Van Lanschot Conditional Pass-Through Covered Bond Company B.V.

Annual Report 2016

Amsterdam, the Netherlands

Van Lanschot Conditional Pass-Through Covered Bond Company B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
Chamber of Commerce 62.06.65.87

Table of contents

1. Director's report

1.1 Activities and results

General
Van Lanschot Conditional Pass-Through Covered Bond Company B.V. ("the Company") was incorporated on December 11, 2014. The shares of the Company are held by Stichting Holding Van Lanschot Conditional Pass-Through Covered Bond Company.

The Company is a special purpose vehicle within the framework of a Conditional Pass-Through Covered Bond Programme ("the Programme") initiated by F. Van Lanschot Bankiers N.V. ("the Issuer" or "the Seller"). Reference is made to the Prospectus dated March 2, 2015 as updated from time to time ("the Prospectus") for a complete description of the terms and conditions of the Programme. Unless indicated otherwise in this Annual Report, definitions of terms used in this report may be found in the Prospectus, though the Prospectus does not form a part of this Annual Report.

For the sake of clarity, the party referred to in this Annual Report as the Issuer or the Seller is referred to as "the Issuer" in the Prospectus.

On March 2, 2015, the Issuer issued a first series of Covered Bonds totalling EUR 1 million. On April 28, 2015 the Issuer issued a second series of Covered Bonds totalling EUR 500 million. On March 31, 2016 the Issuer issued a third series of Covered Bonds totalling EUR 500 million.

The above series of Covered Bonds issued by the Issuer and totalling EUR 1,001 million are secured by a portfolio of Mortgage Loans, the legal ownership of which was transferred to the Company. At the year-end, the book value of the portfolio of Mortgage Loans amounted to approximately EUR 1,279 million (previous period: EUR 642 million). The Covered Bonds have been rated individually by Standard & Poor's and Fitch. On issuance the rating by Standard & Poor's was AAA and by Fitch AAA.

Apart from an agreed upon minimum profit with the Dutch tax authorities, all income and expenses are allocated to the parties concerned in the Programme. We refer to the notes to the tax ruling for further details.

These financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and this Annual Report includes a fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces. As this is the Company's second Annual Report, the comparatives to the Statement of income and the Statement of cash flows encompass the period from December 11, 2014 to December 31, 2015.

Change in presentation
The Company's Financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands ("DutchGAAP").

The changes in presentation for 2016 stem primarily from the way the Company views its function within the Programme in terms of economic reality, rather than its legal form. It is considered that, from an accounting perspective, substantially all the risks and rewards of the Mortgage Loan portfolio were retained by the Seller, notwithstanding the valid legal transfer.

This assessment is based on the expectation that, under the terms and conditions of the Programme and past experience in similar transactions, substantially all of the excess income of the Company will ultimately revert to the Seller. The balance sheet asset previously described as Mortgage Loans and all other balances involving the Seller, including the non-recourse subordinated loan held by the Seller and all accrued interest positions, are now not recognised as individual assets and liabilities in the Company's balance sheet but rather netted as a single outstanding Balance with the Seller under the Programme.

A further consequence for these financial statements is that some transactions and cash flows involving the Seller have been reclassified in the Statement of income and Statement of cash flows as the Company does not recognise cash flows to which it is not beneficially entitled.

As the Seller is considered to have retained substantially all the risks and rewards of the Mortgage Loan portfolio, the mortgage portolio in the financial statement is classified as a deemed loan.

None of these changes have any impact on previously reported levels of income after taxes, nor on previously reported levels of Shareholder's equity.The changes do, however, result in changes in the way balances, transactions and cashflows are presented and narrated in the Financial statements.

Result for the year
The net result for the year under review is EUR 2,000. This amount has been determined by the Company's tax ruling between the Issuer and Dutch tax authorities which has set the Company's income to a level to cover its expenses and a notional profit.

RISK MANAGEMENT
Following the purchase of the Mortgage Loans under the Programme, the Company is exposed to a variety of risks. As the Company's exposure to the Issuer and Covered Bond holders are with limited recourse (i.e. a risk transfer to the parties), the risks for the Company itself are limited. However, the Company has taken a variety of measures to minimise the risks linked to the transaction.

In addition to financial risks, the Company also faces operational risks. The servicing of the underlying Mortgage Loans, and the entity administration and investor reporting are performed by regulated, well-known companies. The operating risk is mitigated as the Company has contractual agreements with these companies and these companies either provide annual audit statements on the Mortgage Portfolios and or an ISAE 3402 report with respect to the services provided. Furthermore the transaction includes measures to be taken once certain parties fail to maintain a specific credit rating. Management believes that the operational risks are low and no further measures are deemed necessary.

