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Except as set out above, no person has been authorised to give any information or to make any representation not contained in or not consistent with the attached document or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, any Lead Manager or the Arranger.

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**PROSPECTUS DATED 9 JUNE 2015**

**ORANGE LION 2015-11 RMBS B.V.**  
as Issuer  
(incorporated with limited liability in The Netherlands)

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
<b>Principal Amount</b>	EUR 750,000,000	EUR 37,200,000	EUR 7,900,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate until First Optional Redemption Date</b>	Three-month Euribor + 0.29 per cent.	0 per cent.	0 per cent.
<b>Interest rate after First Optional Redemption Date</b>	Three-month Euribor + 0.58 per cent.	0 per cent.	0 per cent.
<b>Expected ratings (Fitch/Moody's)</b>	'AAAsf'/'Aaa(sf)'	non-rated	non-rated
<b>First Optional Redemption Date</b>	25 July 2022	25 July 2022	25 July 2022
<b>Final Maturity Date</b>	25 April 2047	25 April 2047	25 April 2047

**ING Bank N.V. as Seller**

*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meanings ascribed thereto in paragraph 1 (Definitions) of Schedule 1 (Glossary of Defined Terms) and the principles of interpretation set out in paragraph 2 (Interpretation) of Schedule 1 (Glossary of Defined Terms) shall apply to this Prospectus. Unless indicated otherwise, the capitalised terms conform to the RMBS Standard.*

<b>Closing Date</b>	The Issuer will issue the Notes in the classes set out above on 11 June 2015 (or such later date as may be agreed between the Issuer, the Seller, the Arranger and the Lead Managers).
<b>Underlying Assets</b>	The Issuer will make payments on the Notes from, among other things, payments of principal and interest received from a portfolio solely comprising mortgage loans originated by the Seller and secured over residential properties located in The Netherlands, legal title to which will be assigned to the Issuer on the Closing Date. See section 6.2 ( <i>Description of Mortgage Loans</i> ).
<b>Security for the Notes</b>	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, among other things, the Mortgage Receivables. See section 4.7 ( <i>Security</i> ).
<b>Denomination</b>	The Notes will have a minimum denomination of EUR 100,000 each and integral multiples of EUR 1,000 thereafter.
<b>Form</b>	The Notes will be in bearer form and in case of Definitive Notes serially numbered with coupons and talons attached.
<b>Interest</b>	The Class A Notes will carry a floating rate of interest as set out above, payable quarterly in arrear on each Notes Payment Date. The Class B Notes and the Class C Notes will not carry any interest. See Condition 7 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Payments of principal on the Notes will be made quarterly in arrear on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with, the Conditions. The Notes will mature on the Notes Payment Date falling in April 2047. On the First Optional Redemption Date and each succeeding Optional Redemption Date and in certain other circumstances, the Issuer will have the option to redeem all of the Notes. See Condition 8 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i> ).
<b>Subscription and Sale</b>	The Lead Managers have agreed to subscribe or procure subscription on the Closing Date, subject to certain conditions precedent being satisfied, for the Class A Notes. The Seller will, subject to certain conditions precedent being satisfied, on the Closing Date purchase the Retained Notes.
<b>Credit Rating Agencies</b>	Each of Fitch and Moody's is established in the European Union and is registered under the CRA Regulation. As such each of Fitch and Moody's is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.
<b>Ratings</b>	It is a condition precedent to issuance that, on issue, the Class A Notes be assigned a credit rating of 'AAAsf' by Fitch and a credit rating of 'Aaa(sf)' by Moody's. The ratings assigned by

	<p>Fitch and Moody's address the likelihood of (a) timely payment of interest due on the Class A Notes on each Notes Payment Date and (b) full payment of principal by a date that is no later than the Final Maturity Date. The Class B Notes and the Class C Notes will not be rated.</p> <p>The assignment of ratings to the Class A Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.</p>
<b>Listing</b>	<p>Application has been made to list the Class A Notes on Euronext Amsterdam, a regulated market of Euronext Amsterdam N.V. The other Classes of Notes will not be listed. This Prospectus has been approved by The Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>) and constitutes a prospectus for the purposes of the Prospectus Directive.</p>
<b>Eurosystem Eligibility</b>	<p>The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear Netherlands as one of the Central Securities Depositories (the "CSDs") that fulfils the minimum standard established by the European Central Bank, as common safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon, among other things, satisfaction of the Eurosystem eligibility criteria. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.</p>
<b>Limited recourse obligations</b>	<p>The Notes will be limited recourse obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any of the other parties to the Transaction Documents. The Issuer will have limited sources of funds available. See section 2 (<i>Risk Factors</i>).</p>
<b>Subordination</b>	<p>The Class B Notes and the Class C Notes are subordinated to the Class A Notes. See section 4.1 (<i>Terms and Conditions of the Notes</i>) and section 5 (<i>Credit Structure</i>).</p>
<b>Retention and Information Undertakings</b>	<p>The Seller has undertaken to retain, on an ongoing basis, a material net economic interest of not less than five per cent. in the securitisation transaction described in this Prospectus in accordance with Article 405 of the CRR and Article 51 of the AIFMR (or comply in such other manner as allowed under Article 405 of the CRR and Article 51 of the AIFMR). As at the Closing Date, such material net economic interest will be held by the Seller in accordance with Article 405 of the CRR and Article 51 of the AIFMR and will comprise an interest in the first loss tranche within the meaning of Article 405(1)(d) of the CRR and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors as required by the text of each of Article 405 of the CRR and Article 51 of the AIFMR.</p> <p>In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to grant readily available access, subject to an appropriate confidentiality agreement having been executed and subject to any applicable data protection rules, to all materially relevant information to investors with a view to such investor complying with Article 405 up to and including Article 409 of the CRR and Article 51 and 52 of the AIFMR, which information can be obtained from the Seller upon request.</p> <p>The Issuer Administrator on behalf of the Issuer will prepare investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The investor reports can be obtained at the website of the DSA: <a href="http://www.dutchsecuritisation.nl">www.dutchsecuritisation.nl</a>.</p> <p>Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying, in each case to the extent applicable to such investor, with Article 405 up to and including Article 409 of the CRR and Article 51 and 52 of the AIFMR and none of the Issuer, the Seller, the Servicer, the Issuer Administrator nor the Arranger and the Lead Managers make any representation that the information described above is sufficient in all circumstances for such purposes.</p> <p>See section 4.4 (<i>Regulatory and Industry Compliance</i>) for more detail. For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), see the risk factor entitled "<i>Regulatory initiatives may result</i></p>

	<i>in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes".</i>
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Investing in the Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed in section 2 (*Risk Factors*) of this Prospectus.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

**Arranger**

**ING BANK**

**Lead Managers**

**Barclays  
Lloyds Bank**

**ING BANK  
UniCredit**

## IMPORTANT INFORMATION

### Responsibility statements

The Issuer is responsible for all information contained in this Prospectus. To the best of the Issuer's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

In addition to the Issuer, the Seller is responsible for the information referred to in the paragraph below.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: Retention and disclosure requirements under the CRR in section 1.4 (*Notes*), 1.6 (*Portfolio Information*), 3.4 (*Seller/Originator*), 3.5 (*Servicer*), 4.4 (*Regulatory and Industry Compliance*), 6.1 (*Stratification Tables*), 6.2 (*Description of Mortgage Loans*), 6.3 (*Origination and Servicing*), 6.4 (*Dutch Residential Mortgage Market*) and 6.5 (*NHG Guarantee Programme*) and any other disclosure in this Prospectus in respect of Article 405 up to and including Article 409 of the CRR and Article 51 and 52 of the AIFMR. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly. The Seller is not responsible for information contained in any section other than the sections mentioned above, and consequently does not assume any liability with respect to the information contained in any other section. Any information from third parties contained and specified as such in the aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case). The Seller accepts responsibility accordingly.

### Incorporation by reference

This Prospectus is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated by reference herein (see section 8 (*General*)). This Prospectus shall be read and construed on the basis that such document is incorporated in and forms part of this Prospectus.

### Important information

**THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).**

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE AFM, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS 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 PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER AND THE LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. SEE SECTION 4.3 (*SUBSCRIPTION AND SALE*).

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT

JURISDICTION AND INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. SEE SECTION 4.3 (*SUBSCRIPTION AND SALE*). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING ON ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NONE OF THE ISSUER, ANY OF THE LEAD MANAGERS OR ARRANGER MAKE ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER, THE SELLER AND THE OTHER SOURCES IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN BY THE ARRANGER OR THE LEAD MANAGERS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION AND THE ARRANGER AND THE LEAD MANAGERS HAVE NOT SEPARATELY VERIFIED SUCH INFORMATION. NONE OF THE ARRANGER OR THE LEAD MANAGERS MAKE ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS OR FOR ANY OTHER STATEMENT, MADE OR PURPORTED TO BE MADE BY THE ARRANGER OR LEAD MANAGERS OR ON THEIR BEHALF IN CONNECTION WITH THE ISSUER, THE SELLER, OR THE ISSUE AND OFFERING OF THE NOTES. EACH OF THE ARRANGER AND THE LEAD MANAGERS ACCORDINGLY DISCLAIMS ALL AND ANY LIABILITY WHETHER ARISING IN TORT OR CONTRACT OR OTHERWISE WHICH IT MIGHT HAVE IN RESPECT OF THIS PROSPECTUS OR ANY SUCH STATEMENT.

NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE OF THIS PROSPECTUS. NEITHER THE ISSUER NOR ANY OTHER PARTY HAS ANY OBLIGATION TO UPDATE THIS PROSPECTUS, AFTER COMPLETION OF THE OFFER OF THE NOTES.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES. THIS PROSPECTUS SHOULD BE REVIEWED BY EACH PROSPECTIVE PURCHASER AND ITS LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT AND OTHER ADVISORS. PROSPECTIVE PURCHASERS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

NONE OF THE LEAD MANAGERS, THE ARRANGER AND THE SELLER HAS EXPRESSLY UNDERTAKEN TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE ISSUER DURING THE LIFE OF THE NOTES. INVESTORS SHOULD REVIEW THE MOST RECENT FINANCIAL STATEMENTS FOR THE ISSUER WHEN DECIDING WHETHER OR NOT TO PURCHASE ANY NOTES.

FORECASTS AND ESTIMATES IN THIS 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.

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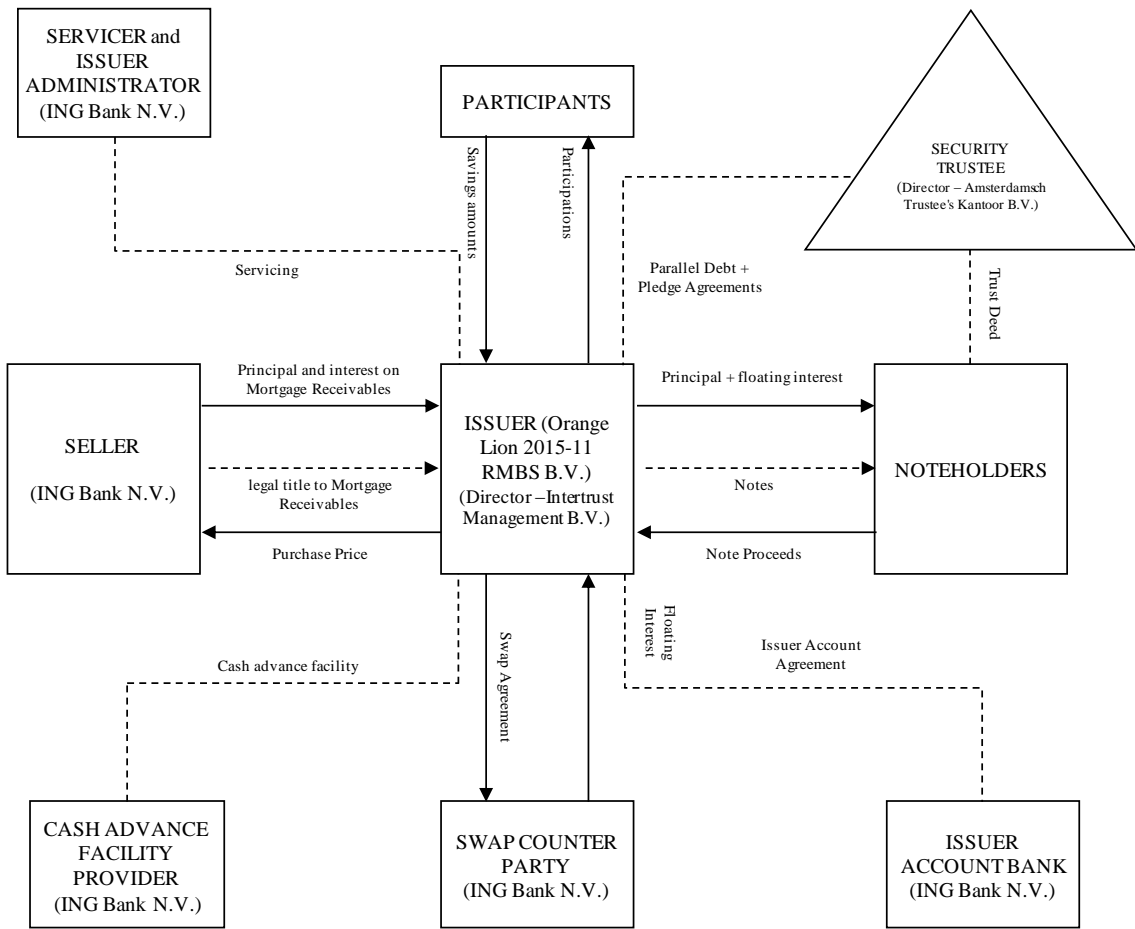
## **1. TRANSACTION OVERVIEW**

*The following is a summary of the principal features of the transaction described in this Prospectus, including the issue of the Notes. The information in this section does not purport to be complete. This summary should be read as an introduction to, and in conjunction with, the detailed information appearing elsewhere in this Prospectus. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus as a whole, including any supplement hereto and the documents incorporated by reference herein, and the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes. If a claim relating to the information contained in this Prospectus is brought before a competent court, the plaintiff investor will, subject to the legal requirement of the relevant member state of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability with respect to this summary will only attach to the Issuer if this summary is misleading, incorrect or inconsistent when read in such manner as indicated above.*

*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 1 (Definitions) of Schedule 1 (Glossary of Defined Terms) set out in this Prospectus.*

*The principles of interpretation set out in paragraph 2 (Interpretation) of Schedule 1 (Glossary of Defined Terms) in this Prospectus shall apply to this Prospectus.*

1.1 STRUCTURE DIAGRAM



## 1.2 RISK FACTORS

There are certain risk factors which prospective noteholders should take into account and which could affect the ability of the Issuer to fulfil its obligations under the Notes. These risk factors relate to, among other things, the Notes. One of these risk factors relates to the fact that the obligations of the Issuer under the Notes are limited recourse obligations, whereby the Issuer has limited resources to meet such obligations (in particular receipt by it of funds under the Mortgage Receivables). Despite certain structural mitigants in respect of these risks, there remains, among other things, credit risk, liquidity risk, prepayment risk, maturity risk and interest-rate risk relating to the Notes. Moreover, there are structural and legal risks relating to the Mortgage Receivables and Mortgaged Assets (see section 2 (*Risk Factors*)).

### 1.3 PRINCIPAL PARTIES

*Certain of the parties set out below may be replaced in accordance with the terms set out in the Transaction Documents.*

<b>Issuer</b>	Orange Lion 2015-11 RMBS B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), and registered with the Chamber of Commerce under number 62770349. The entire issued share capital of the Issuer is owned by the Shareholder.
<b>Seller</b>	ING Bank N.V. (" <b>ING</b> "), incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ) and registered with the Chamber of Commerce under number 33031431.
<b>Issuer Administrator</b>	ING.
<b>Servicer</b>	ING.
<b>Security Trustee</b>	Stichting Trustee Orange Lion 2015-11 RMBS, established under Dutch law as a foundation ( <i>stichting</i> ), and registered with the Chamber of Commerce under number 62763296.
<b>Shareholder</b>	Stichting Holding Orange Lion 2015-11 RMBS, established under Dutch law as a foundation ( <i>stichting</i> ), and registered with the Chamber of Commerce under number 62763482.
<b>Participants</b>	ING in relation to Bank Savings Mortgage Receivables;  Algemene Levensherv verzekering Maatschappij N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), and registered with the Chamber of Commerce under number 33075446, in relation to certain Savings Mortgage Receivables; and  Nationale-Nederlanden Levensverzekering Maatschappij N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), and registered with the Chamber of Commerce under number 2404221, in relation to certain Savings Mortgage Receivables.
<b>Directors</b>	Intertrust Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. Each of the Directors is incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). Intertrust Management B.V. is registered with the Chamber of Commerce under number 33226415. Amsterdamsch Trustee's Kantoor B.V. is registered with the Chamber of Commerce under number 33001955.
<b>Swap Counterparty</b>	ING.
<b>Cash Advance Facility Provider</b>	ING.
<b>Issuer Account Bank</b>	ING.
<b>Paying Agent</b>	ING.

<b>Arranger</b>	ING
<b>Lead Managers</b>	Barclays Bank PLC, ING, Lloyds Bank plc and UniCredit Bank AG.
<b>Listing Agent</b>	ING.
<b>Credit Rating Agencies</b>	<p>Fitch Ratings Limited and Moody's Investors Service Limited.</p> <p>Each Credit Rating Agency is established in the European Union and registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.</p>

## 1.4 NOTES

	Class A Notes	Class B Notes	Class C Notes
<b>Principal Amount Outstanding at Closing Date</b>	EUR 750,000,000	EUR 37,200,000	EUR 7,900,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.
<b>Expected Rating (Fitch/Moody's)</b>	'AAAsf'/'Aaa(sf)'	Not rated	Not rated
<b>Issue Date</b>	11 June 2015		
<b>Listing</b>	Euronext Amsterdam	Not listed	Not listed
<b>Clearing</b>	Euroclear Netherlands.		
<b>Denomination</b>	EUR 100,000 and integral multiples of EUR 1,000 thereafter.		
<b>Form</b>	Bearer form and in case of Definitive Notes serially numbered with coupons and talons attached.		
<b>Status and ranking</b>	<p><i>Pari passu</i> and <i>pro rata</i> without any preference or priority among Notes of the same Class in respect of the Security proceeds and payments of principal and, if applicable, interest.</p> <p>All payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes. Principal amounts due under the Class C Notes shall be made from the Available Revenue Funds only in accordance with the Revenue Priority of Payments. See section 4.1 (<i>Terms and Conditions of the Notes</i>).</p>		
<b>Floating rate of interest</b>	<p>The Class A Notes will accrue interest at an annual rate of Euribor for three months deposits in euros (determined in accordance with Condition 7 (<i>Interest</i>)) plus the Relevant Margin, provided that the interest rate so calculated shall never be less than zero, and in respect of the first Interest Period the interest rate shall be 0.30766 per cent. per annum.</p>		
<b>Relevant Margin up to but excluding First Optional Redemption Date</b>	0.29 per cent. per annum	N/A	N/A

<b>Relevant Margin on the Notes after First Optional Redemption Date if the Notes of any Class have not been redeemed in full</b>	0.58 per cent. per annum	N/A	N/A
<b>Interest Periods and accrual</b>	Each Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in October 2015. The interest will be calculated on the basis of the actual days elapsed in an Interest Period divided by a year of 360 calendar days.		
<b>Notes Payment Dates</b>	Quarterly in arrear on the 25 <sup>th</sup> day of January, April, July and October, subject to adjustment in accordance with the modified following business day convention and commencing on October 2015.		
<b>Final Maturity Date</b>	The Notes Payment Date falling in April 2047, unless previously purchased and cancelled or redeemed in full. Redemption of the Notes is to take place at their respective Notional Principal Amount Outstanding subject to and in accordance with the Conditions, in particular Condition 8.1 ( <i>Final Redemption</i> ). Any difference at such time between the Notional Principal Amount Outstanding and the Principal Amount Outstanding of such Note will not be due or payable and will be fully and finally written-off.		
<b>First Optional Redemption Date</b>	The Notes Payment Date falling in July 2022.		
<b>Optional redemption</b>	On each Optional Redemption Date the Issuer has the option, in accordance with Condition 8.7 ( <i>Optional Redemption – Prepayment Call</i> ), to redeem all (not some only) of the Notes (other than the Class C Notes) at their respective Principal Amount Outstanding on such date, subject to and in accordance with the Conditions.		
<b>Mandatory redemption</b>	<p>The Issuer will apply the Available Principal Funds, subject to possible application thereof towards payment of the Initial Purchase Price for Further Advance Receivables, to redeem (either in whole or in part) the Notes (other than the Class C Notes) provided that no Enforcement Notice has been delivered by the Security Agent, in an amount equal to the respective Note Principal Payment sequentially in the following order:</p> <p><i>first</i>, the Class A Notes (either in whole or in part), until fully redeemed in accordance with the Conditions, and</p> <p><i>second</i>, the Class B Notes (either in whole or in part), until fully redeemed in accordance with the Conditions.</p> <p>Principal amounts due under the Class C Notes shall be made from the Available Revenue Funds only in accordance with the Revenue Priority of Payments.</p>		
<b>Other redemption in full events</b>	<p>Redemption following exercise by the Seller of the Clean-up Call Option. See Condition 8.6 (<i>Redemption – Clean-Up Call Option</i>).</p> <p>Redemption for tax reasons. See Condition 8.8 (<i>Optional Redemption – Tax Call</i>).</p>		

**Observations  
regarding Class A  
Notes**

To the extent that the Available Principal Funds or the Available Revenue Funds are insufficient to redeem the Class A Notes in full or pay interest when due in accordance with the Conditions for a period of 7 (in the case of principal) or 14 (in the case of interest) calendar days or more, this will constitute an Event of Default in accordance with Condition 12.1 (*Event of Default*). If, on any date, the Security is to be enforced and the proceeds of the enforcement of all such Security would be insufficient to redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. Any Class of Notes ranking subordinated to the Class of Notes in respect of which the proceeds of enforcement are insufficient to be redeemed in full, will not be redeemed at all.

