. is a wholly owned subsidiary of Achmea Bank Holding N.V. (established in the Netherlands). The group's ultimate parent is Eureko B.V.

Achmea Hypotheekbank has relationships with related parties. Related parties are other subsidiaries of Eureko, and supervisory directors and members of the Executive Board of Achmea Hypotheekbank. There are a number of banking transactions with related parties as part of normal business.

Under 'Banks' there is an amount of EUR 73 million (2004: nil) in deposits and inter-company loans with respect to subsidiaries of Eureko.

In addition, under 'Subordinated liabilities' (see also the summary in the notes) there is an amount of EUR 96 million (2004: EUR 96 million) with respect to loans from subsidiaries of Eureko.

Under 'Funds entrusted' there is an amount of EUR 1.9 billion (2004: EUR 2.1 billion) in debts to non-banking institutions in Eureko B.V. These items are itemised below. Changes in 2004 and 2005 are caused only by repayments and borrowings.

Group company loans recognised under 'Funds entrusted'

2005 2004

in thousands of euros

Levob Levensverzekeringen	8,793	8,289
AP&L Investments	1,300,950	1,265,100
Achmea Schade Inv Non Life	230,980	229,588
Achmea Pensioen Avéro	197,716	190,294
Achmea Leven Avéro	33,113	83,290
Achmea Holding Treasury	-	238,328
Achmea Leven FBTO	40,936	38,612
Achmea Zorg ZK	77,611	77,780
	<u>1,890,099</u>	<u>2,131,281</u>

Costs (e.g. interest discount on employee mortgages and sales cost) are settled between the various related parties during the fiscal year.

The loans granted to members of the Executive Board and Supervisory Board are receivables granted under mortgage security with a long term (30 years). The interest percentages vary from 4.0% to 5.9%, taking account of personnel discount.

The granted loans can be broken down as follows:

Loans

in thousands of euros

	Executive Board and Supervisory Board members	
	2005	2004
Outstanding loans as at 1 January	256	256
Granted loans	295	0
Other changes	-73	0
Outstanding loans as at 31 December	<u>478</u>	<u>256</u>

The remuneration of Executive Board and Supervisory Board members can be broken down as follows:

Remuneration of Executive Board and Supervisory Board members

in thousands of euros

	2005	2004
Periodic remuneration of Executive Board members	381	75
Periodic remuneration of Supervisory Board members	78	0
Profit sharing and bonuses of Executive Board members	50	0
	<u>509</u>	<u>75</u>

No deposits are held in the name of the Executive Board and Supervisory Board members. See the report of the Executive Board for the composition of the Executive Board and the Supervisory Board.

28. EVENTS AFTER THE BALANCE SHEET DATE

No events with important financial consequences or events with a special significance occurred after the balance sheet date.

29. NOTES TO THE IFRS TRANSITION

As stated in paragraph 2.1, these are Achmea Hypotheekbank's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies in section 2.1 have been applied in the preparation of the financial statements 2005, the comparative information on 2004 presented in these financial statements and the IFRS opening balance sheet at 1 January 2004 (the transition date of Achmea Hypotheekbank) and additionally the IFRS opening balance sheet 2005 for IAS 39 and IAS 32.

The IFRS opening balance sheet prepared by Achmea Hypotheekbank deviates from the balance sheet in accordance with the Dutch Accounting Principles (Dutch GAAP). An explanation of the impact of the transition from the previously applied Dutch GAAP to IFRS on Achmea

Hypotheekbank's financial position and financial performance is provided in the following tables and the notes to them.