The Company and the Dutch Tax Authorities have agreed, by way of a tax ruling, that the Company will be assessed on a pre-determined annual profit for tax purposes. As a result, the risks described above will not influence the profit of the Company.

The Company believes that no ongoing risk assessment is deemed necessary, as the most significant risks are adequately covered.

Financial risk management
The main financial risks the Company is exposed to are credit and concentration risk, interest rate risk and liquidity risk. These risks relate to the Mortgage Loans as collateral to the Covered Bonds issued by the Issuer.

Credit and concentration risk
As the Company holds residential mortgage loans in the Netherlands, the Company has significant exposure to credit and concentration risks associated with the Dutch housing market.

Credit risk is mainly related to the economic conditions and the risk that individual borrowers might be unable to fulfil their payment obligations. However, these risks are mitigated because each loan is collateralised by the related property, and the loan portfolio is well spread over a large number of individual loans, a variety of mortgage types and geographical areas. If a borrower defaults and the Company forecloses on the property, the Company is entitled to all proceeds of the sale of the related property. If the proceeds from the sale of the property are insufficient to repay the outstanding principal amount of the loan the Company could record a loss in value of the portfolio.

Consequently, not only the creditworthiness of the borrower can be recognised as a risk but also the general economic conditions and the housing market in particular have an impact on the probability of a loss.

As detailed in the Future developments section below, the Dutch economy has continued its recovery in 2016 and most macro economic developments are showing positive trends. These trends are expected to have a positive effect on both house prices and the number of transactions on the residential housing market. Recently amended legislation has resulted in a decline in interest-only mortgages and stricter regulations for the issue of mortgages. This will all have a positive impact on the expected loss ratios.

Whilst this has the effect of reducing the Company's exposure to credit and concentration risk, it will not eliminate it. Management is aware of regional variations in both developments and future expectations and so not all mortgages issued will be so positively influenced. Moreover, the expectations are contingent on a number of local and global developments which may not materialise and over which it has no control.

However, the Company believes that all significant risks are adequately addressed and that no ongoing risk assessment is deemed necessary. The credit enhancements under the terms of the transaction are all part of the risk control measures.

In the unlikely situation that all risk measures as described above fail, the limited recourse clause of the Programme will take effect (see below).

Interest rate risk
The interest rate risk arises when the interest received on the mortgage receivables is insufficient to cover the fixed interest due on the Subordinated Loan. Such risk is partially mitigated by the fact that the interest rate for each mortgage receivable must be at least 1.5%. The servicer is contractually obliged to offer a reset rate that is at least equal to 1.5%.

Moreover, historically, the weighted average interest rate on the mortgage receivables has been sufficient to cover the interest due on the Subordinated Loan.

The interest rate risk is also mitigated through the structure of the waterfall. The Interest Available Amounts and the Principal Available Amounts are both used to meet the Priority of Payments. As the interest due on the Subordinated Loan is senior to the principal due on the Subordinated loan, this further reduces the interest rate risk. Through the subordination in the waterfall structure, funds are distributed only to the extent available and as such the interest rate risk is addressed.

The Company did not enter into an interest rate swap agreement to mitigate interest rate risk. However, if the interest received on the mortgage portfolio is insufficient to cover the interest due on the Subordinated Loan, the Programme does allow the Company to enter into an interest rate swap agreement to mitigate the interest rate risk.

The liabilities of the Company towards the Issuer are limited recourse obligations. If the funds received by the Company are insufficient to pay in full all principal and interest on the Subordinated Loan, the Issuer shall have no further claim against the Company in respect of any such unpaid amounts.

Liquidity risk
Matching maturities of assets and liabilities and related cash flows is fundamental to the management of the Company. This risk is addressed and mitigated by various credit enhancements granted by the Issuer.

Limited Recourse
Any obligations of the Company towards holders of the Covered Bonds and the Seller are limited recourse obligations and the ability of the Company to meet any eventual obligations to pay principal and interest on the Covered Bonds is dependent on the receipt of funds from the Mortgage Loans and the proceeds of the sale of any Mortgage Loans.

If the proceeds are insufficient to repay in full all principal and interest and other amounts due under the Covered Bonds, then, as the Company has no other assets, it may be unable to satisfy claims in respect to any unpaid amounts.

The Company's risk appetite is considered low.