**Events of Default**

The Events of Default are fully set out in Condition 12 (*Events of Default*) and broadly include:

- non-payment when due in accordance with the Conditions for a period of 7 (in the case of principal) or 14 (in the case of interest) calendar days or more;
- default in the performance or observance of any of the Issuer's other obligations under or in respect of any of the Transaction Documents, the Notes or the Issuer Covenants, if applicable, subject to a remedy period of 30 calendar days;
- insolvency of the Issuer; and
- unlawfulness for the Issuer to perform its obligations under or in respect of the Notes or any of the Transaction Documents.

**Security for the  
Notes, limited  
recourse and non-  
petition**

The Notes are limited recourse obligations of the Issuer. See Condition 9 (*Limited Recourse*).

The Notes will be (indirectly) secured, through the Security Trustee, by a first ranking right of pledge granted by the Issuer to the Security Trustee over (i) the Mortgage Receivables (including any Related Security), (ii) the Issuer's rights under or in connection with the Transaction Documents and (iii) the Issuer's rights in respect of the Issuer Transaction Accounts.

The Noteholders and the other Secured Creditors may, in principle, not institute, among other things, any proceeding or action or insolvency proceedings against the Issuer. See Condition 14 (*No action by Noteholders, Couponholders or any other Secured Creditor*).

In the Trust Deed, the Issuer will, by way of parallel debt, undertake to pay to the Security Trustee an amount equal to the aggregate amount, from time to time due by it to Noteholders and the other Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

**Method of payment**

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro through Euroclear Netherlands, for the credit of the respective accounts of the Noteholders. See section 4.2 (*Form*).

**Taxation**

If any deduction or withholding on account of Tax is required to be made by the Issuer in respect of any payment in respect of the Notes, Coupons or Talons, neither the Issuer, the Security Trustee nor the Paying Agent will be required to make any additional payments to the holders of such Notes, Coupons or Talons in respect of such deduction or withholding on account of Tax.

Notwithstanding any other provision in the Conditions, all payments in respect of the Notes by or on behalf of the Issuer shall be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

**Selling restrictions**

There are selling restrictions in relation to the United States, the United Kingdom, the European Economic Area, Japan and such other restrictions as may apply in connection with the offering and sale of the Notes. See section 4.3 (*Subscription and Sale*).

**Use of proceeds of the Notes**

The Issuer will use the net proceeds from the issue of the Class A Notes and the Class B Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables to be purchased on the Closing Date, pursuant to the Mortgage Receivables Purchase Agreement.

The net proceeds from the issue of the Class C Notes will be credited to the Reserve Account on the Closing Date.

In addition, an amount of EUR 228,504.57 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Deposit Account in order to reflect those parts of the Mortgage Loans comprising Construction Deposits.

An amount of EUR 18,751,625.34 will be paid by the Participants to the Issuer as consideration for the Participations granted to the Participants in the Participation Mortgage Receivables forming part of the Initial Portfolio on the Closing Date. The Issuer will apply such amount to pay part of the Initial Purchase Price for the Mortgage Receivables to be purchased on the Closing Date, pursuant to the Mortgage Receivables Purchase Agreement.

**Rating**

It is a condition precedent to issuance that, upon issue, the Class A Notes be assigned an 'AAAsf' rating by Fitch and an 'Aaa(sf)' rating by Moody's. The Class B Notes and the Class C Notes will not, upon issue, be assigned a rating by Fitch and Moody's.

The identifier "sf" stands for "structured finance". The addition of the identifier "sf" (by Fitch) or "(sf)" (by Moody's) indicates only that the instrument is deemed to meet the regulatory definition of "structured finance" as referred to in the CRA Regulation. In no way does it modify the meaning of the rating itself.

**Retention and disclosure requirements under the CRR and AIFMR**

The Seller shall at all times comply with Article 405 of the CRR and Article 51 of the AIFMR. See section 4.4 (*Regulatory and Industry Compliance*).

**Governing law**

The Notes and the Transaction Documents, other than the Swap Agreement, and any non-contractual obligations arising out of or in relation to the Notes and the Transaction Documents other than the Swap Agreement, will be governed by and construed in accordance with Dutch law. The Swap Agreement and any non-contractual obligations arising out of or in relation to the Swap Agreement will be governed by and construed in accordance with the laws of England and Wales.

## 1.5 CREDIT STRUCTURE

<b>Available Funds</b>	The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Swap Agreement and in respect of the Issuer Transaction Accounts, to make payments of, among other things, principal and interest due in respect of the Notes.
<b>Priorities of Payments</b>	<p>The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments (see section 5 (<i>Credit Structure</i>)). Any payment of principal from Available Principal Funds under the Redemption Priority of Payments or funds available for distribution in accordance with the Post-Enforcement Priority of Payments or payment of principal from Available Revenue Funds under the Revenue Priority of Payments in respect of each Class of Notes (other than the Class A Notes) is subordinated to payment of principal from Available Principal Funds under the Redemption Priority of Payments or interest in respect of the Class A Notes and funds available for distribution in accordance with the Post-Enforcement Priority of Payments. As more fully described herein under section 4.1 (<i>Terms and Conditions of the Notes</i>) and section 5 (<i>Credit Structure</i>).</p>
<b>Loss Allocation</b>	<p>To mitigate the risk that funds might otherwise be applied, the Issuer (or Issuer Administrator on its behalf) is required to maintain a Principal Deficiency Ledger in which Realised Losses are administered. To the extent any amount is debited to the Principal Deficiency Ledger, (i) such debit entries in the relevant sub-ledger of the Principal Deficiency Ledger are required to be made up before lower ranking obligations in the Revenue Priority of Payments are paid or provided for and (ii) this will give rise to a Notional Principal Amount Outstanding of the Notes (as opposed to a Principal Amount Outstanding), which may result in a reduced payment by the Issuer on redemption of a class of Notes.</p> <p>The Issuer will record as a debit entry in the Principal Deficiency Ledger on any Notes Payment Date an amount equal to any Realised Loss up to the Principal Amount Outstanding of the Notes from time to time (so as to give rise to a negative amount in the relevant sub-ledger). The Issuer will record as a credit entry in the Principal Deficiency Ledger on any Notes Payment Date:</p> <ul style="list-style-type: none"><li>(i) (1) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (e) in the Revenue Priority of Payments and (B) the Class A Principal Deficiency and (2) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (g) in the Revenue Priority of Payments and (B) the Class B Principal Deficiency, which amounts are added to the Available Principal Funds on such Notes Payment Date; and</li><li>(ii) where the balance of the relevant sub-ledger exceeds the Principal Amount Outstanding (including when zero after full redemption) of the relevant class of Notes, an amount equal to the relevant excess.</li></ul>
<b>Administration</b>	Under the Administration Agreement the Issuer Administrator will

<b>Agreement</b>	<p>agree to provide certain administration, calculation and cash management services for the Issuer to arrange for payments due to be made by the Issuer under any of the Transaction Documents.</p> <p>See section 5.7 (<i>Administration Agreement</i>).</p>
<b>Hedging</b>	<p>Interest on the Mortgage Loans is calculated on the basis of a variety of different rates and is set on a number of different interest fixing dates, whilst interest on the Class A Notes is calculated on the basis of the Reference Rate (set on the relevant Notes Calculation Date plus the Relevant Margin). Therefore the Issuer is exposed to a potential mismatch between the interest received on the Mortgage Loans and the interest due on the Class A Notes. In order to reduce the risk of such mismatch, the Issuer will enter into the Swap Transaction on or about the Closing Date with the Swap Counterparty. The Swap Transaction will be documented under a confirmation which forms part of and is subject to the Swap Agreement. The Swap Agreement is governed by and construed in accordance with the laws of England and Wales.</p>
<b>Cash Advance Facility</b>	<p>The Issuer has entered into the Cash Advance Facility Agreement for the purpose of funding any Cash Advance Facility Revenue Shortfall. The cash advance facility granted pursuant to the Cash Advance Facility Agreement is a 364 day facility. The Issuer may make Cash Advance Revolving Drawings on any Notes Payment Date and Cash Advance Facility Stand-by Drawings in certain limited circumstances. On any Notes Payment Date, the Issuer may utilise amounts standing to the credit of the Cash Advance Facility Stand-by Ledger as a result of a Cash Advance Facility Stand-by Drawing, to compensate any Cash Advance Facility Revenue Shortfall.</p>
<b>Issuer Collection Account</b>	<p>The Issuer shall maintain with the Issuer Account Bank an Issuer Collection Account into which are paid, among other things, all amounts received by the Issuer in respect of the Mortgage Receivables and the relevant Transaction Documents.</p>
<b>Ledgers</b>	<p>The Issuer (or the Issuer Administrator on its behalf) will maintain and administer the Issuer Collection Account with the following Ledgers: the Income Ledger, the Redemption Ledger, the Swap Replacement Ledger, the Participation Ledger, the Deposit Ledger and the Cash Advance Facility Stand-by Ledger. The Issuer (or the Issuer Administrator on its behalf) will maintain and administer the Principal Deficiency Ledger.</p>
<b>Reserve Account</b>	<p>The Issuer will maintain with the Issuer Account Bank the Reserve Account, to which the net proceeds of the Class C Notes will be credited on the Closing Date. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) to (f) (inclusive) in the Revenue Priority of Payments in the event that the Available Revenue Funds are not sufficient to meet such payment obligations on a Notes Payment Date. If and to the extent that the Available Revenue Funds on any Notes Payment Date exceed the aggregate amounts payable under items (a) to (f) (inclusive) in the Revenue Priority of Payments, the (relevant part of the) remaining Available Revenue Funds will be used to deposit in or, as the case may be, to replenish the Reserve Account by debiting the Issuer Collection Account and crediting such amount to the Reserve Account up to the Reserve Account Target Level.</p> <p>To the extent that the balance standing to the credit of the Reserve Account on any Notes Payment Date exceeds the Reserve Account</p>

Target Level, such excess shall be drawn from the Reserve Account on such Notes Payment Date and shall form part of the Available Revenue Funds on that Notes Payment Date.

On the Notes Payment Date on which all amounts of principal due in respect of the Notes, other than the Class C Notes, have been or will be paid, any amount remaining standing to the credit of the Reserve Account will on such date form part of the Available Revenue Funds and will be applied by the Issuer in or towards satisfaction of all items in the Revenue Priority of Payments in accordance with the priority set out therein.

**Other Issuer  
Accounts**

In addition to the Issuer Collection Account and the Reserve Account the Issuer shall also maintain with the Issuer Account Bank one or more Swap Collateral Accounts and a Construction Deposit Account.

Under the Issuer Account Agreement, the Issuer Account Bank will open and maintain the Issuer Accounts in the name of the Issuer. The Issuer Account Bank will also provide to the Issuer certain account management and cash handling services in respect of the Issuer Accounts. The Issuer Account Bank shall pay a certain guaranteed rate of interest on all funds standing to the credit of the Issuer Transaction Accounts.

## 1.6 PORTFOLIO INFORMATION

### **Mortgage Receivables**

The Mortgage Receivables will result from Mortgage Loans secured by a first-ranking mortgage right or first and sequentially lower ranking mortgage rights over the Mortgaged Assets and entered into by the Seller with the relevant Borrowers which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date.

The Mortgage Loan to which a Mortgage Receivable relates is either an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, an Investment Mortgage Loan, a Life Mortgage Loan, a Savings Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, or any combination of the foregoing.

### **NHG Guarantee**

Some Mortgage Loans have the benefit of an NHG Guarantee. The aggregate Outstanding Principal Amount of the NHG Mortgage Loan Receivables on the Cut-Off Date amounts to EUR 246,934,246,61. As a result of the assignment and pledge of the relevant NHG Mortgage Loan Receivables, the Issuer and the Security Trustee, respectively, will have the benefit of the rights of the Seller under each NHG Guarantee in relation to the relevant NHG Mortgage Loan Receivables.

See section 6.2 (*Description of Mortgage Loans*) and 6.5 (*NHG Guarantee Programme*).

### **Beneficiary Rights**

The Seller has the benefit of the Beneficiary Rights, which entitle the Seller to receive the final payout (*einduitkering*) under the relevant Insurance Policies, which payment is to be applied towards redemption of the relevant Mortgage Receivables. Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will assign, to the extent legally possible and required, such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

## 1.7 PORTFOLIO DOCUMENTATION

**Purchase by Issuer** Pursuant to the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Initial Portfolio on the Closing Date and may from time to time purchase Further Advance Receivables (including any Related Security) if offered to it by the Seller and on the condition that such purchase does not result in a breach of the Additional Purchase Conditions.

The Purchase Price for each Mortgage Receivable (including any Related Security) consists of an Initial Purchase Price and a Deferred Purchase Price. The Issuer will fund the Initial Purchase Price relating to the Initial Portfolio from (a) the net proceeds of the Notes (other than the Class C Notes) and/or (b) Initial Settlement Amounts to be received from the Participants. The Initial Purchase Price for any Further Advance Receivable will be funded from the Available Principal Funds.

If (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of all Mortgage Receivables resulting from the Mortgage Loan in respect of which a Further Advance is granted.

**Repurchase of  
Mortgage  
Receivables**

Under the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable on the relevant Mortgage Collection Payment Date if at any time in relation to a Mortgage Receivable any of the following events occur:

- (i) a material breach of the Mortgage Receivables Warranties as of the relevant Transfer Date and (A) the Seller does not within 14 calendar days of receipt of written notice thereof from the Issuer remedy the matter giving rise to such breach if such matter is capable of being remedied or (B) such matter is not capable of being remedied; or
- (ii) the Seller or the Servicer agrees with a Borrower to an amendment or waiver of the terms of a Mortgage Loan which does not result from a deterioration in the creditworthiness of the Borrower, and as a result thereof (i) the maturity date of such Mortgage Loan is extended beyond its initial maturity date or (ii) the related Mortgage Receivable would not qualify as an Eligible Mortgage Receivable, if tested against the Eligibility Criteria at such time; or
- (iii) an NHG Mortgage Loan Receivable no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller and, as a consequence thereof, such Mortgage Receivable no longer qualifies as an Eligible Mortgage Receivable, as tested against the Eligibility Criteria at such time; or

- (iv) if (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date.

The repurchase price will be calculated as described in section 7.1 (*Purchase, Repurchase and Sale*) below.

**Sale of Mortgage  
Receivables on an  
Optional  
Redemption Date**

The Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to the Seller or a third party, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Notes other than the Class C Notes (see Condition 8.7 (*Optional Redemption – Prepayment Call*)).

The Issuer may only sell and assign all but not some of the Mortgage Receivables, provided that the Issuer has provided to the Security Trustee a certificate signed by the Director to the effect that it expects to have the funds on the relevant Notes Payment Date required to redeem the Notes other than the Class C Notes pursuant to Condition 8.7 (*Optional Redemption – Prepayment Call*) and meet its payment obligations under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

The purchase price of the Mortgage Receivables is an amount equal to the higher of:

- (i)
  - (a) in respect of a Mortgage Receivable that has Arrears of Interest for a period exceeding 60 calendar days or with respect to which an instruction has been given to the civil law notary to sell the related Mortgaged Asset publicly, the lesser of: (x) the sum of the Gross Outstanding Principal Balance, Accrued Interest, Arrears of Interest and any other amount due in respect of the relevant Mortgage Receivable and any costs incurred by the Issuer in effecting and completing such sale and reassignment; and (y) the sum of (i) an amount equal to the most recently calculated Indexed Foreclosure Value of the related Mortgaged Asset, (ii) the value of any other collateral including the amount claimable under any NHG Guarantee and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment, all as at the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls; or
  - (b) in respect of any other Mortgage Receivable, (i) the Gross Outstanding Principal Balance together with any Accrued Interest and Arrears of Interest and any other amount due in respect of the relevant Mortgage Receivable and (ii) any costs incurred by the Issuer in effecting and completing such sale and reassignment; and

- (ii) the amount that is required to (A) redeem all relevant Notes at their Principal Amount Outstanding as at the day immediately prior to the relevant Optional Redemption Date and (B) meet the Issuer's payment obligations under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

**Sale of Mortgage Receivables if the Clean-Up Call Option is exercised**

If on any Mortgage Calculation Date, the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables is not more than 10 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables comprising the Initial Portfolio on the Cut-Off Date relating to the Transfer Date of the Initial Portfolio, the Seller has the option to exercise on the first following Notes Payment Date the Clean-Up Call Option.

In such case, the purchase price of the Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The Issuer must redeem all (but not some only) of the Notes (other than the Class C Notes) on the first Notes Payment Date following the Notes Payment Date on which the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes (other than the Class C Notes) in accordance with Condition 8.6 (*Redemption – Clean-Up Call Option*) and to meet its payment obligations under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

**Sale of Mortgage Receivables for tax reasons**

If the Issuer exercises its option to redeem the Notes on a Notes Payment Date for tax reasons in accordance with Condition 8.8 (*Optional Redemption – Tax Call*), the purchase price of such Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 8.8 (*Optional Redemption – Tax Call*) and to meet its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

**Right of first refusal to Seller**

If the Issuer decides to offer for sale (part of) the Mortgage Receivables in accordance with Condition 8.8 (*Optional Redemption - Tax Call*) it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 Business Days from the offer inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such period, the Issuer may offer such Mortgage Receivables for sale to any third party.

**Servicing Agreement**

Under the Servicing Agreement the Servicer will agree to (a) administer the Mortgage Receivables in accordance with the Seller's servicing and administration manuals and (b) use all reasonable endeavours to collect all payments due under or in connection with the Mortgage Receivables and to enforce all covenants and obligations of each Borrower in accordance with the standard enforcement and collection procedures of the Servicer from time to time and take such action as is not materially prejudicial to the interests of the Issuer and in accordance with such actions as a person acting in accordance with the standards of a Reasonable Prudent Lender would undertake.

See section 6.3 (*Origination and Servicing*) and section 7.5 (*Servicing Agreement*).

**Participation  
Agreements**

Under each Participation Agreement, the Issuer grants the relevant Participant a Participation in each relevant Savings Mortgage Receivable or Bank Savings Mortgage Receivable, as the case may be, in return for the payment by the relevant Participant of the relevant Initial Settlement Amount and Further Settlement Amounts.

In return, the relevant Participant will be entitled to receive from the Issuer the relevant Participation Redemption Available Amount.