Notes to IFRS transition		Impact of transition to IFRS (excluding IAS 39/32)		Impact of transition to IFRS (excluding IAS 39/32)	
		Dutch GAAP		Dutch GAAP	
<i>in thousands of euros</i>	<i>Note</i>	1 January 2004	IFRS	31 December 2004	IFRS
Assets					
Cash		180,758	180,758	11,573	11,573
Banks		461,642	461,642	263,641	263,641
Private sector loans and advances	A	11,915,150	8,181 11,923,331	12,412,803	8,884 12,421,687
Interest-bearing securities	B	77,143	77,143	78,336	78,336
Equipment		2,210	2,210	1,193	1,193
Net deferred tax assets	D	54	2,702 2,756	0	3,132 3,132
Receivables and other assets	A/E	369,188	-16,335 352,853	336,675	-18,678 317,997
Total assets		13,006,145	-5,452 13,000,693	13,104,221	-6,662 13,097,559
Liabilities					
Banks		1,116,380	1,116,380	1,032,255	1,032,255
Funds entrusted		3,240,292	3,240,292	3,175,044	3,175,044
Debt securities		7,702,089	7,702,089	7,958,644	7,958,644
Other tax liabilities		21,841	21,841	32,229	47 32,276
Accruals and other liabilities		461,723	461,723	457,418	457,418
Fund for General Banking Risks	C	28,024	-28,024 0	29,534	-29,534 0
Subordinated liabilities		195,036	195,036	195,036	195,036
Totaal		12,765,385	-28,024 12,737,361	12,880,160	-29,487 12,850,673
Shareholders' equity					
Share capital		18,152	18,152	18,152	18,152
Share premium reserve		164,206	164,206	164,206	164,206
Retained earnings		23,204	23,204	18,301	-1,257 17,044
Other reserves		35,198	22,572 57,770	23,402	24,082 47,484
Total shareholders' equity		240,760	22,572 263,332	224,061	22,825 246,886
Total liabilities		13,006,145	-5,452 13,000,693	13,104,221	-6,662 13,097,559

Notes to the IFRS transition

Impact of
transition
to IFRS
(incl. IAS
39/32)

		IFRS		IFRS	Changes 2005	IFRS
<i>in thousands of euros</i>	<i>Note</i>	1 January 2005		31 December 2005		
Assets						
Cash		11,573		11,573	7,800	19,373
Banks		263,641		263,641	346,246	609,887
Derivative financial instruments	<i>B</i>	0	406,531	406,531	-65,643	340,888
Private sector loans and advances	<i>A</i>	12,421,687	249,167	12,670,854	34,497	12,705,351
Interest-bearing securities	<i>B</i>	78,336	5,102	83,438	-2,359	81,079
Equipment		1,193		1,193	-442	751
Net deferred tax assets	<i>D</i>	3,132	5,783	8,915	-1,869	7,046
Receivables and other assets	<i>A/E</i>	317,997	-277,393	40,604	205	40,809
Total assets		13,097,559	389,190	13,486,749	318,435	13,805,184
Liabilities						
Banks		1,032,255		1,032,255	30,629	1,062,884
Derivative financial instruments	<i>B</i>	0	671,340	671,340	-63,093	608,247
Funds entrusted	<i>A</i>	3,175,044	35,733	3,210,777	79,190	3,289,967
Debt securities	<i>A</i>	7,958,644	-4,375	7,954,269	223,889	8,178,158
Other tax liabilities	<i>D</i>	32,276	7	32,283	11,777	44,060
Accruals and other liabilities	<i>A/E</i>	457,418	-304,123	153,295	9,876	163,171
Subordinated liabilities		195,036	-106	194,930	60	194,990
Totaal		12,850,673	398,476	13,249,149	292,328	13,541,477
Shareholders' equity						
Share capital		18,152		18,152	0	18,152
Share premium reserve		164,206		164,206	0	164,206
Revaluation reserves	<i>B</i>		1,950	1,950	-1,077	873
Retained earnings		17,044		17,044	10,140	27,184
Other reserves		47,484	-11,236	36,248	17,044	53,292
Total shareholders' equity		246,886	-9,286	237,600	26,107	263,707
Total liabilities		13,097,559	389,190	13,486,749	318,435	13,805,184

Notes to the impact of the IFRS transition

- (A) Under Dutch GAAP, financial assets and liabilities were recognised at their nominal value. Under IFRS, Achmea Hypotheekbank measures 'Private sector loans and advances', 'Debt securities' and 'Funds entrusted' on the basis of the amortised cost. In accordance with the effective interest rate method, cash flows of the related financial instruments are included in the calculation of the amortised value and the fair value changes by the fair value hedge accounting are capitalised and amortised over the remaining term of the financial instrument.

In accordance with the exemptions offered by IFRS 1 First Time Adoption of IFRS, Achmea Hypotheekbank applied IAS 32 and IAS 39 commencing 1 January 2005, without adjustment of the comparative figures.

At 1 January 2005 Achmea Hypotheekbank met the requirements for applying hedge accounting under IFRS. In line with IFRS 1 Achmea Hypotheekbank applied a transitional adjustment, which partly offsetted the on balance value of the derivative financial instruments (which would be the effect of applying hedge accounting). In accordance with the policies of Achmea Hypotheekbank the transitional adjustment is amortised over the remaining term of the financial instruments, which were part of the hedge accounting relationship on 1 January 2005. The amortisation of the initial transitional adjustment had a negative impact on the results of 2005 of EUR 33 million.