1.2 Future developments

In 2016, the Dutch economy continued the positive underlying trends of recent years. The Gross Domestic Product ("GDP") increased by 2.1% in 2016, surging in the second half of that year despite the uncertainties caused by international events such as Brexit and the presidential elections in the USA. The trend was mostly fuelled by consumer confidence and investments in the housing market and is expected to continue with an increase of GDP of 2.3% expected in 2017 before levelling off thereafter. These expectations reflect those of the EU as a whole but these too are much dependent on developments in the rest of world.

Growing confidence is also a noticeable trend in the business and commerce sectors and investment levels are also expected to rise. The conservative attitude of banks, especially towards smaller and medium-sized businesses is seen as a potential brake on these developments.

Unemployment levels reduced from 6.9% to 6.0% during 2016 and this trend is also expected to continue in 2017 with an estimate of 5.5% at the end of the year. The trend to a more flexible workforce of recent years has continued and is contributing to the positive outlook.

Inflation is expected to rise moderately from the 0.1% in 2016 to 1.4% in 2017. Much will depend on developments in areas like energy prices and the growing effects of e-commerce.

The Dutch residential housing market continued the strong growth of recent years in 2016 and the early part of 2017. Transactions are running at around 15% higher than a year before and prices are around 9% up on the previous year. Most parameters are back at, or even above, pre-crisis levels. There are distinct regional variations in the trends with the larger cities performing much better than some rural areas. Risk levels for homeowners and lenders alike have decreased since last year. New home owners have been subjected to stricter lending conditions and existing home owners have seen debt ratios decrease as a result of rising prices as well as debt repayments.

A continued shortage of housing, coupled by historically low mortgage interest rates are expected to fuel a continuation of trends. Generally these are expected to level off somewhat in 2017 with transaction levels likely to return to increases of single digits. Regional differences are expected to continue to widen, however.

In the light of the risk factors facing the Company, as described above, the economic developments over the past year or so and future outlook are generally considered positive for the Company. Management believes that the Company's risks are adequately mitigated by the various credit enhancements, as described in the Financial statements and the Prospectus. Moreover, the Company's obligations to Noteholders are of limited recourse (see above). As a consequence, no noticeable changes in the current position of the Company are expected for the next 12 months.

Amsterdam, June 30, 2017

Managing Director,
Intertrust Management B.V.

2. FINANCIAL STATEMENTS

2.1 Balance sheet as at December 31, 2016

(Before result appropriation)

		December 31, 2016		December 31, 2015	
ASSETS		€	€	€	€
Current assets					
Cash and cash equivalents	[1]		3,250,283		1,107,244
			3,250,283		1,107,244
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	[2]				
Share capital		1		1	
Other reserves		2,000		-	
Net result financial year		2,000		2,000	
			4,001		2,001
Current liabilities	[3]				
Balance with the Seller		3,228,092		1,083,662	
Taxes		40		500	
Accrued expenses and other liabilities		18,150		21,081	
			3,246,282		1,105,243
			3,250,283		1,107,244

2.2 Statement of income for the year 2016

		2016		December 11, 2014 to December 31, 2015	
		€	€	€	€
Interest income	[4]		148,443		158,269
General and administrative expenses	[5]	145,943		155,769	
			145,943		155,769
Income before taxation			2,500		2,500
Corporate income tax	[6]	-500		-500	
			-500		-500
Net result			2,000		2,000

2.3 Statement of cash flows for the year 2016

The Statement of cash flows has been prepared according to the indirect method.

		2016		December 11, 2014 to December 31, 2015	
		€	€	€	€
Net result			2,000		2,000
Adjustments to Statement of income:					
Corporate income taxes	[6]	500		500	
			500		500
Movements in working capital					
Balance with the Seller	[3]	2,144,430		1,083,662	
Accrued expenses and other liabilities	[3]	-2,931		21,081	
Corporate income taxes paid	[3]	-960		-	
			2,140,539		1,104,743
Cash flow from operating activities			2,143,039		1,107,243
Cash flow from financing activities					
Share issue	[2]	-		1	
Cash flow from financing activities			-		1
Movements in cash			2,143,039		1,107,244
Notes to the cash resources					
Opening balance			1,107,244		-
Movements in cash			2,143,039		1,107,244
Closing balance			3,250,283		1,107,244

2.4 General notes to the Financial statements

GENERAL INFORMATION

Van Lanschot Conditional Pass-Through Covered Bond Company B.V. ("the Company") is a private company with limited liability incorporated under the laws of the Netherlands on December 11, 2014. The statutory seat of the Company is in Amsterdam, the Netherlands. The sole managing director of the Company is Intertrust Management B.V.