## **1.8 GENERAL**

### **Management Agreements**

Each of the Issuer, the Shareholder and the Security Trustee has entered into a Management Agreement with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

## 1.9 OTHER

### Overview of Credit Rating Triggers

Transaction Party	Required Credit Ratings	Contractual requirements on occurrence of breach of credit ratings trigger include the following:
Seller	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• 'F1' (short-term) and 'A' (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• 'P-1' (short-term)</li> </ul>	<p>The consequences of such breach are that:</p> <ol style="list-style-type: none"> <li>i. the Seller could be obliged to open an escrow account in the name of the Issuer, for its own account, with a party having at least the Requisite Credit Rating and transfer to such escrow account an amount equal to the highest monthly value of Revenue Funds and Principal Funds in the last 6 months; and</li> <li>ii. the Seller could be obliged to deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than Bank Savings Deposits and Construction Deposits) it holds for all Borrowers in relation to any Mortgage Receivables.</li> </ol>
	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• 'F1' (short-term)</li> <li>• 'BBB+' (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• 'A3'(long-term)</li> </ul>	<p>The consequences of such breach are that the Seller could be obliged to pledge to the Issuer its Other Claims <i>vis-à-vis</i> the relevant Borrowers which are secured by the relevant All Moneys Security Rights (or where applicable, Fixed Security Rights).</p>

In respect of Fitch:

- 'F1' (short-term)
- 'BBB+' (long-term)

In respect of Moody's:

- 'Baa1' (long-term)

The consequences of such breach are that:

- solely in respect of a breach of the long-term credit ratings, the Issuer (or the Security Trustee) is authorised to notify (i) the Borrowers and the Insurance Companies (other than the Savings Insurance Companies) of the assignment of the Mortgage Receivables; and
- the Seller could be obliged to procure the entering into a beneficiary waiver agreement with each Insurance Company (other than the Savings Insurance Companies) on terms similar to a Beneficiary Waiver Agreement.

**Servicer**

In respect of Fitch:

- 'BBB' (long-term)

In respect of Moody's:

- 'Baa3' (long-term)

The consequences of such breach are that the Servicer could be obliged to use reasonable efforts to procure that the parties to the Servicing Agreement enter into a servicing agreement with a replacement servicer in such form as the Security Trustee shall reasonably require.

<b>Swap Counterparty</b>	<i>First trigger credit ratings</i>	The consequences of such breach are that the Swap Counterparty is obliged to:	
In respect of Fitch:		i. provide collateral for its obligations under the Swap Agreement; or	
<ul style="list-style-type: none"> <li>• 'F1' (short-term) and 'A' (long-term)</li> </ul>			
In respect of Moody's:		ii. arrange for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating; or	
<ul style="list-style-type: none"> <li>• 'Prime-1' (short-term) and 'A3' (long-term); or</li> </ul>			
<ul style="list-style-type: none"> <li>• if such entity does not have a short term rating by Moody's, 'A2' (long-term)</li> </ul>	iii. procure another entity with the Requisite Credit Rating to become co obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement; or		
		iv. take such other action that would result in the Credit Rating Agencies continuing the then current ratings of the Class A Notes.	
<i>First subsequent Fitch credit rating event</i>		The consequences of breaching the first subsequent Fitch credit rating event are that the Swap Counterparty is obliged to:	
In respect of Fitch:		i. provide collateral for its obligations under the Swap Agreement; or	
<ul style="list-style-type: none"> <li>• 'F2' (short-term) and 'BBB+' (long-term)</li> </ul>			
		ii. arrange for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating; or	
		iii. procure another entity with the Requisite Credit Rating to become co obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement.	
<i>Second trigger credit ratings</i>		The consequences of such breach are that the Swap Counterparty is obliged to:	
In respect of Fitch:		i. arrange for its obligations under the Swap Agreement to be	
<ul style="list-style-type: none"> <li>• 'F3' (short-term) and 'BBB-' (long-term)</li> </ul>			

		In respect of Moody's:	transferred to an entity with the Requisite Credit Rating; or
		<ul style="list-style-type: none"> <li>• 'Prime-2' (short-term) and 'A3' (long-term)</li> </ul>	<ul style="list-style-type: none"> <li>ii. procure another entity with the Requisite Credit Rating to become co obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement; or</li> <li>iii. take such other action that would result in the Credit Rating Agencies continuing the then current ratings of the Class A Notes.</li> </ul>
<b>Issuer Bank</b>	<b>Account</b>	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• 'F1' (short-term) and 'A' (long-term)</li> </ul> <p>In respect of Moody's:</p> <ul style="list-style-type: none"> <li>• 'P-1' (short-term)</li> </ul>	<p>The consequences of such breach are that the Issuer Account Bank could be obliged to:</p> <ul style="list-style-type: none"> <li>i. on behalf of the Issuer, open new accounts under the terms of a new bank account agreement substantially on the same terms as the Issuer Account Agreement with a financial institution (a) having the Requisite Credit Ratings relating to an Issuer Account Bank and (b) having the regulatory capacity for offering such services as a matter of Dutch law; or</li> <li>ii. obtain a guarantee of its obligations under the Issuer Account Agreement on terms acceptable to the Security Trustee, acting reasonably, from a financial institution having the Requisite Credit Rating relating to an Issuer Account Bank; or</li> <li>iii. take such other action that would result in the Credit Rating Agencies continuing the then current ratings of the Class A Notes.</li> </ul>

<b>Cash Advance Facility Provider</b>	In respect of Fitch:	The consequences of such breach are that the Issuer could be obliged to:
	<ul style="list-style-type: none"> <li>• 'F1' (short-term) and 'A' (long-term)</li> </ul>	
	In respect of Moody's:	
	<ul style="list-style-type: none"> <li>• 'P-1' (short-term)</li> </ul>	<ul style="list-style-type: none"> <li>i. make a Cash Advance Facility Stand-by Drawing; or</li> <li>ii. cancel the whole (but not part only) of the Cash Advance Facility; or</li> <li>iii. take such other action that would result in the Credit Rating Agencies continuing the then current ratings of the Class A Notes.</li> </ul>

## **2. RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. 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 risk associated with the Notes are also described below.*

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

### **2.1 THE NOTES**

#### **Introduction**

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with any investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary). In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes.

#### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this 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 Notes and the impact the Notes 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 Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices, securities, assets and/or 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.

The Notes are complex financial instruments. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### **Subordination**

The Classes of Notes, other than the Class A Notes, are subordinated, meaning that holders of any Class of Notes with a lower payment priority bear a greater risk than any Class of Notes with a higher payment priority than such Class of Notes. To the extent set forth in Condition 4 (*Ranking*), payments on any Class of Notes are subordinated to payments of higher ranking Classes of Notes as more fully described herein under sections 4.1 (*Terms and Conditions of the Notes*) and 5 (*Credit Structure*). There is no assurance that these subordination arrangements will protect the holders of the higher ranking Classes of Notes from any or all risks of loss.

The obligations of the Issuer in respect of the Class A Notes will rank in seniority and security *pari passu* among themselves and as to payment of interest and principal, behind the obligations of the Issuer in respect of certain items set out in the Revenue Priority of Payments and the Post-Enforcement Priority of Payments. The Class A Notes will at all times without preference or priority rank *pari passu* among themselves. To the extent that the Available Principal Funds or the Available Revenue Funds are insufficient to redeem each Class of Notes in full or to pay interest when due in accordance with the Conditions for a period of 7 (in the case of principal) or 14 (in the case of interest) calendar days or more, this will constitute an Event of Default in accordance with Condition 12 (*Events of Default*). If, on any date, the Security is to be enforced and the proceeds of the enforcement of all such Security would be insufficient to redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. Any Class of Notes ranking subordinated to the Class of Notes in respect of which the proceeds of the enforcement are insufficient to be redeemed in full, will not be redeemed at all.

**The Issuer has limited sources of funds to meet its obligations and its obligations are limited recourse obligations**

The Issuer's ability to meet its obligations under the Notes will depend on the realisable value of the Mortgage Receivables (net of, without limitation, amounts due to the Participants in the case of Participation Mortgage Receivables) and the amount of principal and interest (or other revenue) proceeds generated by the Mortgage Receivables (net of, without limitation, amounts due to the Participants in the case of Participation Mortgage Receivables) and timely receipt thereof. In addition the Issuer's ability to meet its obligation under the Notes will depend on amounts received from the Swap Counterparty, the Participants and the Issuer Account Bank, any amounts available under the Cash Advance Facility Agreement, amounts standing to the credit of the Reserve Account, amounts received from the Seller pursuant to a repurchase and re-assignment of Mortgage Receivables under the Mortgage Receivables Purchase Agreement and the receipt by the Issuer of interest in respect of the balances standing to the credit of the relevant Issuer Accounts and, in each case, timely receipt thereof.

The Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. All obligations of the Issuer to the Noteholders are limited in recourse as set out in the Conditions, which include a limitation to the effect that Noteholders will have a claim (*verhaalsrecht*) in respect of the Issuer's assets (including the Mortgage Receivables, the Issuer Account Rights and the Issuer Rights) subject to the Security only. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest or repay principal in whole or in part in respect of any Class of Notes on the due date therefor. If an Enforcement Notice has been delivered and the Security is enforced, the Issuer's assets subject to the Security may not be sufficient to meet the claims of all the Secured Creditors, including the Noteholders. In such case, the Noteholders will have no further claims against the Issuer or the Security Trustee in respect of outstanding amounts under the Notes. In addition, the Noteholders and the other Secured Creditors are subjected to non-petition provisions.

There is a risk that the Issuer applies funds to make payments even though it may be expected that there will be insufficient funds to redeem the Notes in full. To mitigate this risk in respect of funds that might otherwise be applied, for example, to pay principal on the Class B Notes, the Issuer (or Issuer Administrator on its behalf) is required to maintain a Principal Deficiency Ledger in which Realised Losses are administered. To the extent any amount is debited to the relevant sub-ledger of the Principal Deficiency Ledger, (i) such debit entries in the relevant sub-ledger of the Principal Deficiency Ledger are required to be made up before lower ranking obligations in the Revenue Priority of Payments are paid or provided for and (ii) this will give rise to a Notional Principal Amount Outstanding of the Notes (as opposed to a Principal Amount Outstanding), which may result in a reduced payment by the Issuer on redemption of a Class of Notes. Any debit entries in a sub-ledger of the Principal Deficiency Ledger will be made to the sub-ledger of the Principal Deficiency Ledger in reverse alphabetical order in an amount up to the Principal Amount Outstanding of the relevant Class of Notes.

## Counterparty risk exposure

The ability of the Issuer to make payments under the Notes is subject to general credit risks, including credit risk on Borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations owed to the Issuer. These parties include borrowers under loans, trading counterparties, counterparties under swaps and other derivative contracts, agents and (other) financial intermediaries, including the Seller, the Swap Counterparty, the Issuer Account Bank, the Cash Advance Facility Provider and the Participants. 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. If any of the counterparties of the Issuer does not perform its obligations owed to the Issuer this may result in the Issuer not being able to meet its obligations under the Notes. In addition, the Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear Netherlands or its participants of their obligations under their respective rules, operating procedures and calculation methods.

## Reliance of the Issuer on third parties

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. In particular, but without limitation, the Servicer has been appointed to, among other things, service the Mortgage Receivables and the Issuer Administrator has been appointed to provide administration services. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the value of the Mortgage Receivables or any part thereof may be affected, or, if the Security were to be enforced (and, for example, the Mortgage Receivables or any part thereof cannot be sold), the ability of the Issuer to make payments may be affected. For instance, if the Servicer has failed to adequately administer the Mortgage Receivables, this may lead to higher incidences of non-payment or default by Borrowers, which would affect the value of the Mortgaged Asset to which the Security Trustee (acting as creditor of the Parallel Debt for the benefit of the Secured Creditors, including the Noteholders) has recourse. The Issuer is also reliant on the Swap Counterparty to provide it with the funds matching its payment obligations in respect of interest due and payable under the Class A Notes.

## **Proposed and new legislation dealing with ailing financial institutions give regulators resolution powers which may result in losses to, or otherwise affect rights of, Noteholders and/or may affect the credit ratings assigned to the Notes**

On 13 June 2012 the Dutch Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*) came into force, amending the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, "Wft") with retroactive application as from 20 January 2012 and giving the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB") and the Minister of Finance additional powers to deal with ailing financial institutions.

Pursuant to the Wft, substantial powers are granted to DNB and the Minister of Finance enabling them to take certain measures in respect of struggling Dutch financial institutions prior to or in insolvency. These powers will allow them to take measures in respect of such a financial institution which may result in: (i) the transfer of all or part of the business (including, in the case of a bank, deposits) of the bank or insurance company to a private sector purchaser, (ii) the transfer of all or part of the business of the bank or insurance company to a "bridge entity", (iii) the transfer of shares in the bank or insurance company to a private sector purchaser or a "bridge entity", (iv) immediate interventions by the Minister of Finance with regard to the financial institution, and (v) public ownership (nationalisation) of all or part of the business of the financial institution or of all or part of the shares or other securities issued by that financial institution.

The Wft also contains provisions prohibiting counterparties of banks and insurance companies from invoking or enforcing without the consent of DNB certain contractual rights (for example, contractual rights to terminate a contract or to demand payment, performance or security) pursuant to (contemplated or actual) action undertaken by DNB or the Minister of Finance under the Wft or by authorities under similar foreign intervention laws. However, subject to applicable insolvency laws, the Issuer's right to invoke or enforce provisions of the relevant Transaction Documents against such contracting parties would in principle not be affected by the Wft if the exercise of those Issuer's rights is based on grounds other than the intervention by DNB or the Minister of Finance under the Wft (for example, on the basis of

a payment default or a credit ratings downgrade not related to or resulting from intervention pursuant to the Wft).

On 6 June 2012, the European Commission proposed a new directive on a comprehensive framework for dealing with ailing credit institutions and investment firms which contains a number of legislative proposals similar to those implemented in the Wft. Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the "**BRRD**") was adopted by the Council on 6 May 2014 and was published in the Official Journal of the EU on 12 June 2014. Member States had to transpose the BRRD into national law by 1 January 2015 (except for the bail-in tool which may be implemented by 1 January 2016). On 21 November 2014 a draft legislative proposal to amend, amongst other things, the Wft was published for consultation, which purports to implement the BRRD and SRM (as defined below). This consultation ended on 19 December 2014. It is, however, at this stage unclear how the BRRD will be implemented in The Netherlands and it remains to be seen if and to what extent the implementation of the BRRD in The Netherlands will set aside the current provisions of the Wft.

After having reached an agreement with the Council of the European Union, the European Parliament adopted Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 ("**SRM**"). The SRM implements the BRRD in the eurozone and any other participating Member State. The BRRD is the single rulebook for the resolution of banks and large investment firms in all EU Member States. It harmonises and upgrades the tools for dealing with bank crises across the EU. The SRM will complement the Single Supervisory Mechanism ("**SSM**") and will ensure that, if a bank subject to the SSM faces serious difficulties, its resolution can be managed efficiently with minimal costs to taxpayers and the real economy. The SRM will, amongst others, apply to all banks in the eurozone and other Member States that choose to participate.

If at any time any resolution powers were used by DNB or, as applicable, the Minister of Finance, the Single Resolution Board or any other relevant authority in relation to a counterparty of the Issuer pursuant to the Wft, the BRRD, the SRM or otherwise, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Notes.

#### **The Notes are obligations solely of the Issuer**

The Notes will be solely the obligations of the Issuer. The Notes will not represent an obligation or be the responsibility of the Seller, the Arranger, the Lead Managers, ING in its capacity as purchaser of the Retained Notes, the Servicer, the Issuer Administrator, the Directors, the Swap Counterparty, the Security Trustee, the Issuer Account Bank, the Cash Advance Facility Provider or any other party to the Transaction Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Notes and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators.

None of the Seller, the Arranger, the Lead Managers, ING in its capacity as purchaser of the Retained Notes, the Servicer, the Issuer Administrator, the Directors, the Swap Counterparty, the Issuer Account Bank, the Cash Advance Facility Provider or the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents, such as the payments due under the Swap Agreement by the Swap Counterparty).

#### **Risk that the Issuer will not redeem the Notes on an Optional Redemption Date**

There can be no assurance that the Issuer will redeem the Notes on the First Optional Redemption Date or on any subsequent Optional Redemption Date pursuant to Condition 8 (*Final Redemption, Mandatory redemption in part, Optional Redemption, Purchase and Cancellation*) even though the interest margin in respect of the Class A Notes will increase as of the First Optional Redemption Date. The exercise of such right will, among other things, depend on the Issuer having sufficient funds available for example through

a sale of Mortgage Receivables. The Issuer shall first offer such Mortgage Receivables for sale to the Seller. The purchase price of the Mortgage Receivables will be calculated as described in section 7.1 (*Purchase, Repurchase and Sale*). However, there is no guarantee that such a sale of Mortgage Receivables at such or any other price will take place. If not, the Issuer may not be able to fully perform its obligations under the Notes thereafter.

**Risk of early redemption as a result of the exercise of the Seller's Clean-Up Call Option or the Issuer's option upon the occurrence of a change in tax law**

Should the Seller exercise its Clean-Up Call Option on any Notes Payment Date, the Issuer will, on the first Notes Payment Date following the date of such exercise, redeem all (but not some only) of the Notes other than the Class C Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes other than the Class C Notes in accordance with Condition 8.6 (*Redemption – Clean-Up Call Option*) and subject to Condition 4 (*Ranking*) on such Notes Payment Date, whether falling before or after the First Optional Redemption Date. If the date on which the Seller exercises the Clean-Up Call Option falls less than 30 calendar days prior to the immediately following Notes Payment Date, the Issuer shall redeem all (but not some only) the Notes other than the Class C Notes on the second Notes Payment Date following the date on which the Seller exercises the Clean-Up Call Option. The Issuer will have the option to redeem all of the Notes if at any time the Issuer would be required to make any deduction or withholding on account of Tax or upon the occurrence of a change in tax law in accordance with Condition 8.8 (*Optional Redemption – Tax Call*). If the Seller or the Issuer exercises any of such options, the Notes will be redeemed prior to the Final Maturity Date. Upon any such redemption, Noteholders may not be able to find suitable alternative investments that offer the same or a better yield than the Notes.

**Risk of early redemption as a result of the possibility for the Issuer to refinance its debt for a lower interest rate than offered on the Notes**

In the event that the Issuer has the possibility to refinance its debt for a lower interest rate than offered on the Notes, the Issuer may decide to redeem the Notes other than the Class C Notes on the first possible occasion in accordance with Condition 8.7 (*Optional Redemption – Prepayment Call*). On such an occasion Noteholders may not be able to find suitable comparable alternative investments that offer the same or a better yield than the Notes.

**Yield and prepayment risk**

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal and interest on the Mortgage Loans (including full and partial prepayments, foreclosure proceeds and repurchases by the Seller under the Mortgage Receivables Purchase Agreement due to breaches of representations and warranties), the amount from time to time required to be paid by the Issuer pursuant to items (a) and (b) of the Revenue Priority of Payments and the price paid by the Noteholders of each Class. The yield to maturity of the Notes of any Class may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility), changes in mortgage lender conduct codes and prevailing underwriting and servicing criteria and changes in and local and regional economic conditions. No certainty can be given as to the level of prepayment that the Mortgage Loans may experience. A variation in the level of prepayments by the Borrowers could result in an average life of the Notes which is shorter or longer than anticipated. In certain scenarios, the Notes may not be paid in full and may be subject to a partial or a complete loss of invested capital.

**Return on investment in the Notes will be affected by charges incurred by investors**

An investor's total return on an investment in the Notes will be affected by the level of fees charged to the investor, including fees charged to the investor as a result of the Notes being held in a clearing system. Such fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Notes. Investors should carefully investigate these fees before making their investment decision.

### **Certain decisions of Noteholders**

The Security Trustee may deliver an Enforcement Notice and institute enforcement proceedings at its discretion (as set out in more detail in Conditions 12 (*Events of Default*) and 13 (*Enforcement*)), and is bound to do so if so requested by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes or directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes. Such Extraordinary Resolution will be binding on all Noteholders and, where relevant, Secured Creditors, including (i) Noteholders who did not attend and vote at the relevant meeting, (ii) Noteholders who voted in a manner contrary to the majority and (iii) Noteholders that are not holders of the Most Senior Class of Notes. Notwithstanding the occurrence of an Event of Default which is continuing and if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes or directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, the Security Trustee shall not be obliged to deliver an Enforcement Notice unless (i) in case of the occurrence of any of the events or circumstances mentioned in Condition 12.1.2 (*Breach of other obligations*), the Security Trustee has certified in writing that the occurrence of such event or circumstance is in its opinion materially prejudicial to the interests of the Noteholders and (ii) it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

In respect of any Reserved Matter, the Security Trustee may only concur with the Issuer and any other relevant party in making any modification or amendments which constitutes a Reserved Matter following an Extraordinary Resolution of the Noteholders of all Classes of Notes.