- (B) In accordance with the exemption offered in IFRS 1 with respect to IAS 32 and IAS 39, financial instruments classified as 'available for sale' were not measured at fair value; derivative financial instruments were not recognised on the balance sheet before 1 January 2005.
- (C) In accordance with IFRS, the Fund for General Risks (FAR) was reclassified as shareholders' equity, resulting in increase of the 'Other reserves' at 1 January 2004 and at 31 December 2004.
- (D) Under IFRS deferred tax receivables due to valuation differences are included insofar as it is probable that taxable profits will be available in the future that could be used for the realisation of the asset.
- (E) Under IFRS, accrued interests on financial instruments that are measured are presented in the financial asset or financial liability. The premium and discount of assets and liabilities are included in the amortised cost and are no longer presented separately. The above changes led to the following rise in 2004 and 2005 of the deferred tax income.

These changes are recognised as follows.

Statement of changes in deferred tax liabilities

<i>in thousands of euros</i>	<i>Note</i>	1 January 2004	31 December 2004
Revaluation to amortised cost	A	2,702	383
Rise in deferred tax liabilities		<u>2,702</u>	<u>383</u>

<i>in thousands of euros</i>	<i>Note</i>	1 January 2005	31 December 2005
Revaluation to amortised cost	A	-95,439	5,704
Revaluation to fair value	B	100,815	-5,996
Hedge accounting	B		-990
Deferred tax liabilities due to rate change	D		-461
Fund for General Banking Risks / provisions	C	407	-126
Rise in deferred tax liabilities		<u>5,783</u>	<u>-1,869</u>

Reconciliation of the profit for 2004

<i>in thousands of euros</i>	Dutch GAAP	Impact of transition to IFRS	IFRS
Interest income and change in fair value of interest sensitive financial instruments	668,446	0	668,446
Interest expenses	593,443	1,640	595,083
Interest margin and changes in fair value of interest sensitive financial instruments	<u>75,003</u>	<u>-1,640</u>	<u>73,363</u>
Fees and commissions	5,798	0	5,798
Fee and commission income	<u>-5,798</u>	<u>0</u>	<u>-5,798</u>
Impairment on financial instruments and other assets	1,964	0	1,964
Operational expenses	36,988	0	36,988
Operating result before tax	<u>30,253</u>	<u>-1,640</u>	<u>28,613</u>
Taxes on operating result	11,952	-383	11,569
Net profit	<u>18,301</u>	<u>-1,257</u>	<u>17,044</u>

To reconcile with the IFRS figures, a small number of reclassifications were made in the Dutch GAAP figures for 2004.

The whole impact on the profit in 2004 is concentrated on the amortisation of the mortgage-related expenses (commissions). In accordance with the effective interest rate method, cash flows of the related financial instruments are already included in the calculation of the amortised value in 2004.

ANNEX 2 - AUDITORS' REPORT ACHMEA HYPOTHEEKBANK N.V.

Auditors' report KPMG Accountants N.V.

Introduction

We have taken cognisance of the consolidated financial statements for the year 2005 and the comparative data for the year 2004, as included in the Base Prospectus dated 23 February 2007 on pages 236 up to and including 274 of Achmea Hypotheekbank N.V., The Hague. The Base Prospectus is the responsibility of the company's management. Our responsibility is to express an opinion as to whether the consolidated financial statements and the comparative data as included in the Base Prospectus are consistent with the financial statements from which they have been derived.

Scope

Based on auditing standards generally accepted in the Netherlands, we are required to plan and perform our procedures to obtain assurance that the consolidated financial statements for the year 2005 and the comparative data for the year 2004, as included in the Base Prospectus on pages 236 up to and including 274 are consistent with the financial statements for the year 2005 from which they have been derived. We believe that our procedures provide a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements for the year 2005 and the comparative data for the year 2004, as included in the Base Prospectus on pages 236 up to and including 274, are consistent, in all material respects, with the financial statements for the year 2005 from which they have been derived. We have audited the 2005 financial statements of Achmea Hypotheekbank N.V. in accordance with auditing standards generally accepted in The Netherlands and we have issued an unqualified auditors' report on these financial statements on 25 April 2006. These auditors' reports are included in the financial statements for the years referred to, as referred to in the Base Prospectus.

For a better understanding of the company's financial position and results and of the scope of our audit, the consolidated financial statements should be read in conjunction with the financial statements from which they have been derived and our auditors' reports thereon.

Amstelveen, 23 February 2007
KPMG ACCOUNTANTS N.V.

M.A. Huiskers RA

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