The Company is a special purpose vehicle within the framework of a Conditional Pass-Through Covered Bond Programme ("the Programme") initiated by F. Van Lanschot Bankiers N.V. ("the Issuer" or "the Seller"). Reference is made to the Prospectus dated March 2, 2015 as updated from time to time ("the Prospectus") for a complete description of the terms and conditions of the Programme. Unless indicated otherwise in this Annual Report, definitions of terms used in this report may be found in the Prospectus, though the Prospectus does not form a part of this Annual Report.

For the sake of clarity, the party referred to in this Annual Report as the Issuer or the Seller is referred to as "the Issuer" in the Prospectus.

TRANSACTION STRUCTURE, MANAGEMENT AND RELATED PARTIES

On March 2, 2015, the Issuer issued a first series of Covered Bonds totalling EUR 1 million. On April 28, 2015 the Issuer issued a second series of Covered Bonds totalling EUR 500 million. On March 31, 2016 the Issuer issued a third series of Covered Bonds totalling EUR 500 million.

The above series of Covered Bonds issued by the Issuer and totalling EUR 1,001 million are secured by a portfolio of Mortgage Loans, the legal ownership of which was transferred to the Company. At the year-end, the book value of the portfolio of Mortgage Loans amounted to approximately EUR 1,279 million (previous period: EUR 642 million). The Covered Bonds have been rated individually by Standard & Poor's and Fitch. On issuance the rating by Standard & Poor's was AAA and by Fitch AAA.

If a transferror retains substantially all the risks and rewards associated with transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Company's management has concluded that the Issuer has retained substantially all the risks and rewards of the Mortgage Loan portfolio under the most likely future circumstances. As a consequence, the Company does not recognise the Mortgage Loan portfolio on its Balance sheet. The acquisition of the legal ownership of the Mortgage Loans was financed by a subordinated loan from the Seller which is subject to a limited recourse clause. As such, the Company does not recognise the subordinated loan on its Balance sheet either, but rather it has presented these positions as a net Balance with the Seller on its Balance sheet.

Intertrust Management B.V. manages the Company and the Issuer services the Mortgage Pool. Intertrust Administrative Services B.V. handles cash management, statutory accounting and investor reporting. Reference is made to the Prospectus dated March 15, 2016 ("the Prospectus") for further details.

Stichting Holding Van Lanschot Conditional Pass-Through Covered Bond Company ("the Foundation") is incorporated under the laws of the Netherlands on December 9, 2014. The objectives of the Foundation are to acquire and hold shares in the Company and to do everything that is in the interest of the Company and all those involved in the Company, including its creditors. The sole managing director of the Foundation is Intertrust Management B.V.

Intertrust Management B.V. and Intertrust Administrative Services B.V. belong to the same group of companies but are not related to the Issuer. The Intertrust companies and the Issuer, as well as any entities belonging to those groups, are considered related parties to the Company. Transactions with those parties are detailed in the relevant disclosure notes. All transactions with related parties are considered to be at arms' length pricing.

RISK MANAGEMENT

Following the purchase of the Mortgage Loans under the Programme, the Company is exposed to a variety of risks. As the Company's exposure to the Issuer and Covered Bond holders are with limited recourse (i.e. a risk transfer to the parties), the risks for the Company itself are limited. However, the Company has taken a variety of measures to minimise the risks linked to the transaction.

In addition to financial risks, the Company also faces operational risks. The servicing of the underlying Mortgage Loans, and the entity administration and investor reporting are performed by regulated, well-known companies. The operating risk is mitigated as the Company has contractual agreements with these companies and these companies either provide annual audit statements on the Mortgage Portfolios and or an ISAE 3402 report with respect to the services provided. Furthermore the transaction includes measures to be taken once certain parties fail to maintain a specific credit rating. Management believes that the operational risks are low and no further measures are deemed necessary.

The Company and the Dutch Tax Authorities have agreed, by way of a tax ruling, that the Company will be assessed on a pre-determined annual profit for tax purposes. As a result, the risks described above will not influence the profit of the Company.

The Company believes that no ongoing risk assessment is deemed necessary, as the most significant risks are adequately covered.

Financial risk management

The main financial risks the Company is exposed to are credit and concentration risk, interest rate risk and liquidity risk. These risks relate to the Mortgage Loans as collateral to the Covered Bonds issued by the Issuer.

Credit and concentration risk

As the Company holds residential mortgage loans in the Netherlands, the Company has significant exposure to credit and concentration risks associated with the Dutch housing market.