### **Modifications without Noteholders' or other Secured Creditors' consent**

The Security Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor (other than the Swap Counterparty in respect of certain modifications, amendments, consents and waivers), concur with the Issuer and any other relevant parties in making:

- (i) any modification to the Conditions, the Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Transaction Documents referred to in the definition of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
- (ii) any modification to the Conditions or the Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification.

In addition, the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor (other than the Swap Counterparty in respect of certain modifications, amendments, consents and waivers) concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the interests of the holders of the outstanding Class A Notes, or, if none, the interests of the holders of the outstanding Class B Notes or, if none, the interests of the holders of the outstanding Class C Notes will not be materially prejudiced by such waiver.

Pursuant to the terms of the Trust Deed, the Security Trustee is obliged, without the consent or sanction of the Noteholders or any other Secured Creditor (other than any Secured Creditor party to the relevant Transaction Document to be amended) to concur with the Issuer in making any modifications to the Conditions, the Transaction Documents and/or the Notes that are requested in writing by the Issuer in order to enable the Issuer to comply with any requirements which apply to it under Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") irrespective of whether or not such modifications might otherwise constitute a Reserved Matter (which the Security Trustee shall not be required to investigate), subject to receipt by the Security Trustee of a certificate of the Issuer (which certificate the Security Trustee shall be entitled to rely on without further investigation) certifying to the Security Trustee that the

requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy any requirements which apply to it under EMIR. The Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Security Trustee, would have the effect of (a) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Security Trustee in the Transaction Documents and/or the Notes.

**Certain modifications, amendments, consents and waivers in respect of the Conditions and Transaction Documents may only be made with the Swap Counterparty's prior consent**

The Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document if: (i) it would cause, in the reasonable opinion of the Swap Counterparty (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement; (ii) it would result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor; or (iii) the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement it would be required to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to provide its written consent or to make the determinations required to be made by it under (i) or (iii) above within 15 Business Days of written request by the Security Trustee.

Furthermore, the Swap Counterparty's written consent is required prior to the Security Trustee providing its written consent to a waiver of certain negative undertakings of the Issuer related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Class A Notes in circumstances not expressly permitted or provided for in the Transaction Documents. The Swap Counterparty may not unreasonably withhold or delay such consent and no such consent will be required if the Swap Counterparty fails to provide its written consent within 15 Business Days of written request by the Security Trustee. Therefore, there is a risk to Noteholders that the Swap Counterparty effectively can veto certain proposed modifications, amendments or consents or waivers in respect of the Conditions and the Transaction Documents particularly if the proposed modification, amendment or waiver is intended to lead to a redemption of the Class A Notes prior to the Final Maturity Date.

**Credit ratings may not reflect all risks and credit rating downgrades or withdrawals may reduce the market value of the Notes**

It is a condition precedent to issuance that, on issue, the Class A Notes be assigned an 'AAAsf' credit rating from Fitch and an 'Aaa(sf)' credit rating from Moody's. The Class B Notes and the Class C Notes will not be rated.

Any credit ratings assigned to the Class A Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Class A Notes and the ability of the Issuer to make payments under the Class A Notes (including but not limited to market conditions and funding related and operational risks inherent to the business of the Issuer). A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be reviewed, revised, suspended, lowered or withdrawn entirely by Fitch or Moody's, as the case may be, if, in its judgement, circumstances in the future so warrant.

In the event that a credit rating assigned to the Class A Notes is subsequently reviewed, revised, suspended, lowered or withdrawn entirely for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Class A Notes, and therefore the Issuer may be adversely affected, the market value of the Class A Notes is likely to be adversely affected and/or the ability of the Noteholders to sell Notes and/or the ability of the Issuer to make payments under the Class A Notes may be adversely affected.

The credit ratings assigned to the Class A Notes by Fitch reflects Fitch's assessment of the likelihood of full and timely payments to Noteholders of all payments of interest and principal in accordance with the terms and conditions of the Class A Notes. The credit ratings assigned by Moody's address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction.

#### *CRA Regulation*

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus is set out in the table at the front of this Prospectus. For the avoidance of doubt, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the Credit Rating Agencies.

#### **Risk related to unsolicited credit ratings on the Class A Notes**

Other credit rating agencies that have not been engaged by (or on behalf of) the Issuer to rate the Class A Notes may issue unsolicited credit ratings on the Class A Notes at any time. Any unsolicited credit ratings in respect of the Class A Notes may differ from the credit ratings expected to be assigned by Fitch or Moody's and may not be reflected in this Prospectus. Issuance of an unsolicited credit rating which is lower than the credit ratings assigned by Fitch or Moody's in respect of the Class A Notes may adversely affect the market value and/or the liquidity of the Notes.

#### **Limitations of any Credit Rating Agency Confirmation**

The Security Trustee shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to the Notes, the Trust Deed, the Security Documents or any of the other Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if a Credit Rating Agency Confirmation has been given in respect of such exercise. However, a Credit Rating Agency Confirmation does not indicate that the action taken by the Security Trustee would not be prejudicial to the interests of the Noteholders.

Noteholders should be aware that, notwithstanding the above paragraph, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled in respect of any event to rely on a Credit Rating Agency Confirmation or confirmation that the then current rating of the relevant Notes would not thereby be adversely affected, it should be noted that this does not impose or extend any actual or contingent liability for the Credit Rating Agencies to the Security Trustee, the Noteholders or any other person or create any legal relations between the Credit Rating Agencies and the Security Trustee, the Noteholders or any other person whether by way of contract or otherwise. In addition, Noteholders should be aware that the definition of Credit Rating Agency Confirmation also covers, among other things, the circumstances where no positive or negative confirmation or indication is forthcoming from any Credit Rating Agency provided that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency. In such circumstance a Credit Rating Agency Confirmation will, for the purpose of the relevant Condition or Transaction Document, be deemed to have been obtained. Credit Rating Agencies are not bound to the Conditions or the Transaction Documents and may take any action in relation to the credit ratings assigned to the Class A Notes, including in circumstances where for the purposes of the Conditions or the Transaction Document a Credit Rating Agency Confirmation is (deemed to have been) obtained.

### **Potential conflicts of interests**

The Trust Deed contains provisions requiring the Security Trustee, as regards all the powers, trusts, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) to have regard to the interests of the Noteholders and the other Secured Creditors. If a conflict exists between the interests of the Noteholders and the interests of the other Secured Creditors, the Security Trustee is required to have regard solely to the interests of the Noteholders and no other Secured Creditor shall have any claim against the Security Trustee for so doing. Where, in the opinion of the Security Trustee there is a conflict between the interests of two or more Classes of Notes, the Security Trustee shall give priority to the interests of the holders of the Most Senior Class of Notes.

Any party to the Transaction Documents may engage in commercial relationships, in particular, be lenders, provide banking, investment banking and other financial services to the Borrowers and other relevant parties. In such relationships, such party is not obliged to take into consideration the interests of the Noteholders. Accordingly, conflicts of interests may arise.

The Servicer may hold and/or service claims against the Borrowers other than the Mortgage Receivables. The interests or obligations of the Servicer with regard to such other claims, may in certain aspects conflict with the interests of the Noteholders. In the Servicing Agreement, the Servicer has undertaken to the Issuer that it will provide the Mortgage Loan Services in such manner and with the same level of skill, care and diligence as would a person acting in accordance with the standards of a Reasonable Prudent Lender.

Intertrust Management B.V., being the sole director of the Issuer and the Shareholder, belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee. Therefore, a conflict of interests could arise. In this respect, it is noted that each of Intertrust Management B.V. and Amsterdamsch Trustee's Kantoor B.V. is, with regard to the exercise of its powers and rights as the sole director of the Issuer, the sole director of the Shareholder or the sole director of the Security Trustee, under the relevant Management Agreement bound by the restrictions set out in such Management Agreement that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee (as the case may be) and the other parties involved in the transaction contemplated by the Transaction Documents.

### **ING Group and/or Seller as Noteholder**

For so long as any Notes are held by any entity within the ING Group and/or the Seller, it will be entitled to all of the rights to which the holders of such Notes are entitled (including voting rights, in respect of amendments, waivers and consents in respect of any of the Notes and the Transaction Documents). The interests of any entity within the ING Group and/or the Seller, with respect to the holding of such Notes, may in certain circumstances be different from that of third party Class A Noteholders to the extent there are any Class A Noteholders. If any entity within the ING Group and/or the Seller continues to hold any Notes, in the exercise of the rights to which it is entitled under the relevant Notes, it will be in its interests to minimise any adverse impact or potential adverse impact on itself and/or any of its affiliates. Such interests of any entity within the ING Group and/or the Seller may conflict with the interests of third party Class A Noteholders.

### **Limited liquidity of the Notes and prevailing economic conditions**

Application has been made to Euronext in Amsterdam for the Class A Notes to be admitted to trading on its regulated market. However, the Notes will be new securities for which there is no established trading market. There can be no assurance that a secondary market for the Class A Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Class A Notes. A decrease in the liquidity of the Class A Notes may cause, in turn, an increase in the volatility associated with the price of such Notes. Any investor in the Class A Notes must be prepared to hold such Notes for an indefinite period of time or until redemption of the Notes. If any person begins making a market for such Notes, it is under no obligation to continue to do so and may stop making a market at any time. Illiquidity may have a severely adverse effect on the market value of the relevant Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the

secondary market for instruments similar to the Notes. In particular, it should be noted that the market for the Notes is likely to be affected by any restructuring of sovereign debt by countries in the Eurozone. Such lack of liquidity may result in investors suffering losses on the Notes in secondary trades even if there is no decline in the performance of the Portfolio. The Issuer cannot predict whether or when these circumstances will change or whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

Noteholders should also be aware that the recent sovereign debt crisis in Europe may result in changes to the composition of the European Monetary Union and this may have an impact on the liquidity and the market value of the Notes.

**Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a number of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Issuer Administrator, the Arranger, the Lead Managers, the Security Trustee or the Seller make any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

*EU risk retention under the CRR and the AIFMR*

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (ii) (in the case of certain types of investors) the Seller in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in total in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. In particular, in the context of the requirements which apply in respect of EU regulated credit institution investors, investment firms and authorised alternative investment fund managers, there is uncertainty with respect to the corresponding technical standards which will apply to assist with the interpretation of such requirements, as such standards have not yet been finalised. No assurance can be provided that the final technical standards will not affect the compliance position of previously issued transactions and securities (including the Notes) and/or the requirements applying to relevant investors in general.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer, the Seller or another relevant party (or, after the Closing Date, by the Issuer Administrator on the Issuer's behalf), please see the statements set out in section 4.4 (*Regulatory and Industry Compliance*). Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Issuer Administrator, the Arranger, the Lead Managers, the Security Trustee or the Seller makes any representation that the information described above is sufficient in all circumstances for such purposes.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

#### *EU risk retention under Solvency II*

In addition, Article 135 of the Solvency II Framework Directive (2009/138/EC) requires the adoption by the European Commission of implementing measures laying down the requirements that will need to be met by originators of asset-backed securities in order for insurance and reinsurance companies located within the EU to be allowed to invest in such instruments following implementation of the Solvency II Framework Directive, which may be applicable as early as 1 January 2016. Without limitation to the matters which may be laid down in such implementing measures, Article 135 of the Solvency II Framework Directive states such measures will require that originators of asset-backed securities retain a net economic interest of no less than 5 per cent. and will specify the qualitative requirements that must be met by insurance or reinsurance undertakings that invest in asset-backed securities. The terms of the implementing measures which will be adopted by the European Commission are not yet finalised, but it is expected such measures will require insurance and reinsurance undertakings to carry out due diligence prior to investing in asset-backed securities and that failure to comply with the requirements set out in the implementing measures will result in a penal capital charge to the insurance or reinsurance company. In addition, the availability of transitional relief or "grandfathering" in respect of investments in asset-backed securities remains uncertain.

Article 135 of the Solvency II Framework Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

#### **Limited liquidity in the secondary market in mortgage loans and mortgage-backed securities**

Despite recent improved market conditions in Dutch residential mortgage-backed securities, the secondary market for mortgage-backed securities is still experiencing disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities similar to the Notes and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor. In addition, any forced sale into the market of mortgage-backed securities held by various investors that are currently experiencing funding or other difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market. Whilst central bank schemes such as the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, such as certain mortgage-backed securities, the eligibility criteria have become and are expected to continue to become more restrictive, which is likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities.

All these market conditions may continue or worsen in the future. This may, among other things, also affect the ability of the Issuer to obtain timely funding to fully redeem maturing Notes with the sale proceeds of Mortgage Receivables subject to and in accordance with the Mortgage Receivables Purchase Agreement and the Trust Deed.

#### **Risks of weaker economic conditions in certain geographic regions in The Netherlands may ultimately result in losses to the Noteholders**

To the extent that specific geographic regions within The Netherlands have experienced or may experience in the future weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all of the risks relating to the Mortgage Loans. The economy of each geographic region within The Netherlands is dependent on

different mixtures of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Mortgaged Assets. This may result in a loss being incurred upon the sale of the Mortgaged Assets. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Receivables sold to the Issuer in connection with the issuance of the Notes, see section 6.1 (*Stratification Tables*).

**The performance of the Notes may be adversely affected by the recent conditions in the global financial markets and these conditions may not improve in the near future**

Global markets and economic conditions have been negatively impacted in recent years by the banking and sovereign debt crisis in the EU and globally. The economies in many countries in the EU and the Eurozone in particular have not yet recovered and are to be considered to be subject to deflation risk, failing economic reforms, budgetary discipline and unrest in regions such as the Middle East and Ukraine, which in turn may have an adverse impact on global markets and economic conditions throughout the world.

The market's anticipation of these (potential) impacts could have a material adverse effect on the business, financial condition and liquidity of the Seller, the Swap Counterparty, the Issuer Account Bank and the Cash Advance Facility Provider. In particular, these developments could disrupt payment systems, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets and adversely affect the cost and availability of funding. Certain impacts, such as increased spreads in money markets and other short term rates, have already been experienced as a result of market expectations.

In the event of continued or increasing market disruptions and volatility, the Seller, the Swap Counterparty, the Issuer Account Bank and the Cash Advance Facility Provider may experience reductions in business activity, increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and revenues, which may affect their ability to perform their respective obligations under the relevant Transaction Documents. Failure to perform obligations under the relevant Transaction Documents may adversely affect the performance of the Notes.

These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

**The Class A Notes may not be recognised as eligible Eurosystem collateral**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear Netherlands. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as amended from time to time, which criteria will include the requirement that loan-by-loan information be made available to investors in accordance with the template which is available on the website of the European Central Bank. Accordingly, if such loan-by-loan data reporting requirements are not complied with, Eurosystem eligibility of the Class A Notes may not, or may not continue to be, recognised. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

**No gross-up for Taxes**

As provided in Condition 11 (*Taxation*), all payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Security Trustee or the Paying Agent (as the case may be) is required by law to make any deduction or withholding on account of Tax. In that event, the Issuer, the Trustee or the Paying Agent (as the case may be) will make the required deduction or withholding, and shall not be obliged to pay any additional amounts to the Noteholders in respect of such deduction or withholding.

## **Council Directive on the taxation of savings**

Under 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 or certain limited types of entity established in that other Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the "**Amending Directive**") amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If 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 any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

## **Foreign Account Tax Compliance Act**

In certain circumstances the Issuer and certain other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code and the regulations and other guidance promulgated thereunder ("**FATCA**") on all, or a portion of, payments made after 31 December 2016 in respect of (i) Notes that are treated as debt for U.S. federal tax purposes and are issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed and (ii) Notes that are treated as equity for U.S. federal tax purposes and issued at any time.

If an amount in respect of FATCA were required to be withheld from any payment on the Notes, there will be no "gross up" (or any other additional amount) payable by way of compensation to the investor for the withheld amount. An investor that is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, though the investor would have to file a U.S. tax return to claim this refund and would not be entitled to interest from the Internal Revenue Service (IRS) for the period prior to the refund.

Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the

subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the clearing systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

**FATCA is particularly complex and its application to the Issuer and the Notes issued by it is uncertain at this time. Each holder of Notes should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its specific circumstance, in particular if it may be, or hold its interest through an entity that is, classified as a financial institution under FATCA.**

#### *Financial Transaction Tax*

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**"). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the "**Participating Member States**" and each a "**Participating Member State**").

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

Joint statements issued in May 2014 by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

#### **Changes in law**

The structure of the issue of the Notes and the credit ratings which may be assigned to them are based on Dutch law or the laws of England and Wales (in respect of the Swap Agreement) in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or the laws of England and Wales or administrative practice in The Netherlands or England and Wales after the date of this Prospectus.

#### **Exchange rates and exchange controls**

The Issuer will pay principal and interest, if any, on the Notes in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro 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 euro would decrease (1) the investor's currency-equivalent yield on the Notes, (2) the investor's currency-equivalent value of the principal payable on the Notes and (3) the investor's currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate and/or restrict the convertibility or transferability of currencies within and/or outside of a particular jurisdiction. As a result, investors may receive less interest or principal than expected, or receive it later than expected or not at all.

### **Notes held in global form**

The Notes will be held by Euroclear Netherlands, in each case in the form of a Global Note which will be exchangeable for Definitive Notes only in the limited circumstances and subject to mandatory provisions of applicable laws and regulations, as more fully described in section 4.2 (*Form*). For as long as any Note is represented by a Global Note held by Euroclear Netherlands, payments of principal, interest (if any) and any other amounts on a Global Note will be made through Euroclear Netherlands against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The holder of the relevant Global Note, being Euroclear Netherlands, shall be treated by the Issuer and the Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear Netherlands.

### **Minimum Denomination**

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

### **Insolvency risk**

In the event that the Issuer becomes insolvent, insolvency proceedings will be generally governed by the insolvency laws of the Issuer's place of incorporation, which is The Netherlands. The insolvency laws of the Issuer's place of incorporation may be different from the insolvency laws of an investor's home jurisdiction and the treatment and ranking of Noteholders in respect of Notes and the Issuer's other creditors and shareholders under the insolvency laws of the Issuer's place of incorporation may be different from the treatment and ranking of those Noteholders and the Issuer's other creditors and shareholders if the Issuer was subject to the insolvency laws of the investor's home jurisdiction.

### **Implementation of and/or changes to Basel II and implementation of Basel III**

The regulatory capital framework published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in 2006 (the "**Basel II Framework**") has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II Framework is implemented in the European Union by the Capital Requirements Directive (the "**Capital Requirements Directive**"). Certain amendments have been made to the Capital Requirements Directive, including by Directive 2010/76/EU (the so-called CRD III), which was required to be implemented by Member States by the end of 2011 and which introduced (amongst other things) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that the Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as "**Basel III**") and on 1 June 2011 issued its final capital guidance. The accompanying liquidity standards have subsequently been revised and a further version was issued on 7 January 2013. The final standards envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and minimum leverage ratio for financial institutions. In particular the changes include, among other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain

transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result they may affect the liquidity and/or value of the Notes.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 26 June 2013, a legislative package of proposals implemented the changes through the replacement of the existing Capital Requirements Directive with a new Directive (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as amended, "**CRD IV**") and Regulation (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended, the "**CRR**"). Both CRD IV and the CRR entered into force as of 1 January 2014, with full implementation by January 2019; however, CRD IV allows individual Member States to implement a stricter definition and/or level of capital more quickly than is envisaged under Basel III. Except for certain liquidity requirements relating to investment firms which have been implemented as per 1 January 2015, CRD IV was implemented into Dutch legislation on 1 August 2014. The Net Stable Funding Ratio will apply from 1 January 2018 while the Liquidity Coverage Ratio will be phased in between 2015 and 2018.

Furthermore, pursuant to the directive of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance ("**Solvency II**"), more stringent rules will apply for European insurance companies from January 2016 in respect of instruments such as the Notes in order to qualify as regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*). On 18 January 2015 the Commission Delegated Regulation (EU) 2015/35 ("**Implementing Rules**") entered into force. The Implementing Rules set out more detailed requirements for individual insurance undertakings as well as for groups, based on the provisions set out in Solvency II.