Credit risk is mainly related to the economic conditions and the risk that individual borrowers might be unable to fulfil their payment obligations. However, these risks are mitigated because each loan is collateralised by the related property, and the loan portfolio is well spread over a large number of individual loans, a variety of mortgage types and geographical areas. If a borrower defaults and the Company forecloses on the property, the Company is entitled to all proceeds of the sale of the related property. If the proceeds from the sale of the property are insufficient to repay the outstanding principal amount of the loan the Company could record a loss in value of the portfolio.

Consequently, not only the creditworthiness of the borrower can be recognised as a risk but also the general economic conditions and the housing market in particular have an impact on the probability of a loss.

As detailed in the Future developments section below, the Dutch economy has continued its recovery in 2016 and most macro economic developments are showing positive trends. These trends are expected to have a positive effect on both house prices and the number of transactions on the residential housing market. Recently amended legislation has resulted in a decline in interest-only mortgages and stricter regulations for the issue of mortgages. This will all have a positive impact on the expected loss ratios.

Whilst this has the effect of reducing the Company's exposure to credit and concentration risk, it will not eliminate it. Management is aware of regional variations in both developments and future expectations and so not all mortgages issued will be so positively influenced. Moreover, the expectations are contingent on a number of local and global developments which may not materialise and over which it has no control.

However, the Company believes that all significant risks are adequately addressed and that no ongoing risk assessment is deemed necessary. The credit enhancements under the terms of the transaction are all part of the risk control measures.

In the unlikely situation that all risk measures as described above fail, the limited recourse clause of the Programme will take effect (see below).

Interest rate risk
The interest rate risk arises when the interest received on the mortgage receivables is insufficient to cover the fixed interest due on the Subordinated Loan. Such risk is partially mitigated by the fact that the interest rate for each mortgage receivable must be at least 1.5%. The servicer is contractually obliged to offer a reset rate that is at least equal to 1.5%.

Moreover, historically, the weighted average interest rate on the mortgage receivables has been sufficient to cover the interest due on the Subordinated Loan.

The interest rate risk is also mitigated through the structure of the waterfall. The Interest Available Amounts and the Principal Available Amounts are both used to meet the Priority of Payments. As the interest due on the Subordinated Loan is senior to the principal due on the Subordinated loan, this further reduces the interest rate risk. Through the subordination in the waterfall structure, funds are distributed only to the extent available and as such the interest rate risk is addressed.

The Company did not enter into an interest rate swap agreement to mitigate interest rate risk. However, if the interest received on the mortgage portfolio is insufficient to cover the interest due on the Subordinated Loan, the Programme does allow the Company to enter into an interest rate swap agreement to mitigate the interest rate risk.

The liabilities of the Company towards the Issuer are limited recourse obligations. If the funds received by the Company are insufficient to pay in full all principal and interest on the Subordinated Loan, the Issuer shall have no further claim against the Company in respect of any such unpaid amounts.

Liquidity risk
Matching maturities of assets and liabilities and related cash flows is fundamental to the management of the Company. This risk is addressed and mitigated by various credit enhancements granted by the Issuer.

Limited Recourse
Any obligations of the Company towards holders of the Covered Bonds and the Seller are limited recourse obligations and the ability of the Company to meet any eventual obligations to pay principal and interest on the Covered Bonds is dependent on the receipt of funds from the Mortgage Loans and the proceeds of the sale of any Mortgage Loans.

If the proceeds are insufficient to repay in full all principal and interest and other amounts due under the Covered Bonds, then, as the Company has no other assets, it may be unable to satisfy claims in respect to any unpaid amounts.

The Company's risk appetite is considered low.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these Financial statements are set out below:

Basis of presentation
The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). The Financial statements are prepared under the historical cost convention and presented in the joint currency of the European Monetary Union, the euro ("EUR" or "€"), the Company's functional currency. All amounts are in EUR, unless stated otherwise.

Unless specifically stated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred. The Balance sheet, Statement of income and Statement of cash flows include references to the notes.

Change in presentation
The Company's Financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands ("DutchGAAP").
The changes in presentation for 2016 stem primarily from the way the Company views its function within the Programme in terms of economic reality, rather than its legal form. It is considered that, from an accounting perspective, substantially all the risks and rewards of the Mortgage Loan portfolio were retained by the Seller, notwithstanding the valid legal transfer.

This assessment is based on the expectation that, under the terms and conditions of the Programme and past experience in similar transactions, substantially all of the excess income of the Company will ultimately revert to the Seller. The balance sheet asset previously described as Mortgage Loans and all other balances involving the Seller, including the non-recourse subordinated loan held by the Seller and all accrued interest positions, are now not recognised as individual assets and liabilities in the Company's balance sheet but rather netted as a single outstanding Balance with the Seller under the Programme.

A further consequence for these financial statements is that some transactions and cash flows involving the Seller have been reclassified in the Statement of income and Statement of cash flows as the Company does not recognise cash flows to which it is not beneficially entitled.

As the Seller is considered to have retained substantially all the risks and rewards of the Mortgage Loan portfolio, the mortgage portolio in the financial statement is classified as a deemed loan.

None of these changes have any impact on previously reported levels of income after taxes, nor on previously reported levels of Shareholder's equity.The changes do, however, result in changes in the way balances, transactions and cashflows are presented and narrated in the Financial statements.

Classification in 2015	Amount 2015 €	Classification in 2016
Statement of income:		
Interest income	19,482,120	Income
Interest on subordinated loan	14,068,317	Income
Accrued Deferred Purchase Price	4,742,041	Income
Mortgage pool servicing fee	513,493	Income

De classification of the balance is set out in note 2.5 under the balance with the seller.

Significant accounting judgments and estimates
In the process of applying the Company's accounting policies, the Company's management has exercised judgment and estimates in determining the amounts recognised in the Financial statements. The most significant uses of judgment and estimates are as follows.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial statements are prepared on the going concern basis.

Cash and cash equivalents
Cash and cash equivalents are valued at nominal value and, insofar as not stated otherwise, are at the free disposal of the Company. Cash and cash equivalents relate to immediately due and payable withdrawal claims against credit institutions and cash resources.

Balance with the Seller
The Balance with the Seller is initially recognized at fair value and subsequently carried at amortised cost. Mortgage Loans and all other related balances are deducted from the Balance with the Seller in recognition of the retention of economic ownership by the Seller.

Other liabilities
Other liabilities are carried at amortised cost.

Offsetting
Financial assets and liabilities are offset at the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Balances involving the Seller are presented as a single line item on the Balance sheet, reflecting the Company's function within the Programme when viewed from an economic reality prespective.

Revenue recognition
Income and expenses are recognised in the Statement of Income on an accrual basis. Losses are accounted for in the year in which they are identified.

The Company does not recognise cash flows in which it has no beneficial interest, principally those flowing to the Seller being the principal bearer of the risks and rewards associated with the Mortgage Loans.

FAIR VALUE FINANCIAL INSTRUMENTS

Due to the short-term nature of the cash and cash equivalents, the Balance with the Seller and other liabilities included in these Financial statements, the estimated fair value for these financial instruments approximates the book value, as disclosed in the aforementioned accounting policies.

CORPORATE INCOME TAX

The Company is liable to Dutch corporate income tax under a tax ruling. This stipulates that the Company should report annual income on the basis of a 10% mark-up on the Director's fee, with a minimum of EUR 2,500.

CONTINGENT LIABILITIES AND COMMITMENTS

The Company has granted a first ranking right of pledge on the Mortgage Loans and Beneficiary Rights to Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company. In addition the Company has granted a right of pledge over all rights of the Company under or in connection with the Guarantee Support Agreement, the Servicing Agreement, the Administration Agreement, the Asset Monitor Appointment Agreement, the GIC and in respect of the GIC-accounts to the Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company.

The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties can lead to exercising the right of pledge by Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company.

STATEMENT OF CASH FLOWS

The Statement of cash flows has been prepared using the indirect method. The cash items disclosed in the Statement of cash flows are comprised of cash and cash equivalents. Income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the Statement of cash flows.

2.5 Notes to the Balance sheet

CURRENT ASSETS

Cash and cash equivalents [1]

	31-12-2016	31-12-2015
	€	€
CBC Account	4,040	2,500
Reserve Account	3,246,243	1,104,744
	3,250,283	1,107,244

CBC Account

The CBC Account relates to a floating rate current account with Societe Generale S.A. in Amsterdam, the Netherlands.

The rate of interest on the CBC Account is determined by Euro Overnight Index Average ("Eonia").

Reserve Account

The Reserve Account relates to an optional reserve deposit with Societe Generale S.A. in Amsterdam, the Netherlands. These funds are not available to finance the Company's day-to-day operations but serve as a security to enable the Company to meet its fees and other obligations. If and to the amount that excess funds are available after these obligations, these are deposited on the Reserve Account up to the Reserve Account Required Amount. If the Reserve Account Required Amount is reached, excess funds are available for payment of the Balance with the Seller.

The rate of interest on the Reserve Account is determined by Eonia.