Basel II, Basel III and (even to a greater extent) Solvency II, will affect the risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by these rules. Consequently, investors should consult their own advisers as to the regulatory capital and liquidity requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and Solvency II, and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## 2.2 SECURITY

### Pledges to Trustee

#### *General*

Under or pursuant to the Pledge Agreements, various Dutch law pledges are granted by the Issuer to the Security 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 and the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Issuer is a special purpose entity. It has been set up as a bankruptcy remote entity, principally in two ways. First, non-petition wording has been included in the Conditions and the relevant Transaction Documents, by which the Transaction Parties that have agreed thereto, are bound. Notwithstanding such wording, it is possible that a Dutch court would consider a petition for bankruptcy (*faillissement*) initiated by third party creditors (such as tax authorities) or parties to the Transaction Documents even if such petition was presented in breach of a non-petition covenant applying to the relevant party. Secondly, recourse by the Issuer's counterparties under the Transaction Documents has been limited to the Mortgage Receivables and any other assets the Issuer may have. It is therefore unlikely that the Issuer will become subject to an Insolvency Proceeding. Should the Issuer be subjected to a Dutch Insolvency Proceeding, nevertheless, the Security 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 Issuer would affect the position of the Security Trustee as pledgee in some respects under Dutch law.

#### *Future Assets*

First, if and to the extent that assets purported to be pledged by the Issuer to the Security Trustee are future assets (i.e. assets that have not yet been acquired by the Issuer 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 Issuer (unless the liquidator agrees). This would, for example, apply with respect to amounts that are paid to an account following the Issuer's Dutch Insolvency Proceedings taking effect. As such crediting of the account would not yet have occurred when the Dutch Insolvency Proceedings take effect, the resulting receivable of the Issuer *vis-à-vis* the Issuer 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 Security Trustee prior to such Dutch Insolvency Proceedings taking effect, the Security Trustee as pledgee could through notification to the relevant debtors prevent that such pledged receivables are further discharged through payments to the Issuer Collection Account by ordering the relevant debtors to pay to a different account. The reason for this is that as pledgee it is entitled to collect such receivables itself, in its own bank account, following notification of the pledge (and, where applicable, the assignment preceding the pledge) to the relevant debtor. Notification of the pledge may occur following the occurrence of a Pledge Notification Event (which includes Dutch Insolvency Proceedings being declared in respect of the Issuer). As long as no notification of the assignment has taken place in respect of pledged Mortgage Receivables, the relevant debtor must continue to pay to the Seller. Under section 2.3 (*Commingling risk*), the position of the Issuer is described in respect of payments so made to the Seller prior to or after the Seller's possible Dutch Insolvency Proceedings taking effect. In respect of payments under pledged Mortgage Receivables made to the Issuer following notification of the assignment but prior to notification of the pledge and prior to Dutch Insolvency Proceedings of the Issuer taking effect and not on paid to the Security Trustee, the Security Trustee will be an ordinary, non preferred creditor, having an insolvency claim (*voor verificatie vatbare vordering*). In respect of post insolvency payments made by debtors of the insolvent Seller, the Security 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*).

### *Mandatory insolvency rules*

Secondly, the following mandatory rules of Dutch insolvency law may affect the enforcement of the Security 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 Security Trustee from giving notice to the debtors of any pledged receivables and collecting the proceeds thereof. However, where applicable, it will prevent the Security 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 Security 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 Security 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 Issuer in its Dutch Insolvency Proceedings; they may not be set off against an unsecured claim (if any) of the Security Trustee against the Issuer. 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 Issuer grants pledges to the Security 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 security 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 ("**Parallel Debt**") of the Issuer to the Security Trustee equal to the corresponding principal obligations, so that the Security can be granted to the Security Trustee in its own capacity as creditor of the parallel debt. In the Trust Deed it is agreed that obligations of the Issuer to the Security 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 Security Trustee agrees to act as Security 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 enforcement 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 enforcement of the Security (in each case to the extent received by the Security Trustee) are, in the event that the Security Trustee becomes subject to Dutch Insolvency Proceedings, not separated from the Security Trustee's other assets, so the Secured Creditors accept a credit risk on the Security Trustee. However, the Security Trustee is a special purpose entity and is therefore unlikely to become subject to an Insolvency Proceeding.

### 2.3 COMMINGLING RISK

Payments by the Borrowers under the Mortgage Receivables are due on the first day of each month, interest being payable in arrear. For as long as no Assignment Notification Event has occurred, all payments made by Borrowers will be paid into the Seller Collection Accounts. The Seller Collection Accounts are not pledged to any party and are also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans in respect of which the Mortgage Receivables are sold to the Seller and in respect of any other moneys belonging to the Seller. In respect of payments so made under the Mortgage Receivables prior to a Dutch Insolvency Proceeding (i.e., bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or, as applicable, emergency regulations (*noodregeling*)) of the Seller, the Issuer will be an ordinary, non preferred creditor, having an insolvency claim against the Seller. In respect of post insolvency payments, the Issuer 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. There is therefore a risk that the cashflows under the Mortgage Receivables through the Seller Collection Accounts are interrupted by a Dutch Insolvency Proceeding of the Seller. To mitigate this risk, the Mortgage Receivables Purchase Agreement provides that if the credit rating of the Seller's debt obligations falls below the Requisite Credit Rating, the Seller will as soon as reasonably practicable and in any event within 14 calendar days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) after such assignment of the credit rating open an escrow account in the name of the Issuer, for its own account, with a party having at least the Requisite Credit Rating and transfer to such escrow account an amount equal to the highest monthly value of Revenue Funds and Principal Funds in the last 6 months. The aforementioned deposit shall no longer be required if the Seller has ensured that (i) the Borrowers have been notified that they should immediately make their payments to the Issuer Collection Account, or into such other account as the Security Trustee may direct, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Notes, (ii) payments to be made with respect to amounts received on the Seller Collection Accounts will be guaranteed by way of an unlimited and unconditional guarantee by a party having at least the Requisite Credit Rating, or, if (i) or (ii) is not reasonably practicable, (iii) take such other action that would result in the Credit Rating Agencies continuing the then current ratings of the Class A Notes.

## **2.4 CASH ADVANCE FACILITY**

On any Notes Payment Date on which amounts are due and payable by the Issuer or are required to be provided for, there is a risk that the Issuer will not have sufficient liquidity to pay or provide for such amounts. In order to mitigate this risk insofar as Cash Advance Facility Revenue Shortfalls are concerned, the Issuer has entered into the Cash Advance Facility Agreement.

In accordance with the Cash Advance Facility Agreement, the Issuer may make a Cash Advance Revolving Drawing if the Cash Advance Facility Provider has received from the Issuer a completed notice in accordance with the terms of the Cash Advance Facility Agreement in respect of a proposed amount of such Cash Advance Facility Drawing to be equal to the lesser of the Cash Advance Facility Revenue Shortfall as at such Notes Payment Date and the amount of the Cash Advance Facility Available Amount. The Issuer may make a Cash Advance Facility Stand-by Drawing, which shall be an amount equal to the Cash Advance Facility Available Amount, if the rating of the Cash Advance Facility Provider falls below the minimum as determined to be applicable by or acceptable to the Credit Rating Agencies from time to time, which as at the Closing Date is, in respect of Fitch, 'F1' for its short-term debt obligations and 'A' for its long-term debt obligations and, in respect of Moody's 'P-1', or if the Cash Advance Facility Termination Date falls no more than 30 calendar days after the proposed draw down date for such Cash Advance Facility Stand-by Drawing and, in either such case, the Issuer has not entered into a replacement cash advance facility that is satisfactory to the Security Trustee. The Issuer may make a Cash Advance Facility Stand-by Ledger Drawing if on any Notes Payment Date amounts stand to the credit of the Cash Advance Facility Stand-by Ledger and the proposed amount of such Cash Advance Facility Stand-by Ledger Drawing is an amount equal to the lesser of Cash Advance Facility Revenue Shortfall as at such Notes Payment Date and the amount standing to the credit of the Cash Advance Facility Stand-by Ledger on such Notes Payment Date.

## **2.5 HEDGING**

### **Interest Rate risk**

The Issuer is exposed to the risk that the interest received on the Mortgage Loans is not sufficient to pay the interest on the Class A Notes. This risk is mitigated only by the Swap Agreement.

### **Swap termination/default**

The Swap Counterparty will be obliged to make payments under the Swap Agreement subject to the Issuer (or the Issuer Administrator acting on its behalf) making payments under the Swap Agreement.

The Swap Agreement will provide that, upon the occurrence of certain events (including certain tax events and events of default), the Issuer or the Swap Counterparty may terminate the Swap Transaction. If the Swap Agreement terminates early, the Issuer may be obliged to make a termination payment to the Swap Counterparty which could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Subordinated Swap Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full, including its ability to redeem the Class A Notes and/or the Class B Notes on an Optional Redemption Date.

In circumstances where the Swap Agreement is terminated, no assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating(s) of the swap counterparty(s) for the replacement transaction(s). The credit rating of a replacement swap counterparty may adversely affect the credit rating(s) and/or the marketability of the Notes.

### **Tax Event in Relation to the Swap Transaction**

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If by reason of a change in tax law affecting the transaction under the Swap Agreement which becomes effective on or after the Closing Date, the Issuer would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and/or the Swap Counterparty would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and is obliged to gross up its payments to the Issuer under the Swap Agreement to account for such tax, then the Swap Counterparty shall use its reasonable endeavours to appoint a substitute swap counterparty (or act through another office of the Swap Counterparty) so that such deduction or gross up is no longer required. In circumstances where the Swap Counterparty is not able to make such a substitution, then the Swap Counterparty may be entitled to terminate the Swap Agreement, and, if it does so, there may be a swap termination payment to be made by the Issuer thus reducing the funds available to the Issuer to make payments in respect of the Notes. If the Issuer is required to make such payment to the Swap Counterparty then the Issuer may not have sufficient funds to make payments due in respect of the Notes and to the extent that one or more comparable replacement swap transactions cannot be entered into, the Issuer will be exposed on a continuing basis to the possible variance between the different rates payable by Borrowers on the Mortgage Loans and the amount due in respect of the Notes, and the Issuer may have insufficient funds to make payments due on the Notes on an ongoing basis.

### **European Market Infrastructure Regulation (EMIR)**

EMIR introduced requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR requires entities that enter into any form of derivative contract to: report every derivative contract entered into to a trade repository; implement new risk management standards for all bilateral over-the-counter derivative trades that are not cleared by a central counterparty; and clear, through a central counterparty, over-the-counter derivatives that are subject to a mandatory clearing obligation or, for any over-the-counter derivatives that are not subject to such mandatory clearing obligation, a requirement for counterparties to post mandatory margin. The CRR aims to complement EMIR by applying higher capital requirements for bilateral, over-the-counter derivative trades. Lower capital requirements for cleared trades are only available if the central counterparty is recognised as a 'qualifying central counterparty', which has been authorised or recognised under EMIR (in accordance with related binding technical standards). Further significant market infrastructure reforms will be

introduced by amendments to the EU Markets in Financial Instruments Directive that are being finalised by the EU legislative institutions and are expected to be implemented in 2016.

Aspects of EMIR in relation to the mandatory clearing obligation and the mandatory margining requirement and its application to securitisation vehicles remain unclear. If the Issuer is required to comply with certain obligations under EMIR which give rise to margin posting or additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Notes. The Issuer may also need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by EMIR. In the event that under EMIR additional provisions or technical standards do come into force, this may necessitate amendments to the Transaction Documents. The Security Trustee may consent to these amendments without the consent or sanction of the Noteholders, see the paragraph named "*Modifications without Noteholders' or other Secured Creditors' consent*".

It cannot be excluded that the Issuer will in the future, pursuant to the final secondary rules, become subject to mandatory statutory collateral requirements. If so, the Issuer will either have to (i) agree with the Seller or any of its group entities on an arrangement to enable the Issuer to post the required collateral or (ii) agree on another approach subject to a Credit Rating Agency Confirmation. If no such agreement is reached, this could result in a termination of the Swap Agreement. Any early termination amount payable by the Issuer to the Swap Counterparty in this respect would rank senior to the Noteholders. Moreover, a termination of the Swap Agreement could negatively affect the Issuer's ability to hedge its interest rate risk. As a result, the amounts payable to Noteholders may be negatively affected.

## 2.6 MORTGAGE RECEIVABLES AND MORTGAGED ASSETS

### No notification of assignment of Mortgage Receivables to Issuer

The Mortgage Receivables Purchase Agreement provides that the transfer of the Mortgage Receivables and any Related Security will be effected through an undisclosed (save as disclosed pursuant to any Beneficiary Waiver Agreement in relation to Beneficiary Rights) assignment (*stille cessie*) by the Seller to the Issuer. This means that legal ownership of the Mortgage Receivables will be transferred to the Issuer either by (i) registration with the tax authorities (*Belastingdienst*) of a duly executed Deed of Assignment and Pledge or (ii) execution of a Deed of Assignment and Pledge before a civil law notary, in each case without notifying the debtors of the transfer of such Mortgage Receivables. The assignment will only be notified to the debtors under the Mortgage Receivables if an Assignment Notification Event occurs. Notification is only necessary to ensure that the debtors under the Mortgage Receivables can no longer discharge their obligations by paying to the Seller.

As long as no notification has taken place, any payments made by the debtors under the Mortgage Receivables must continue to be made to the Seller. In respect of payments so made prior to a Dutch Insolvency Proceeding of the Seller, the Issuer will be an ordinary, non-preferred creditor, having an insolvency claim against the Seller. In respect of post-insolvency payments, the Issuer 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 Issuer of Mortgage Receivables secured by All Moneys Mortgage

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 rights of mortgage and pledge securing the Mortgage Receivables qualify as either Fixed Security Rights or All Moneys Security Rights. In the past a considerable degree of uncertainty existed in Dutch legal writing as to whether a transfer of a receivable secured by an All Moneys Mortgage, results in a transfer of the All Moneys Mortgage, or a share therein, to the transferee.

The Issuer has been advised that like any other right of mortgage or pledge, a mortgage or pledge constituting an All Moneys Mortgage under Dutch law is in principle an accessory right and that, therefore, upon a transfer of a receivable secured by All Moneys Mortgage, the transferee will in principle become entitled to a share in the All Moneys Mortgage 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 Dutch Supreme Court ruled that the main rule is that a right of mortgage as an accessory right transfers together with the receivable it secures. The Dutch Supreme 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 right of mortgage exclusively vests in the original mortgagee, in deviation of said main rule. The Issuer has been advised that where the interpretation of the mortgage or pledge deed does not reveal a specific intention regarding the transfer of the right of 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 right of mortgage or pledge.

Under or pursuant to the Mortgage Receivables Purchase Agreement the Seller warrants and represents in relation to each Mortgage Receivable that the relevant mortgage and pledge deeds contain either (i) no specific wording regarding the transfer of any right of mortgage or pledge securing such Mortgage Receivable or (ii) an express confirmation to the effect that upon a transfer of the relevant Mortgage Receivable, such Mortgage Receivable will, following the transfer, continue to be secured by the right of mortgage or pledge.

### Joint security of Issuer and Seller

As a consequence of the transfer to the Issuer of Mortgage Receivables secured by All Moneys Security Rights (or Fixed Security Rights if not all receivables which are secured by the relevant security right are, or if not the entire contractual relationship (*rechtsverhouding*) from which receivables may arise which will be secured by the relevant security right is, transferred to the Issuer), the relevant All Moneys Security Rights (or where applicable Fixed Security Rights) will become part of a joint estate (*gemeenschap*) of the Issuer, any other transferee of receivables secured by such All Moneys Security Rights (or where applicable Fixed Security Rights) 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 Moneys Security Rights (or where applicable, Fixed Security Rights), the relevant original mortgagee or pledgee, the Issuer and any other transferee of secured receivables will 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 the Mortgage Receivables Purchase Agreement contains an intercreditor arrangement granting the Issuer and/or the Security Trustee (as applicable) the right to (i) foreclose on the All Moneys Security Rights (or where applicable Fixed Security Rights) without involvement of the Seller and (ii) take recourse to the foreclosure proceeds prior to the Seller. The Issuer has been advised that it is uncertain whether such an arrangement is binding on the Seller's liquidator or administrator in Dutch Insolvency Proceedings. However, the Issuer has also been advised that on the basis of articles 3:166, 168, 170 and 172 of the Dutch Civil Code there are good arguments to state that such arrangement is binding, although the position is not certain. Moreover, generally the above only becomes relevant in the event that each of the following conditions is met:

- the Borrower does not meet his secured obligations in full to either the Seller or the Issuer, in particular because he is insolvent;
- the Seller is subject to an Insolvency Proceeding; and
- the proceeds of the related Mortgaged Asset are insufficient to fully satisfy the secured receivables of the Seller and the Issuer.

The abovementioned intercreditor arrangement will be supported by an undertaking by the Seller that in the event that any of the Seller's credit ratings ceases to be at least the Requisite Credit Ratings, and if such downgrade or withdrawal relates to short-term credit ratings, the Seller does not regain such Requisite Credit Ratings on the date falling one month (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) after the date of such downgrade, or any such credit rating is withdrawn, it will within 10 Business Days after the occurrence of such downgrade or withdrawal (or end of the relevant month, as the case may be), grant to the Issuer a right of pledge on its Other Claims *vis-à-vis* the relevant Borrowers which are secured by the relevant All Moneys Security Rights (or where applicable Fixed Security Rights), unless an appropriate remedy to the satisfaction of the Security Trustee is found after having received Credit Rating Agency Confirmation.

If, after the pledge of the Other Claims, the Seller regains short-term credit ratings from the relevant Credit Rating Agency of at least the Requisite Credit Ratings and retains such Requisite Credit Ratings for a consecutive period of at least one month (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time), the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee has undertaken to release such right of pledge on any Other Claims of a Borrower if (i) the principal amount outstanding in respect of the relevant Mortgage Receivable has been repaid in full together with all accrued interest and other secured amounts due under or in connection with the related Mortgage Loan or (ii) if all Mortgage Receivables that are secured by the same Related Security as such Other Claims have been retransferred to the Seller in accordance with the terms of the Mortgage Receivables Purchase Agreement.

The pledge (if implemented) will secure a special indemnity created in the Mortgage Receivables Purchase Agreement for this purpose, under which the Seller undertakes to pay to the Issuer an amount equal to its share in the foreclosure proceeds. Recourse in respect of the indemnity is limited to the Seller's share in the foreclosure proceeds. The indemnity will be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Mortgage Receivable or the receivable(s) he owes to the Seller. If and to the extent the pledge is implemented and any foreclosure proceeds are applied in discharge of the indemnity, the Seller's pledged receivables *vis-à-vis* the relevant Borrower would be discharged. For this reason, the Issuer undertakes in the Mortgage Receivables Purchase Agreement that it will in such event retransfer to the Seller a part of the unsatisfied part of the relevant Mortgage Receivable for a principal amount corresponding to the principal amount of the Other Claims so applied.

The Mortgage Receivables Purchase Agreement provides that:

- (i) the Seller warrants and represents in relation to each Mortgage Receivable that:
  - (A) the relevant Mortgage Receivable was originated by the Seller (which includes origination by an originator (a) which has merged (*gefuseerd*) into the Seller or (b) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and the Seller has not (nor has any such relevant merged originator or demerged originator (as the case may be)) transferred any receivable (including but not limited to any Other Claim) secured by the Related Security, which also secures such Mortgage Receivable, to any party other than the Issuer (or in the case of a merged originator or demerged originator (as the case may be), other than the Seller) or, in the case of Savings Mortgage Receivables, the relevant Savings Insurance Company; or
  - (B) the relevant Mortgage Receivable is secured by Related Security which does not include All Moneys Security Rights and any and all present and future receivables which are secured by the Fixed Security Rights 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 Rights, have, together with all Related Security, been transferred to the Seller; and
- (ii) if (a) the Seller transfers any Other Claims *vis-à-vis* the relevant Borrowers which are secured by the relevant All Moneys Security Rights (or where applicable Fixed Security Rights), it will simultaneously transfer its corresponding obligations and rights under the intercreditor arrangement to the relevant transferee and (b) the Issuer transfers a Mortgage Receivable to any transferee other than the Seller, it is entitled to transfer its corresponding rights and obligations under the intercreditor arrangement to the relevant transferee. In addition, the Seller will ensure that upon a transfer as referred to in (a), the relevant transferee (other than any transferee that is a subsidiary (*dochtermaatschappij*) of ING Groep N.V.) shall immediately pledge to the Issuer such Other Claims if such transferee's credit ratings are less than the Requisite Credit Ratings, or if such transferee does not have any long-term credit rating assigned to it.