2.5 Notes to the Balance sheet

SHAREHOLDER'S EQUITY [2]

Share capital

The authorised capital which are issued and paid-in amounts to € 1, consisting of 1 ordinary share of € 1.
The net result for the year amounts to EUR 2,000 (2015: EUR 2,000).

Other reserves

	31-12-2016	31-12-2015
	€	€
Opening balance	2,000	-
Results prior year	2,000	2,000
Closing balance	4,000	2,000

CURRENT LIABILITIES [3]

All current liabilities have a maturity of less than one year.

Balance with the Seller
Following the change in the Company's accounting policies in 2016, the Company now recognises all balances under the Programme involving the Seller as Balance with the Seller. As balances are regularly settled with the Seller and on a net basis, this balance is considered to be a current liability, notwithstanding that the individual underlying contracts under the Programme may be of a long-term nature.

The individual balances that make up the overall Balance with the Seller are as follows:

	31-12-2016	31-12-2015
	€	€
Subordinated Loan	1,304,671,052	658,718,506
Deemed Loan (previous year: Mortgage Loans)	-1,279,072,318	-641,945,016
Accounts receivable	-21,999,909	-15,668,747
Interest receivable	-3,303,593	-2,001,060
Accrued Deferred Purchase Price	1,494,972	1,112,711
Interest payable	1,327,688	811,416
Mortgage pool servicing fee	110,200	55,852
	3,228,092	1,083,662

Taxes

	31-12-2016	31-12-2015
	€	€
Corporate income tax	40	500

Accrued expenses and other liabilities

	31-12-2016	31-12-2015
	€	€
Audit fee	18,150	19,360
Management fee	-	1,721
	18,150	21,081

2.6 Notes to the Statement of income

Income [4]

	2016	December 11, 2014 to December 31, 2015
	€	€
Income from Mortgage Loans	38,071,130	19,482,120
Interest on Subordinated Loan	-34,826,511	-14,068,317
Accrued Deferred Purchase Price	-1,903,392	-4,742,041
Mortgage pool servicing fee	-1,192,784	-513,493
	148,443	158,269

All income was due from the Seller.

General and administrative expenses [5]

	2016	December 11, 2014 till, December 31, 2015
	€	€
Administration fee	85,293	70,356
Management fee	34,856	50,954
Independent auditor fee	18,150	19,360
Other advisory fee	7,644	15,099
Total	145,943	155,769

The Administration fee and Management fee were payable to a related party.

The fee to PricewaterhouseCoopers Accountants N.V., in their role as independent auditor of the Company, amounts to EUR 18,150. No other fees were paid or are payable to the independent auditor of the Company.

Corporate income tax [6]

	2016	December 11, 2014 till, December 31, 2015
	€	€
Corporate income tax	500	500

The Company and the Dutch Tax Authorities agreed by way of a ruling that the taxable amount is calculated at the higher of EUR 2,500 and 10% of the annual remuneration paid to the Managing Director of the Company. The applicable tax rate for the year under review is 20% of the taxable amount.

Employees
During the period under review the Company did not employ any personnel in and outside the Netherlands (previous period: nil).

Remuneration of the Director and Board of Supervisory Directors
The Board of Directors consists of one corporate director; the remuneration of the Director is included in the management fee as disclosed under General and administrative expenses, above and amounts to EUR 18,277 (2015: EUR 32,257). The Company does not have a Board of Supervisory Directors.

Proposed appropriation of result
The net result for the year under review is EUR 2,000. Management proposes to add the net result to the Other reserves.

Post-balance sheet events
On 15 February 2017 the Issuer issued a new series of Covered Bonds totalling EUR 500 million.

No other events took place that could have a major effect on the financial position of the Company.

Amsterdam, June 30, 2017

Managing Director
Intertrust Management B.V.

3. Other information

3.1 Statutory provisions

In accordance with Article 19 of the Company's articles of association and applicable law, the management board is authorised to retain the profits or a part thereof, as appears from the most recently adopted financial statements. The General Meeting is subsequently authorised to resolve to distribute or to reserve what then remains of the profits or a part thereof. The General Meeting is also authorised to resolve to make interim distributions, which includes distributions from the reserves.

The Company may make distributions to the shareholder only to the extent that the Company's shareholder's equity exceeds the sum of the reserves which it is legally required to maintain.

The Company may only follow a resolution of the General Meeting to distribute after the management board has given its approval to do this. The management board withholds approval only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

pwc

Van Lanschot Conditional Pass-Through Covered Bond Company B.V.
Attn. the board of directors
Prins Bernhardplein 200
1097 JB Amsterdam

30 June 2017

Reference: MJ/e0405480/AJK/jm

Subject: financial statements and auditor's report 2016

Dear Sir/Madam

We are pleased to send you a stamped version of the financial statements 2016, and our signed auditor's report dated 30 June 2017. Furthermore, we enclose one copy of the aforementioned auditor's report.