In the Mortgage Receivables Purchase Agreement, the Seller furthermore covenants, among other things, that if it makes any Further Advance under the Mortgage Conditions relating to a Mortgage Receivable, then on the first following Mortgage Collection Payment Date, the Seller will offer such Further Advance Receivable for sale and assignment to the Issuer for an amount equal to the Gross Outstanding Principal Balance of such Further Advance Receivable as at the relevant Cut-off Date. Until the Notes Payment Date immediately preceding the First Optional Redemption Date, the Issuer is obliged to accept each such offer of Further Advance Receivables, on the condition that the purchase of such Further Advance Receivable does not result in a breach of any of the Additional Purchase Conditions. If the purchase of such Further Advance Receivable would, if completed, result in a breach of any of the Additional Purchase Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable and will instead be obliged to sell, and the Seller will be obliged to repurchase and accept reassignment of, all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance was granted.

The Issuer will not purchase any Mortgage Receivables other than Further Advance Receivables from the Seller following the acquisition of the Initial Portfolio on the Closing Date. The Initial Purchase Price for any Further Advance Receivable will be funded from the Available Principal Funds.

#### **Set-off by Borrowers**

Notwithstanding the assignment and pledge of the Mortgage Receivables to the Issuer and Security Trustee, respectively, the Borrowers may be entitled to set off the relevant Mortgage Receivable against a claim (if any) they may have against the Seller, such as (i) counterclaims resulting from a current account relationship, (ii) counterclaims resulting from securities issued by the Seller (e.g. *ING Garantiebiljetten*), (iii) counterclaims resulting from damages incurred by a Borrower as a result of acts performed by the Seller, and, depending on the circumstances, (iv) other counterclaims such as counterclaims (a) relating to a Construction Deposit, (b) resulting from deposits that pursuant to the terms of a relevant Investment Mortgage Loan have been made by the Borrower in a savings account maintained in his name with the

Seller which is connected to his securities account, deposits that pursuant to the terms of a relevant Bank Savings Mortgage Loan have been made by the Borrower in the related Bank Savings Account, or deposits that have been made by the Borrower in any other account maintained in his name with the Seller, and (c) under the Mortgage Conditions relating to a Revolving Credit Mortgage Loan (for example, because of non-compliance by the Seller with its obligations under the relevant Mortgage Conditions).

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 a Mortgage Receivable by the Seller to the Issuer, the Seller would no longer be the creditor of the Mortgage Receivable. However, for as long as the assignment has not been notified to the relevant Borrower, the Borrower remains entitled to set off the Mortgage Receivable as if no assignment had taken place. After notification of the assignment or pledge, 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 Issuer (and the Security Trustee as pledgee) if the Borrower's claim against the Seller (if any) stems from the same legal relationship as the Mortgage Receivable (such as the Borrower's right to receive payments from the Bank Savings Account stemming from the same legal relationship as the related Bank Savings Mortgage 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 Issuer (or the Security Trustee) if prior to the notification, the Borrower was either entitled to invoke set-off against the Seller (e.g. on the basis of article 53 of the Dutch Bankruptcy Code (*Faillissementswet*)) or had a justified expectation that he would be entitled to such set-off against the Seller.

Some of the Mortgage Conditions provide for a waiver by the Borrower of his rights of set-off against the Seller. However, the waiver of set-off by a Borrower could be voided pursuant to Dutch contract law and may therefore not be enforceable. Some of the standard form mortgage documentation provide for a right for the Borrower to, subject to certain conditions, set off claims it may have *vis-à-vis* the Seller with claims that the Seller has against the Borrower pursuant to the relevant Mortgage Loan. The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the amount so set-off.

In respect of Bank Savings Mortgage Loans, amounts standing to the credit of a Bank Savings Account will if the deposit guarantee scheme is activated in respect of the Bank Savings Participant by DNB or the Bank Savings Participant is subjected to emergency regulations (*noodregeling*) or declared bankrupt (*failliet*), by operation of law, be set-off against the related Bank Savings Mortgage Loan, irrespective of whether the Bank Savings Mortgage Loan is owed to ING (as Bank Savings Participant) or a third party, such as the Seller or the Issuer.

To mitigate the set-off risk relating to Bank Savings Mortgage Receivables ING will enter into the Bank Savings Participation Agreement on the Signing Date. Pursuant to the Bank Savings Participation Agreement, an Initial Settlement Amount and Further Settlement Amounts will be payable by ING as Bank Savings Participant to the Issuer in return for a Participation. If the relevant Borrower invokes set-off, set-off is applied by operation of law or for any reason set-off is applied in relation to any part of the relevant Bank Savings Deposit as against any Mortgage Receivable, the relevant Participation of ING will be reduced by an amount equal to such amount so set-off.

To mitigate the risk of set-off by a Borrower of a Mortgage Receivable against a claim he may have against the Seller for a cash deposit (other than Bank Savings Deposits and Construction Deposits) held by the Seller (if, for example, the Seller becomes subject to Insolvency Proceedings and cannot pay out such cash deposit (other than Bank Savings Deposits and Construction Deposits) to the Borrower), the Seller undertakes in the Mortgage Receivables Purchase Agreement to, in the event of a downgrade of the credit rating of the Seller's debt obligations below the Requisite Credit Rating, within 14 calendar days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) of such downgrade deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than Bank Savings Deposits and Construction Deposits) it holds for all Borrowers in relation to any Mortgage Receivables.

## Non-payment by insurer and Deduction Risk

Some of the Mortgage Receivables relate to Mortgage Conditions which are connected to a Mixed Insurance Policy. The Borrower of such a Mortgage Receivable does not repay principal during the term of the relevant Mortgage Loan, but instead, apart from paying a risk premium, invests capital premium under the Mixed Insurance Policy which consists of a savings part and/or an investment part, as the case may be. The intention is that at maturity, the principal proceeds of the savings or investments (if any) (the "**Savings/Investment Proceeds**") can be used to repay the Mortgage Loan, in whole or in part, following pay-out of the Savings/Investment 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 Savings/Investment Proceeds. In cases where the Savings/Investment Proceeds are so 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 Savings/Investment Proceeds is deducted from the Mortgage Receivable he owes to the Issuer (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 Seller and insurer are in principle two separate relationships. The Issuer has also 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 the Seller 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 Mortgage Receivables relate can generally be divided into five categories:

1. *Products with no investment part and no Mixed Insurance Policy*

Certain Mortgage Receivables do not relate to any investment product or Mixed Insurance Policy. Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, that the relevant Mortgage Receivable does not relate to any investment product or Mixed Insurance Policy. Therefore, provided that these representations and warranties are correct, the Deduction Risk does not apply to Mortgage Loans containing no savings, investment part or Mixed Insurance Policy.

2. *Products with investment part (and no Mixed Insurance Policy)*

Certain Mortgage 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 (*beleggersgiro*); and
- the bank is obliged to administer the securities through a separate depositary vehicle unless the transfer of any such securities is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*), in which case the bank can administer such securities itself.

The Issuer has been advised that this means that the relevant Borrower is expected to be investing through a bankruptcy remote securities account arrangement. Should the relevant investment firm

or bank not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers being invoked.

Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to an Investment Mortgage Loan, that (i) the relevant Mortgage 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. Therefore, provided that these representations and warranties are correct, the Deduction Risk does not apply to Mortgage Loans containing only an investment part which have no Mixed Insurance Policy.

The Issuer has been advised that for Mortgage Receivables of this category in respect of which deposits have been made by the Borrower in a savings account maintained in his name with the Seller which is connected to his securities account such Borrower may be entitled to set off the relevant Mortgage Receivable against the claims he may have against the Seller in respect of such deposits made into his accounts even in circumstances where the Mortgage Receivable is transferred to the Issuer (see also the paragraph named *Set-off by Borrowers* above). The Mortgage Receivables Purchase Agreement provides that (i) if a Borrower sets off amounts due to him by the Seller against the relevant Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the amount so set-off and (ii) to mitigate the risk of set-off by a Borrower of a relevant Mortgage Receivable against a claim it may have against the Seller for a cash deposit (other than Bank Savings Deposits and Construction Deposits) held by the Seller, the Seller will, in the event of a downgrade of the credit rating of the Seller's debt obligations below the Requisite Credit Rating, within 14 calendar days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) of such downgrade deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than Bank Savings Deposits and Construction Deposits) it holds for all Borrowers in relation to any Mortgage Receivables.

3. *Products with Mixed Insurance Policy where Borrower selects insurer*

Certain Mortgage Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer chosen by the Borrower (and approved by the Seller). The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The insurer keeps the savings and/or investments in its own name. The Issuer has been advised that for Mortgage Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression of 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 premium were 'as good as' repayments of the relevant Mortgage 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 Seller (or *vice versa*). However, the Issuer has been advised that absent such specific circumstances, it is unlikely for the Deduction Risk to apply to Mortgage Receivables of this category. As the Borrower selects an insurer of his own choice (subject to prior approval by the Seller), this emphasises that it concerns two separate relationships.

Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to a Life Mortgage Loan falling under this category 3 that (i) the relevant Mixed Insurance Policy and the relevant Life Mortgage Loan (other than a Life Mortgage Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with a Savings Insurance Company) 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 Seller and are free to choose the insurer (subject to prior approval by the Seller).

The Deduction Risk for Mortgage Receivables relating to a Life Mortgage Loan falling under this category 3 in respect of which the related Mixed Insurance Policy is entered into by the Borrower with a Savings Insurance Company will not be catered for.

4. *Products with Mixed Insurance Policy (but no switch element) where Seller pre-selects insurer*

Certain Mortgage Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer pre-selected by the Seller. The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The insurer keeps the savings and/or investments in its own name. The Issuer has been advised that for Mortgage 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 capital premium were 'as good as' repayments of the relevant Mortgage 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 Mortgage 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 Conditions and the Mixed Insurance Policy, respectively, or (other) 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 Seller, respectively;
- the representative of the Seller 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 Mixed Insurance Policy or the Mortgage Conditions;
- the insurer is, or was when entering into the agreements, an affiliate of or otherwise associated with the Seller; and/or
- as is the case in respect of Savings Mortgage Loans, the interest base applicable to the savings is linked to the interest base applicable to the relevant Mortgage Loan.

Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each Mortgage Receivable which is related to a Life Mortgage Loan and a Mixed Insurance Policy where an insurer is pre-selected by the Seller that (i) the relevant Mixed Insurance Policy and the relevant Life Mortgage Loan (other than a Life Mortgage Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with a Savings Insurance Company) are not offered as one product and (ii) the guaranteed yield of the capital/investment element under the Mixed Insurance Policy is not linked to the interest base applicable to the relevant Mortgage Loan. The Deduction Risk for Mortgage Receivables relating to a Life Mortgage Loan falling under this category 4 in respect of which the related Mixed Insurance Policy is entered into by the Borrower with a Savings Insurance Company will not be catered for.

The Deduction Risk will be catered for as follows in relation to Savings Mortgage Loans. Insurance Savings Participation Agreements have been entered into between an Insurance Savings Participant, the Issuer and the Security Trustee and signed for acknowledgement and acceptance by the Seller in relation to Savings Mortgage Receivables. Pursuant to the Insurance Savings Participation Agreements relating to any Savings Mortgage Receivables, an Initial Settlement Amount and Further Settlement Amounts will be payable by the relevant Insurance Savings Participant to the Issuer in return for an Insurance Savings Participation. If the relevant Borrower invokes against the Issuer that he may deduct lost Savings/Investment Proceeds from the relevant Savings Mortgage Receivable, the relevant Insurance Savings Participation of the relevant Insurance Savings Participant (who would be in default under the relevant Mixed Insurance Policy) will be reduced by an amount equal to such lost Savings/Investment Proceeds.

#### **Investment products**

Some of the Mortgage Receivables relate to Mortgage Conditions which are connected to an investment product, i.e. Investment Mortgage Loans and Life Mortgage Loans. The Borrower of such a Mortgage

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 Mortgage 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. 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 amount by which the outstanding principal amount of the relevant Mortgage Loan exceeds the value of the investments, from the Mortgage Receivable he owes to the Issuer or he may claim a breach of contract (*wanprestatie*) or tort (*onrechtmatige daad*) or he may dissolve (*ontbinden*) or nullify (*vernietigen*) the relevant contract.

Some of the Mortgage Receivables are linked to Mixed Insurance Policies with an investment element (*beleggingsverzekeringen*), i.e. Life Mortgage Loans. The Dutch insurance industry sold mixed insurance policies (such as the Mixed Insurance Policies) with an investment element to customers either directly or through intermediaries. Many Borrowers of Mortgage Receivables took out Mixed Insurance Policies with an investment element from (former) affiliates of ING Groep N.V. 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 (which in turn could affect the collateral granted to the Seller (e.g. Beneficiary Rights and rights of pledge in respect of such Mixed Insurance Policy) and trigger early termination of the related Mortgage Loan) and/or deduct from, or set-off against, the Mortgage Receivable he owes to the Issuer 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. Any such deduction or set-off risk may likely become more relevant in a scenario where the insurer and/or, depending on any involvement of the Seller in the marketing and sale of the relevant Mixed Insurance Policy, the Seller were liable in connection with any successful claim of the Borrower, and the insurer and/or the Seller did not indemnify the Borrower. Please see also the paragraphs named "*Set-off by Borrowers*" and "*Non-payment by insurer and Deduction Risk*" above.

Since the end of 2006, unit-linked products have received negative attention in the Dutch media, and from the Dutch Parliament, the AFM and consumer protection organisations. Costs of unit-linked products sold in the past are perceived as too high and Dutch insurers are in general being accused of being less transparent in their offering of such unit-linked products. The criticism on unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. ING's (former) Dutch affiliates have issued, sold or advised on approximately one million individual unit-linked policies. There has been for some time, and there continues to be political, regulatory and public attention focused on the unit-linked issue in general. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings. There is a risk that one or more of those legal challenges will succeed.

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. The risks described in this risk factor "*Investment products*" will not be catered for through the Transaction Documents. Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to an Investment Mortgage Loan relating to a Mortgage Receivable where the related investment product is offered by the Seller itself (and not by a third party securities institution or bank) that such investment product has been offered in accordance with all applicable laws and legal requirements prevailing at the time of origination, including those on the information that is to be provided to prospective investors.

### **Security rights by Borrowers**

Some of the Mortgage Receivables relate to Mortgage Conditions which are connected to (i) an insurance policy with a risk, savings and/or investment element, (ii) a securities account, or (iii) a Bank Savings Account, as the case may be. All rights of such a Borrower in respect of such an insurance policy, a securities account or a Bank Savings Account, as the case may be, have been pledged to the Seller. The above considerations on pledge and insolvency, made in the context of pledges to the Security Trustee

(see section 2.2 (*Security*)), apply *mutatis mutandis* to all Borrower Pledges and Mortgages granted 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 Mortgage Receivables result from Mortgage Conditions which are 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 Seller has been appointed as beneficiary under the relevant insurance policy; or
- if another person has been appointed as beneficiary, that person has irrevocably authorised the relevant insurer to pay out the insurance proceeds to the Seller.

With respect to the first alternative, the Issuer has been advised that under Dutch law it is uncertain whether Beneficiary Rights will follow the relevant Mortgage Receivable upon assignment thereof to the Issuer (and subsequent pledge thereof to the Security Trustee). For this purpose the Beneficiary Rights will, insofar as they will not follow the relevant Mortgage Receivable upon assignment, themselves be assigned by the Seller to the Issuer by way of silent assignment and be pledged by the Issuer to the Security Trustee by way of silent pledge. In the Mortgage Receivables Purchase Agreement the Seller undertakes to, upon the occurrence of an Assignment Notification Event, notify the relevant insurer of the (purported) assignment (save that each Savings Insurance Company will execute a Beneficiary Waiver Agreement prior to the Closing Date and will be notified through the relevant 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, the Seller will:

- in each Deed of Assignment and Pledge to be executed with the Issuer pursuant to the Mortgage Receivables Purchase Agreement to the extent possible, under the condition subsequent (*ontbindende voorwaarde*) that the relevant Mortgage Receivable is retransferred to the Seller, (a) appoint the Issuer 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 Seller as beneficiary (a "**Second Beneficiary**"), will become the beneficiary under the relevant insurance policy. Under or pursuant to the Mortgage Receivables Purchase Agreement the Seller warrants and represents that if the relevant Mortgage Receivable results from a Life Mortgage Loan or Savings Mortgage Loan, all receivables under the relevant Mixed Insurance Policy have been validly pledged by the relevant Borrower to the Seller, 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 Mortgage Receivable to the Issuer, the Issuer will in principle become entitled to (a share in) the pledge, provided that following the waiver of the Beneficiary Rights by the Seller, the Borrower has become the beneficiary. If, however,

following a waiver of Beneficiary Rights by the Seller, a Second Beneficiary has become the beneficiary, the pledge by the Borrower will not be effective; and

- in the Mortgage Receivables Purchase Agreement undertake to use its reasonable endeavours to procure that (1) a Beneficiary Waiver Agreement is entered into with the Issuer, the Security Trustee and each Savings Insurance Company on or around the Closing Date, and (2) a beneficiary waiver agreement on terms similar to a Beneficiary Waiver Agreement is, or is put, in effect between itself, the Issuer, the Security Trustee and each of the Insurance Companies other than each Savings Insurance Company upon the occurrence of an Assignment Notification Event, in which it is, among other things, agreed that to the extent necessary:
  - (i) the insurer (a) accepts the (purported) (conditional) appointment of the Issuer as beneficiary in the Seller's place and (b) to the extent such appointment is ineffective, accepts the (conditional) waiver by the Seller of its Beneficiary Rights; and
  - (ii) the Seller and insurer will use their reasonable endeavours to obtain the co-operation from all relevant Borrowers and, where applicable, Second Beneficiaries to change the Beneficiary Rights in favour of the Issuer.

The Seller may not be able to enter into a beneficiary waiver agreement without the co-operation of the liquidator, if and to the extent such Assignment Notification Event has occurred as a result of the Seller having become subject to any Dutch Insolvency Proceedings.

With respect to the second alternative, the Issuer has been advised that it is uncertain whether the Borrower Insurance Proceeds Instruction entails that the insurer should pay the insurance proceeds to the Seller or, following assignment of the relevant Mortgage Receivable, to the Issuer, and that this depends on the interpretation of the Borrower Insurance Proceeds Instruction. Insofar as the Borrower Insurance Proceeds Instructions do not entail that the relevant insurer should, following assignment of the relevant Mortgage Receivable, pay the insurance proceeds to the Issuer, the Issuer, the Security Trustee, the Seller and each Savings Insurance Company will furthermore agree in the relevant Beneficiary Waiver Agreement that the Seller and the relevant Savings Insurance Company will use their reasonable endeavours to obtain the co-operation from all relevant Borrowers and (other) beneficiaries to change the Borrower Insurance Proceeds Instructions in favour of the Issuer.

If:

- in the case of the first alternative (a) the transfer of the Beneficiary Rights is not effective, (b) the (conditional) appointment of the Issuer as beneficiary in the place of the Seller is not effective and (c) the (conditional) waiver of Beneficiary Rights by the Seller is ineffective or, if it is effective, results in a Second Beneficiary having become the beneficiary; or
- in the case of the second alternative, the Borrower Insurance Proceeds Instructions do not entail that insurance proceeds should be paid to the Issuer,

and, in either case, (i) in the case of Insurance Companies other than the Savings Insurance Companies, no beneficiary waiver agreement as described above will be entered into with the relevant Insurance Company and/or (ii) the relevant Borrowers, Second Beneficiaries and/or (other) beneficiaries 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 Seller, in which case the Seller will be obliged to on-pay the proceeds to the Issuer or the Security Trustee, as the case may be. If the Seller breaches such payment obligation, for example because the Seller is subject to an Insolvency Proceeding, this may result in the proceeds not being applied in reduction of the relevant Mortgage Receivable and in a Deduction Risk; or
- the Second Beneficiary or the (other) beneficiary, which may result in the proceeds not being applied in reduction of the relevant Mortgage Receivable.

### **Interest reset rights**

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

### **Construction Deposits**

Certain Mortgage Receivables result from the Mortgage Conditions under which the relevant Borrower has requested part of the loan to be disbursed into a blocked deposit account, specifically opened in his name for such purpose, in anticipation of construction or improvement costs to be incurred by him at a later stage in connection with the Mortgaged Asset. 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 Mortgage Loan. In the Mortgage Receivables Purchase Agreement it is agreed that in cases as abovementioned, the full Mortgage Receivable will be transferred to the Issuer. The Construction Deposits are held with the Seller. There is a risk that the Seller becomes subject to an Insolvency Proceeding and that the Seller 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 Mortgage Receivable.

The Issuer will be entitled to withhold from each Initial Purchase Price an amount equal to the related Construction Deposit, if applicable. Such amount will be deposited in the Construction Deposit Account. On each Notes Payment Date the Issuer will pay any remaining part of an Initial Purchase Price to the Seller following distribution by the Seller of a corresponding part of the relevant Construction Deposit to the relevant Borrower.

Pursuant to the relevant Mortgage Conditions, each Construction Deposit must be paid out within 24 months. After such period, any remaining part of the relevant Construction Deposit will either (i) be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid by the Issuer to the Seller or (ii) be set-off against the Mortgage Loan, up to the amount of the remaining part of the relevant Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price in respect of the relevant Mortgage Receivable and any amount equal to such part of the Initial Purchase Price will be transferred from the Construction Deposit Account into the Issuer Collection Account and be credited to the Redemption Ledger.

### **Risk that the mortgage rights on long lease cease to exist**

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in section 6.2 (*Description of Mortgage Loans*).

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 (*in ernstige mate tekortschieten*) other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, among other things, be determined by the conditions of the long lease and may be less than the market value of the long lease. The long lease also terminates when the leaseholder gets full legal title to the property (*vermenging*). In such event the Mortgage will remain in effect but on execution only a long lease can be sold (not the full legal title due to the *nemo plus* rule). The replacement of the landowner may have an adverse effect on 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 Seller has taken

into consideration the conditions of the long lease, including the term thereof in comparison to the proposed term of the loan.

### **Risks of losses associated with declining values of Mortgaged Assets and/or Mortgage Receivables**

The security created in favour of the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets or a decline in the market value of the Mortgage Receivables. No assurance can be given that values of the Mortgaged Assets remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. Please refer to section 6.1 (*Stratification Tables*) for an overview of the loan to foreclosure value, loan to indexed foreclosure value, loan to market value and loan to indexed market value of the Provisional Portfolio as at 31 March 2015. In addition, a forced sale of the Mortgaged Assets will in most cases, compared to a private sale, result in lower proceeds of the Mortgaged Assets and/or Mortgage Receivables. A decline in value may result in losses to the Noteholders if such security is required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

### **Underwriting guidelines may not identify or appropriately assess repayment risks**

The Seller has represented to the Issuer and the Security Trustee that, when originating Mortgage Loans it did so in accordance with underwriting guidelines it has established and, in certain cases, based on exceptions to those guidelines by way of manual overrules. The guidelines may not have identified or appropriately assessed the risk that the interest and principal payments due on a Mortgage Loan will be repaid when due, or at all, or whether the value of the Mortgaged Asset will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to the Seller's underwriting guidelines in originating a Mortgage Loan, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting guidelines may not in fact compensate for any additional risk.

### **Limited recourse to the Seller**

Neither the Issuer nor the Security Trustee will undertake any investigations, searches or other actions on any Mortgage Receivable and will rely instead on the representations and warranties given in the Mortgage Receivables Purchase Agreement by the Seller in respect of the Mortgage Receivables.

There is no further recourse to the Seller in respect of a breach of a representation or warranty. There is no recourse to the assets of the Seller if an Event of Default occurs.

The Mortgage Receivables Purchase Agreement provides that if at any time after the Closing Date (or relevant Transfer Date as the case may be) any Mortgage Receivables Warranty proves to have been untrue or incorrect in any material respect, the Seller shall within 14 calendar days of receipt of written notice thereof from the Issuer (i) remedy such breach, if capable of being remedied or (ii) repurchase and accept re-assignment of the relevant Mortgage Receivable on the first following Mortgage Collection Payment Date.

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

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income.

The period allowed for deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupied properties (primary residence). Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called Additional Borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realises a profit on the sale of his old home, the home owner is considered to invest this net profit into the new home. Broadly speaking, the net profit is deducted from the value of the new home and mortgage loan interest deductibility is limited to the interest that relates to a maximum loan equal to the value of the new home less the net profit of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

Further restrictions on the interest deductibility came into effect on 1 January 2014. Under these rules the income tax rate against which the mortgage interest may be deducted as of 1 January 2014 is gradually reduced. For taxpayers currently deducting mortgage interest, the interest deductibility will be reduced from 52 per cent. to 38 per cent. in 28 years, so a 0.5 per cent.-point reduction per year. As of 1 January 2014 mortgage interest can be deducted by taxpayers at a rate of 51 per cent. (2015 rate). As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be available in respect of mortgage loans which amortise over 30 years or less and are being amortised on at least an annuity basis and are actually paid off in compliance with a statutory formula.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of borrowers to repay their Mortgage Receivables. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. See also the paragraph named *Yield and prepayment risk* above. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets. See also the paragraphs named *Risks of Losses associated with declining values of Mortgaged Assets and/ or Mortgage Receivables* above.

### **Effect of deductibility and prepayment penalties on Mortgage Loans**

Any other or further change to such deductibility and the right to deduct mortgage loan interest payments may among other things have an adverse effect on house prices and the rate of recovery on mortgage loans and, also depending on whether changes will be proposed to the treatment of existing mortgage loans, may result in an increase of defaults and/or an increase or decrease of prepayments and repayments. The fiscal incentives mentioned above resulted in a tendency amongst borrowers to opt for products that do not directly involve principal repayment. The most common mortgage loan types in The Netherlands are interest-only, savings, life and investment mortgage loans or a combination of these types. Under the interest-only, savings, life and investment types of mortgage loans no principal is required to be repaid during the term of the contract. Instead, except for interest-only mortgage loans, the Borrower makes payments into a savings account, towards capital insurance or into an investment fund. Upon maturity, amounts available pursuant to the savings accounts, the insurance contract or the investment funds are applied to repay the mortgage loans.

Prepayment penalties that are incorporated in mortgage loan contracts tend to lower prepayment rates in The Netherlands. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment. Lower rates of prepayment may lead to slower repayments of the principal amount outstanding of mortgage loans in The Netherlands. As a result, the exposure of the Issuer to the Borrowers of the Mortgage Loans tends to remain high over time and the Issuer will have a similar position following the acquisition of the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement. The Seller currently has a scheme in place which enables Borrowers to prepay their Mortgage Loan without incurring a penalty, provided that the value of the Mortgage Loan is higher than the value of the Mortgaged Asset at such time.

### **Defaulted Mortgage Receivables**

The ability of the Issuer to repay the full amount under the Notes will depend on, among other things, the proceeds of the Mortgage Receivables. Borrowers may default on their obligations due under the Mortgage Receivables. Defaults may occur for a variety of reasons. The Mortgage 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, changes in mortgage lender conduct codes and prevailing underwriting and servicing criteria, 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 Mortgage 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 debt rescheduling arrangements (*schuldsaneringsregelingen*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Mortgage Receivables. In addition, the ability of a Borrower to sell a Mortgaged Asset at a price sufficient to repay the amounts outstanding under that Mortgage Receivable will depend upon a number of factors, including the

availability of buyers for that Mortgaged Asset, the value of that Mortgaged Asset and property values in general at the time.

### **Risks related to NHG Guarantees**

Certain of the Mortgage Receivables have the benefit of an NHG Guarantee. Pursuant to the terms and conditions of the NHG Guarantee, Stichting WEW has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. Under or pursuant to the Mortgage Receivables Purchase Agreement, the Seller warrants and represents in relation to each NHG Mortgage Loan Receivable that:

- (i) the NHG Guarantee is granted for the full amount of the relevant NHG Mortgage Loan Receivable outstanding at origination, and constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with such NHG Guarantee's terms;
- (ii) all terms and conditions (*Voorwaarden en Normen*) applicable to the NHG Guarantee at the time of origination of the related NHG Mortgage Loans were complied with; and
- (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee, if applicable, in respect of the relevant NHG Mortgage Loan Receivable should not be met in full and in a customary manner.

Furthermore, if a Mortgage Receivable no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller, and, as a consequence thereof, such Mortgage Receivable would not meet the Eligibility Criteria, if tested at that time, then the Seller is obliged under the Mortgage Receivables Purchase Agreement to purchase and accept a reassignment of the relevant NHG Mortgage Loan Receivable on the first following Mortgage Collection Payment Date in accordance with the Mortgage Receivables Purchase Agreement.

The terms and conditions of an 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 a Mortgage Receivable can be different. In addition, in respect of mortgage loans originated after 1 January 2014, a deductible has been introduced which is applicable to claims under the NHG Guarantees. On any claim *vis-à-vis* Stichting WEW for a loss incurred, a deduction of 10% will be applied. This may result in the lender not being able to fully recover any loss incurred with Stichting WEW under the NHG Guarantee and consequently, in a Realised Loss.

Although the Credit Rating Agencies give credit to the existence of the NHG Guarantees in respect of the relevant Mortgage Loans in assigning credit ratings to the Class A Notes because of the perceived lower risks associated with such Mortgage Loans, the levels of credit enhancement applied to the Class A Notes achieved the same credit ratings as if no benefit was given to such Mortgage Loans in the Initial Portfolio at the time the credit rating is assigned.

### **Credit rating of the State of The Netherlands**

The credit rating given to the Class A Notes by the Credit Rating Agencies is based in part on modelling which takes into account any NHG Guarantee granted in connection with the Mortgage Loans. NHG Guarantees are backed by the State of The Netherlands (see section 6.5 (*NHG Guarantee Programme*)). In the event that (i) the credit rating assigned to the State of The Netherlands is lowered by a Credit Rating Agency, or (ii) Stichting WEW, if it has a credit rating assigned to it, has that credit rating lowered by a Credit Rating Agency, this may result in a review by the Credit Rating Agencies of the credit rating ascribed to the Class A Notes and could potentially result in a downgrade to the credit rating of the Class A Notes.

### **Risks that the foreclosure proceeds will be insufficient**

As further described in section 6.3 (*Origination and Servicing*), valuations of the Mortgaged Assets have been obtained in the form of valuations by a qualified Dutch surveyor, valuations by the Dutch tax authorities in the context of the WOZ or contracts for construction/brochure price.

In general, a valuation represents the analysis and opinion of the person undertaking the valuation at the time that the relevant valuation is prepared. The valuation is not a guarantee, indication or assurance of the present or future value of any relevant Mortgaged Asset. There can be no assurance that a different person valuing any of the Mortgaged Assets would have arrived at the same or similar valuation attributable to the Mortgaged Asset associated with the Mortgage Receivable, even if such different person used the same approach and/or methodology to value such Mortgaged Asset.

Also, there is a risk that the valuation amounts determined in relation to a property, regardless of the type of valuation obtained, could be significantly higher than the actual amount recoverable from the sale of a property under a distressed or liquidation sale. In addition, in many real estate markets property values have declined since the time that the underlying valuations were obtained. Therefore, any underlying valuations of Mortgaged Assets may not be a true and accurate reflection of the current market value of such Mortgaged Assets. No revaluation of the Mortgaged Assets has taken place for the purpose of the issuance of the Notes and, unless expressly stated otherwise, all valuations quoted are dated within the last 6 months prior to the date of the origination of the relevant Mortgage Loan. Please refer to section 6.1 (*Stratification Tables*) for an overview of the loan to foreclosure value, loan to indexed foreclosure value, loan to market value and loan to indexed market value of the Provisional Portfolio as at 31 March 2015.

Accordingly, there is a risk that, on the enforcement of security over the relevant Mortgaged Asset not all amounts owing by a Borrower under a Mortgage Loan can be recovered from the proceeds of the foreclosure of the related Mortgaged Asset together with any proceeds of the enforcement of any other rights securing the Mortgage Receivable. If there is a failure to recover such amounts, this would result in a Realised Loss which may adversely affect the Notes.

## 2.7 SERVICING

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

By acquiring the Mortgage Receivables, the Issuer is deemed to provide consumer credit, which is a licensable activity under the Wft. The Issuer can rely on an exemption from this licence requirement, if the Issuer outsources the servicing of the Mortgage 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 Servicing Agreement, the Issuer outsources the servicing and administration of the Mortgage Receivables to the Servicer. In the Servicing Agreement, the 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 Servicer has covenanted that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft. If the Servicing Agreement is terminated, the Issuer will need to appoint a substitute Servicer which must be adequately licensed in order for the Issuer to keep the benefit of exemptive relief. Alternatively, the Issuer needs to obtain a licence itself. The Servicing Agreement stipulates that the Servicer may only terminate the Servicing Agreement if a substitute 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.

If an event of default (which includes, subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Servicer) occurs in respect of the Servicer under the Servicing Agreement which is continuing, then the Issuer and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a substitute servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of servicing and administering residential mortgage loans would be found who would be willing and able to service the Mortgage Receivables on the terms of the Servicing Agreement. 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 ability of the Issuer to make payments under the Notes. If the Servicer ceases to be assigned at least the Requisite Credit Rating, then the Servicer shall use reasonable efforts to procure that the parties to the Servicing Agreement enter into a servicing agreement with a third party in such form as the Issuer and the Security Trustee shall reasonably require, within 60 calendar days after receipt of such request from the Security Trustee.

The Servicer does not have (or will not have, as applicable) any obligation itself to advance payments that Borrowers fail to make in a timely fashion. Noteholders will have no right to consent to or approve of any actions taken by a Servicer under a Servicing Agreement.

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

## **2.8 GENERAL**

### **Forecasts and Estimates**

Forecasts and estimates in this 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.

### **Different Capacities**

ING acts in different capacities under the Transaction Documents, including as Issuer Account Bank, Issuer Administrator, Arranger, Lead Manager, Seller, Paying Agent, Servicer, Cash Advance Facility Provider, Swap Counterparty and as purchaser of the Retained Notes. ING in acting in such capacities in connection with such transactions shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

Noteholders should therefore be aware that a conflict of interests could arise between the various roles of ING and that ING has no implicit or explicit obligation or duty to act in the best interests of the Noteholders when performing its various functions.

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 ING) is acting with other parties (such as the Security Trustee and the Issuer).

### 3. PRINCIPAL PARTIES

#### 3.1 ISSUER

##### Introduction

The issuer of the Notes is Orange Lion 2015-11 RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Dutch law, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and registered with the Chamber of Commerce (*Kamer van Koophandel*) under number 62770349. The telephone number of the Issuer is +31 20 521 4777.

The Issuer has been incorporated on 2 March 2015 as a special purpose vehicle for the purpose of purchasing the Mortgage Receivables, entering into and performing its obligations under the Transaction Documents and issuing the Notes.

##### Principal Activities

The objects clause in the Issuer's articles of association allows the Issuer to carry out the following activities:

- (a) to acquire, purchase, manage, dispose of and encumber claims (*vorderingen op naam*) deriving from or in connection with loans provided by a third party or third parties and to exercise all rights attached to the aforementioned claims;
- (b) to raise funds through the issuance of bonds, securities, or entering into loan agreements or similar agreements in order to acquire the claims referred to under (a);
- (c) to enter into loan agreements or to otherwise raise funds in order to comply with the obligations of the Issuer under or in connection with the bonds and/or securities referred to under (b);
- (d) the hedging of interest and other financial risks by entering into hedging arrangements such as interest and/or currency swap transactions and other swap transactions;
- (e) to invest, including the lending of funds, the assets of the Issuer;
- (f) to grant security in connection with the foregoing for itself or for third parties; and
- (g) to enter into agreements and/or other legal acts in connection with the foregoing and to exercise rights and to comply with its obligations under such agreements and legal acts.

The Issuer may do all such further acts that are related to the above or that are conducive thereto.

The Issuer has not engaged since its incorporation, and will not engage whilst the Notes remain outstanding, in any material activities other than activities which are incidental or ancillary to the foregoing as set out below under the paragraph "Issuer covenants".

##### Issuer Share Capital

The Issuer has an authorised share capital of euro 100 which has been issued in full and is fully paid. The authorised share capital is divided into one hundred (100) ordinary shares with a nominal value of one euro (EUR 1) each, numbered 1 up to and including 100. All shares of the Issuer are registered shares and are held by the Shareholder.

##### Director

The Issuer will enter into the Issuer Management Agreement with Intertrust Management B.V. as Director on or around the date hereof, pursuant to which the Director agrees to provide corporate services to the Issuer. The Issuer Management Agreement will provide that it will continue until terminated by either of the parties in writing, and that the Issuer may terminate the Issuer Management Agreement with a notice period of 14 calendar days and the Issuer's Director may retire from its obligations under the Issuer Management Agreement by giving at least two months' notice in writing to the Issuer, all subject to the letter of undertaking to be dated on or about the date hereof by, among others, the Issuer, the Director

and the Security Trustee. In such letter of undertaking, the parties thereto undertake with the Security Trustee that, among other things, for so long as the Issuer has any liabilities under the Notes or any relevant Transaction Documents (i) the Issuer Management Agreement will not be terminated, assigned, novated, varied or amended without prior written consent from the Security Trustee and (ii) the Director will not resign except in the situation that suitable person(s), entities, trust(s) or administration office(s) reasonably acceptable to the Security Trustee has or have been contracted to act as managing director(s) of the Issuer. The following table sets out the Director and its business address and occupation.

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
Intertrust Management B.V.....	Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands	Corporate Services Provider

There is no potential conflict of interests between any duties to the Issuer of the Director and its private interests or other duties.

### **Audit Committee**

The Issuer has not instituted an audit committee, because it benefits from an exemption as stated in Article 3 paragraph d of the Decree of 26 July 2008 implementing Article 41 of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of financial statements and consolidated financial statements. There is no reason to institute such a committee because the Issuer believes that the Issuer's Noteholders, being the only material creditors of the Issuer, will be adequately informed in respect of their risks through the mechanisms set out in this Prospectus.

### **Financial Statements**

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer, when published, can be obtained at the specified offices of the Paying Agent during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2015. The annual financial statements of the Issuer will be audited. The Issuer will not prepare interim financial statements.

### **Capitalisation**

The following table shows the capitalisation of the Issuer as at the date of this Prospectus, as adjusted to give effect to the issue of the Notes:

#### *Share Capital*

Authorised Share Capital: EUR 100

Issued Share Capital: EUR 100

#### *Borrowings and Initial Participations*

Class A Notes: EUR 750,000,000

Class B Notes: EUR 37,200,000

Class C Notes: EUR 7,900,000

Initial Participations: EUR 18,751,625.34

### **Issuer covenants**

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

- (a) carry on any business or enter into any documents;
- (b) sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same;

- (c) grant, create or permit to exist any mortgage, charge, pledge, lien or other encumbrance or security interest howsoever created or arising (other than the Security and any mortgage, charge, pledge, lien or other encumbrance or security interest arising by operation of law and in the ordinary course of business) over (including the grant of security or trust over or the occurrence of execution or diligence in respect of) the assets of the Issuer;
- (d) pay dividends or make other distributions other than to its shareholder out of profits available for distribution, and then only in the manner permitted by its articles of association (*statuten*) and by Dutch law;
- (e) incur or permit to subsist any indebtedness whatsoever;
- (f) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person;
- (g) issue any shares or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares other than those issued to the Shareholder upon its incorporation;
- (h) merge with any other person and not enter into any demerger, amalgamation, consolidation or corporate reorganisation or transfer its business to any other person;
- (i) have any employees or premises or have any subsidiary undertaking or become a director of any company;
- (j) have an interest in any bank account other than the Issuer Accounts unless such account or interest is pledged to the Security Trustee on terms acceptable to it, except for any swap collateral account held in the name of the Issuer in connection with the Swap Agreement;
- (k) amend, supplement or otherwise modify its articles of association (*statuten*); or
- (l) commence a voluntary case or other proceeding seeking liquidation, reorganisation or other relief with respect of its debts under any law or seeking the appointment of a (bankruptcy) receiver, trustee, custodian, conservator or other similar person for it or for all or any substantial part of its assets and shall not consent to any such relief on to the appointment of or taking possession by any (bankruptcy) receiver, trustee custodian, conservator or other similar person in an involuntary case or other proceeding commenced against the Issuer.

## 3.2 SHAREHOLDER

### Introduction

Stichting Holding Orange Lion 2015-11 RMBS (the "**Shareholder**") is a foundation (*stichting*) established under Dutch law on 27 February 2015.

### Principal Activities

The objects of Stichting Holding Orange Lion 2015-11 RMBS are, *among other things*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of such shares.

### Director

Intertrust Management B.V. is also the Director of the Issuer.

The sole managing director of Stichting Holding Orange Lion 2015-11 RMBS is Intertrust Management B.V. having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands.