We provided one version of the auditor's report with an original signature. This auditor's report needs to be included in the section 'Other information' accompanying the financial statements which are signed by the board of directors and is for your own records. A copy of the auditor's report includes the name of the external auditor, but lacks a personal signature. We confirm that we give you our consent to include a copy in the section 'Other information' accompanying a copy of the financial statements 2016, which corresponds with the attached stamped version of the financial statements.

Signing and adopting the financial statements

The original financial statements must be signed by the board of directors before they are offered to the general meeting of Van Lanschot Conditional Pass-Through Covered Bond Company B.V. These financial statements must be adopted by the general meeting of Van Lanschot Conditional Pass-Through Covered Bond Company B.V. This adoption must be recorded in the minutes of the meeting. If the financial statements are not adopted within 45 days from the date of issuance of our auditor's report, our consent to include the report in the section 'Other information' accompanying the financial statements will be revoked. If that is the case, please contact us to discuss the situation.

Please send us a signed copy of the financial statements for our file.

Subsequent events

Please note that, if prior to the adoption of the financial statements there are circumstances or events with significant financial implication for the company (subsequent events), the financial statements need to be adjusted. Naturally, in such a situation, our consent is revoked.

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, the Netherlands
T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

pwc

Consent to use and make public our auditor's report and related conditions

We confirm that we give you our consent to publish the copy of our auditor's report together with the corresponding complete set of the financial statements (including the directors' report and the 'Other information'), provided that the financial statements will be adopted without any changes by the general meeting of Van Lanschot Conditional Pass-Through Covered Bond Company B.V.

If you publish the financial statements and a copy of the auditor's report on the Internet, you must safeguard that the financial statements are adequately segregated from any other information on the website. This could be done by publishing the financial statements as a separate, non-editable file, or by including a warning as soon as the reader leaves the financial statements (such as 'You are now leaving the protected audited financial statements').

Filing requirements

Within eight days after adoption of the financial statements, filing with the Chamber of Commerce must be fulfilled.

The financial statements must be adopted within seven months after year-end or, in case the general meeting of Van Lanschot Conditional Pass-Through Covered Bond Company B.V. has formally extended the period for preparing, the financial statements must be adopted and filed within twelve months after year-end at the latest.

It should be borne in mind that filing the financial statements is required by law and that any failure to file them constitutes an offence. In certain cases, failure to file may lead to you, as director, being held liable.

There is no requirement for the board of directors to sign the accounts which are to be filed at the Chamber of Commerce. In order to avoid the risk of identity theft we recommend that you do not file financial statements and auditor's reports which include a signature. In an accompanying letter to the Chamber of Commerce, you should mention that the original financial statements have been signed by the board of directors and adopted by the general meeting of Van Lanschot Conditional Pass-Through Covered Bond Company B.V., and the date on which this took place.

Information systems

In accordance with Section 2:393 sub 4 of the Dutch Civil Code, independent auditors must report their findings resulting from the audit of the financial statements with respect to the reliability and continuity of electronic data processing. As a result of our audit procedures we have no matters to report.

The responsibility for sufficient reliability and continuity of the electronic data processing lies primarily with management of the company. Our audit of the statutory financial statements is focused on issuing an opinion on the fairness of presentation of the financial statements and not the reliability and continuity of automated data processing as a whole or parts thereof.

It has been agreed that no separate examination of the reliability and continuity of automated data processing as a whole or parts thereof is carried out. If we had carried out specific procedures on the above aspects, additional findings might have been identified and reported to you.

pwc

Fraud

The primary responsibility for preventing and detecting fraud and mistakes rests with the management. The board of directors of the company sees to it that management develops adequate procedures and takes appropriate measures if necessary. The auditor is responsible for evaluating the risk that the financial statements could be materially misstated due to fraud, mistakes or misappropriation of assets.

If during the course of our audit we had detected an act of fraud, we would have reported any such matter to you. If, in the event of a material fraud in respect of financial reporting, no appropriate action had been taken by you, we would be required to report this to the relevant authorities.

During the audit of the financial statements 2016, no indications of fraud came to our attention.

Please do not hesitate to contact us, if you have any queries.

Yours sincerely,
PricewaterhouseCoopers Accountants N.V.

M.D. Jansen RA
partner

Enclosures