Intertrust Management B.V. in its capacity as managing director of Stichting Holding Orange Lion 2015-11 RMBS will enter into a management agreement with the Shareholder. The Shareholder Management Agreement will provide that it will continue until terminated by either of the parties in writing, and that the Shareholder may terminate the Shareholder Management Agreement with a notice period of 14 calendar days and the Director may retire from its obligations under the Shareholder Management Agreement by giving at least two months' notice in writing to the Issuer, all subject to the letter of undertaking to be dated on or about the date hereof by, among others, the Issuer, the Director and the Security Trustee. In such letter of undertaking, the parties thereto undertake with the Security Trustee that, among other things, for so long as the Issuer has any liabilities under the Notes or any relevant Transaction Documents (i) the Shareholder Management Agreement will not be terminated, assigned, novated, varied or amended without prior written consent from the Security Trustee and (ii) the Director will not resign except in the situation that suitable person(s), entities, trust(s) or administration office(s) reasonably acceptable to the Security Trustee has or have been contracted to act as managing director(s) of the Shareholder.

### 3.3 SECURITY TRUSTEE

#### Introduction

The Security Trustee under the Trust Deed is Stichting Trustee Orange Lion 2015-11 RMBS, a foundation (*stichting*) established under Dutch law on 27 February 2015. It has its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and is registered with the Chamber of Commerce under number 62763296.

#### Principal Activities

The objects of the Security Trustee are:

- (a) to act as agent and/or trustee in favour of holders of notes issued by Orange Lion 2015-11 RMBS B.V. as well as other creditors of Orange Lion 2015-11 RMBS B.V.;
- (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 Orange Lion 2015-11 RMBS B.V. in order to hold the security rights referred to under (b);
- (d) to manage, hold and 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.

#### Directors

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V. having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are Mr D.P. Stolp and Mr M. Pereboom.

Notwithstanding anything to the contrary in the Transaction Documents, the Security Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to the Transaction Documents save in relation to its own gross negligence, wilful default or fraud.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Security Trustee or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed or otherwise.

As set out in the Trust Deed the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Creditors have been paid in full.

However, the holders of the Most Senior Class of Notes then outstanding shall together have the power, exercisable by Extraordinary Resolution to remove any director of the Security Trustee. Furthermore, the Director and the Security Trustee may jointly terminate the Security Trustee Management Agreement in writing with due observance of a notice period of at least 60 calendar days, or, if earlier, until the removal, resignation or dismissal of the Trustee Director in accordance with the articles of association of the Security Trustee. Pursuant to the Trust Deed, the removal of any director of the Security Trustee shall not be effected unless either another existing director of the Security Trustee remains in office after such removal or a new director of the Security Trustee has been duly appointed. The Security Trustee Management Agreement provides that no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in accordance with the Trust Deed. Any appointment of a new director of the Security Trustee shall as soon as practicable thereafter be notified by the Issuer to the Paying Agent, the Credit Rating Agencies and the Noteholders.

The Security Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor, concur with the Issuer and any other relevant parties in making:

- (i) any modification to the Conditions, the relevant Transaction Documents (other than in respect of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
- (ii) any modification to the Conditions, the relevant Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification.

The Security Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the relevant Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver, provided however that the Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document in certain circumstances set out in the Conditions and in case of a waiver related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Class A Notes in circumstances not expressly permitted or provided for in the Transaction Documents.

See section 4.1 (*Terms and Conditions of the Notes*).

### 3.4 SELLER / ORIGINATOR

#### ING BANK N.V.

##### Profile

ING Bank N.V. is part of ING Groep N.V. ING Groep N.V., also called "ING Group", is the holding company for a broad spectrum of companies (together, "**ING**"). ING Group holds all shares of ING Bank N.V., which is a non-listed 100% subsidiary of ING Group.

ING is a global financial institution with a strong European base, offering banking services. ING draws on its experience and expertise, its commitment to excellent service and its global scale to meet the needs of a broad customer base, comprising individuals, families, small businesses, large corporations, institutions and governments. ING serves more than 32 million customers in over 40 countries. ING has more than 53,000 employees.

The IPO of NN Group, ING's former European/ Japanese insurance businesses, the reduction of ING's stake in NN Group and the full divestment of Voya shares largely completed ING's restructuring.

ING Bank currently offers retail banking services to individuals, small and medium-sized enterprises ("**SMEs**") and mid-corporates in Europe, Asia and Australia and commercial banking services to customers around the world, including multinational corporations, governments, financial institutions and supranational organisations. ING Bank currently serves more than 32 million customers through an extensive network in more than 40 countries. ING Bank has more than 53,000 employees.

ING Bank's reporting structure reflects the two main business lines through which it is active: Retail Banking and Commercial Banking.

##### *Retail Banking*

Retail Banking provides banking services to individuals, SMEs and mid-corporates in Europe, Asia and Australia. A full range of products and services is provided, albeit offerings may vary according to local demand.

ING Bank views Retail Banking as having market-leader positions in The Netherlands, Belgium and Luxembourg; solid positions in Australia, Austria, France, Germany, Italy and Spain; competitive positions in Poland and Romania, and a promising position in Turkey, and through stakes in Bank of Beijing, TMB and ING Vysya Bank, in China, Thailand and India, respectively. In late November 2014, ING Vysya Bank and Kotak Mahindra Bank announced their intention to merge their respective businesses.

In the past few years, Retail Banking has been working towards converging its traditional banking model to a digital-first model to provide transparent products, consistent fair pricing and process excellence at low costs.

##### *Commercial Banking*

ING Bank views Commercial Banking as a European-centric network bank with global franchises in Industry Lending, Financial Markets, Cash Pooling and Trade Finance, having a goal to deliver a differentiating client experience. ING Bank is a relationship bank for clients around the world and serves a range of organisations, including multinational corporations, financial institutions, governments and supranational organisations, through an extensive network of offices in more than 40 countries. ING Bank provides a range of products and services to support its clients' needs. ING Bank's lending capabilities anchor most of its client relationships and its offering are enhanced through Transaction Services, such as International Payments & Cash Management, Trade Finance Services and Working Capital Solutions. Financial Markets, as ING Bank's gateway to the professional markets of the world, services its clients from treasury through to capital markets, risk management and structured financial products.

ING Bank is investing in its business transformation programme, the Commercial Banking Target Operating Model. It is targeting continued growth in its client base and in Industry Lending and Transaction Services. In Challenger countries (Germany, Austria, Spain, Italy, France and Australia) it is

expanding its asset generating capabilities to promote locally optimised balance sheets and broader franchises. See also "*ING Bank Strategy*" below.

### **Incorporation and history**

ING Bank was incorporated under Dutch law in The Netherlands on 12 November 1927 for an indefinite duration in the form of a public limited company as *Nederlandsche Middenstandsbank N.V.* ("**NMB Bank**").

On 4 October 1989, NMB Bank merged with Postbank, the leading Dutch retail bank. The legal name of NMB Bank was changed into NMB Postbank Groep N.V. On 4 March 1991, NMB Postbank Groep N.V. merged with *Nationale-Nederlanden N.V.*, the largest Dutch insurance group. On that date, the newly formed holding company *Internationale Nederlanden Groep N.V.* honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of *Nationale-Nederlanden N.V.* NMB Postbank Groep N.V. and *Nationale-Nederlanden N.V.* continued as sub-holding companies of *Internationale Nederlanden Groep N.V.* An operational management structure ensured a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remained legally separate. After interim changes of name, the statutory names of the above-mentioned companies were changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1 December 1995.

In May 2009, ING announced that – in line with its April 2009 strategy announcement – it was taking measures to simplify its governance. These measures have been implemented. In October 2009, ING announced that it would move towards a separation of ING's banking and insurance operations, clarifying the strategic direction for the bank and the insurance company going forward. This has also led to changes in the structure and composition of the respective Management Boards. ING Bank and NN Group (the European insurance operations of ING) now each have their own Management Board, consisting of the Group CEO, CFO and CRO and positions for four other members.

On 1 March 2014, NN Group N.V., formerly called ING Insurance Topholding N.V., merged with ING Verzekeringen N.V. As a result, the legal entity ING Verzekeringen N.V. ceased to exist and NN Group N.V. became the legal successor of ING Verzekeringen N.V.

The registered office of ING Bank N.V. is at Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands (telephone number: +31 20 563 9111). ING Bank N.V. is registered at the Dutch Chamber of Commerce under no. 33031431 and its corporate seat is in Amsterdam, The Netherlands. The Articles of Association of ING Bank N.V. were last amended by notarial deed executed on 13 December 2013. According to Article 2 of its Articles of Association, the objects of ING Bank N.V. are to conduct the banking business in the broadest sense of the word, including insurance brokerage, to acquire, construct and operate immovable properties, and furthermore to participate in, conduct the management of, finance and furnish personal or real security for the obligations of, and provide services to, other enterprises and institutions of whatever kind, but in particular enterprises and institutions active in the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

As a non-listed company, ING Bank N.V. is not bound by the Dutch Corporate Governance Code (for the purpose of this Section, the "**Code**"). ING Group, as the listed holding company of ING Bank N.V., is in compliance with the Code.

### **Dutch State aid repaid**

The Dutch State has been repaid in full. In November 2008, ING received EUR 10 billion in aid from the Dutch State in the form of core Tier 1 securities. In 2009, ING started repaying the Dutch State and made the final payment on 7 November 2014. This was achieved six months ahead of the repayment schedule agreed with the European Commission in 2012.

Total payments on this aid package amount to EUR 13.5 billion, resulting in an annualised return of 12.7 percent for the Dutch State.

In 2009, ING and the Dutch State agreed to transfer/sell a portfolio of US mortgage securities. The agreement to unwind this facility, also known as the Illiquid Assets Back-up Facility (IABF), was completed at the end of 2013. The actual unwinding took place and was completed early 2014, when the

Dutch State sold the remaining securities in the market. This generated a EUR 1.4 billion cash profit for the Dutch State.

Finally, the remaining Government Guaranteed Notes still outstanding in 2014 were all redeemed. Over the years, ING has paid EUR 0.4 billion to the Dutch State to benefit from this scheme.

### 3.5 **SERVICER**

The initial Servicer is ING. See section 3.4 (*Seller/Originator*).

### 3.6 ADMINISTRATOR

The initial Issuer Administrator is ING. See section 3.4 (*Seller/Originator*).

### 3.7 OTHER PARTIES

*Certain of the parties set out below may be replaced in accordance with the terms set out in the Transaction Documents.*

<b>Directors:</b>	Intertrust Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. Each incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). Intertrust Management B.V. is registered with the Chamber of Commerce under number 33226415. Amsterdamsch Trustee's Kantoor B.V and is registered with Chamber of Commerce under number 33001955.
<b>Swap Counterparty:</b>	ING.
<b>Cash Advance Facility Provider:</b>	ING.
<b>Issuer Account Bank:</b>	ING.
<b>Principal Paying Agent:</b>	ING.
<b>Arranger:</b>	ING.
<b>Lead Managers:</b>	Barclays Bank PLC, ING, Lloyds Bank plc and UniCredit Bank AG.
<b>Clearing Institution:</b>	Euroclear Netherlands.
<b>Listing Agent:</b>	ING.
<b>Credit Rating Agencies:</b>	Fitch and Moody's.
<b>Insurance Participants:</b>	Nationale-Nederlanden Levensverzekering Maatschappij N.V.
<b>Savings Participants:</b>	Algemene Levensherv verzekering Maatschappij N.V.
<b>Bank Savings Participant:</b>	ING.

## 4. THE NOTES

### 4.1 TERMS AND CONDITIONS OF THE NOTES

*The Conditions are attached as a Schedule to the Trust Deed and will be incorporated by reference into each Definitive Note if permitted by Euronext Amsterdam or other relevant authority (if any) but, if not so permitted, such Definitive Note will have the Conditions endorsed thereon or attached thereto. A copy of the Conditions is set out below. Any amendments to the Conditions will be made by way of, and in accordance with the applicable requirements for, amendments to the Trust Deed. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See the section 4.2 (Form).*

#### 1. General

- 1.1 The Issuer has agreed to issue the Notes subject to the terms of the Trust Deed.
- 1.2 The Paying Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders are bound by the terms of the Trust Deed, and are deemed to have notice of all the provisions of the relevant Transaction Documents.
- 1.5 Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Security Trustee, being at the date hereof Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and at the Specified Office of the Paying Agent, the initial Specified Office of which is set out below.

#### 2. Definitions

In these Conditions, defined terms have the meanings ascribed to them in Schedule 1 to the Incorporated Terms Memorandum, as amended from time to time (the "**Definitions**"). A copy of the Definitions is attached to these Conditions as Annex 1.

In addition, in these Conditions:

"**Extraordinary Resolution**" means, in relation to each class of Notes, a resolution at a meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders, by a majority of not less than three quarters of the votes cast.

#### 3. Form, Denomination and Title

- 3.1 **Form and Denomination:** The Notes are in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 thereafter without Coupons and Talons attached. Title to the Notes will pass by delivery.
- 3.2 **Title:** Under Dutch law, the valid transfer of Notes requires, among other things, delivery (*levering*) thereof, where applicable in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*). The holder of any Notes shall (except as otherwise required by law) be treated as the absolute owner of such Notes for all purposes (including the making of any payment) 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 holder.

#### 4. Ranking

- 4.1 **Ranking:** The Notes in each Class will at all times rank without preference or priority *pari passu* among themselves.
- 4.2 **Sole obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by any of the other parties to the Transaction Documents.

4.3 **Interest:** Interest on the Notes shall be payable in accordance with the provisions of Condition 7 (*Interest*) and Condition 10 (*Payments*), subject to the terms of these Conditions and the terms of the Trust Deed. If on any Notes Payment Date, the Issuer has insufficient Available Revenue Funds to pay all amounts then due and payable, it shall be under no obligation to pay any (default) interest or damages or other form of compensation to Noteholders in respect of any amounts of interest that remains unpaid as a result of there being insufficient Available Revenue Funds on any Notes Payment Date.

4.4 **Priority of Principal Payments:** Payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class A Notes will at all times rank in priority to payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class B Notes, in each case in accordance with the Redemption Priority of Payments and the Post-Enforcement Priority of Payments.

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the holders of the Class B Notes will not be entitled to any repayment of principal from Available Principal Funds under the Redemption Priority of Payments in respect of the Class B Notes. As from that date the Principal Amount Outstanding of the Class B Notes will be redeemed in accordance with the provisions of Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

4.5 **Class C Notes:** Payments of principal on the Class C Notes shall be made from the Available Revenue Funds or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments, in each case, in accordance with the Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

If on any Notes Calculation Date all interest and principal due and payable in respect of the Notes except for principal amounts due and payable under the Class C Notes, have been paid or will be available for payment in full on the Notes Payment Date immediately following such Notes Calculation Date, then the Reserve Account Target Level will be reduced to zero. In such circumstances, all amounts standing to the credit of the Reserve Account will be credited to the Income Ledger upon deposit of the same in the Issuer Collection Account and form part of the Available Revenue Funds and will be available to redeem or partially redeem the Class C Notes until the earlier of (i) the Class C Notes are fully redeemed in accordance with the Revenue Priority of Payments and (ii) if the Available Revenue Funds are insufficient to repay the Principal Amount Outstanding payable in relation to such Class C Notes, the date on which the Issuer has no further rights under or in connection with any of the Transaction Documents, in which case no Class C Noteholder shall have any further claim against the Issuer for any amount of shortfall in principal.

## 5. **Security**

5.1 **Security:** The Notes shall have the benefit of the Security which has been granted to the Security Trustee as security for the Secured Obligations owed to the Security Trustee (including the Parallel Debt).

5.2 **Parallel Debt:** The Noteholders are deemed to have acknowledged, and are bound by, without limitation, Clause 2.4 (*Parallel Debt*) of the Trust Deed.

5.3 **Enforceability:** The Security will become enforceable upon the delivery by the Security Trustee of an Enforcement Notice in accordance with Condition 12 (*Events of Default*) and subject to the matters referred to in Condition 13 (*Enforcement*), provided that any default (*verzuim*) in the proper performance of any of the Secured Obligations has occurred.

## 6. **Issuer Covenants**

The Issuer Covenants contain certain covenants in favour of the Security Trustee from the Issuer which, among other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business. So

long as any Note remains outstanding, the Issuer shall comply with the terms of the Trust Deed, including the Issuer Covenants.

7. **Interest**

7.1 **Accrual of Interest:** Each Class A Note bears interest on its principal amount outstanding from the Closing Date less the aggregate of all amounts of Note Principal Payments that have been paid by the Issuer in respect of that Note on or prior to that date (the "**Principal Amount Outstanding**"). No interest will be payable on the Class B Notes or the Class C Notes.

7.2 **Cessation of Interest:** Each Class A Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition until whichever is the earlier of:

7.2.1 the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

7.2.2 the day which is seven calendar days after the Paying Agent or the Security Trustee has notified the Noteholders of such class that it has received all sums due in respect of the Notes of such class up to such seventh calendar day (except to the extent that there is any subsequent default in payment).

7.3 **Interest Rate:** Interest on the Class A Notes for each Notes Calculation Period (other than the first Notes Calculation Period immediately following the Closing Date) will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three months deposits in euro plus the Relevant Margin. If the method for determining the rate of interest applicable to the Class A Notes would result in a negative figure, the applicable rate of interest will be deemed to be zero. The interest on the Class A Notes for the first Notes Calculation Period immediately following the Closing Date will accrue at a rate equal to 0.30766 per cent. per annum. "**Interest Rate**" means the rate of interest calculated in accordance with this Condition 7 (*Interest*).

7.4 **Euribor:** For the purpose of Condition 7.3 (*Interest Rate*), Euribor will be determined as follows:

The Paying Agent will, on each date falling two Business Days prior to a Notes Payment Date, determine Euribor by reference to the Screen Rate on such date or if, on such date, the Screen Rate is unavailable:

- (a) the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the offered quotations, as at or about 11:00 a.m. (Amsterdam time) on that date, of the Reference Banks to leading banks for euro deposits for the length in months of the related Notes Calculation Period in the Amsterdam interbank market in an amount that is representative for a single transaction in the relevant market at the relevant time, determined by the Paying Agent after request of the principal Amsterdam office of each of the Reference Banks; or
- (b) if, on such date, two or three only of the Reference Banks provide such quotations the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation,
  - (i) the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the rates quoted, as at or about 11:00 a.m. (local time in Amsterdam) on the date falling two Business Days falling prior to the relevant Notes Payment Date, by leading banks in any EU Member State, to leading banks in the interbank market in the relevant EU Member State, for euro loans for the length in months of the related Notes Calculation Period in an amount that is representative for a single transaction in the relevant market at the relevant time, determined by the Paying Agent after request of the principal office in the principal financial centre of the relevant EU Member State of each such leading bank; or

- (ii) if the Paying Agent certifies that it cannot determine such arithmetic mean as aforesaid, the Reference Rate in effect for the Notes Calculation Period current on the date falling two Business Days prior to a Notes Payment Date.
- 7.5 **Day Count Fraction:** Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in such period divided by 360.
- 7.6 **Calculation of Note Interest Amount:** Upon or as soon as practicable after each Notes Calculation Date, the Issuer shall calculate (or shall cause the Paying Agent to calculate) the Note Interest Amount payable on each Note for the related Notes Calculation Period.
- 7.7 **Interest Payments:** Interest on each Class A Note is payable in euro in arrear on each Notes Payment Date commencing on the first Notes Payment Date following the Closing Date, in an amount equal to the Note Interest Amount in respect of such Note for the Notes Calculation Period ending on the day immediately preceding such Notes Payment Date.
- 7.8 **Notification:** As soon as practicable after each date falling two Business Days prior to the Notes Payment Date, the Paying Agent will cause:
  - 7.8.1 the Interest Rate for the related Notes Calculation Period;
  - 7.8.2 the Note Interest Amount payable in respect of a Note of each Class for the related Notes Calculation Period; and
  - 7.8.3 the Notes Payment Date first following the related Notes Calculation Period,
 to be notified to the Issuer, the Issuer Administrator, the Security Trustee and, for so long as the Class A Notes are listed on Euronext Amsterdam, Euronext Amsterdam.
- 7.9 **Publication:** As soon as practicable after receiving each notification of the Interest Rate, the Note Interest Amount and the Notes Payment Date in accordance with Condition 7.8 (*Notification*) the Issuer will cause such Interest Rate, Note Interest Amount for a Note of each Class and the first following Notes Payment Date to be published in accordance with Condition 20 (*Notices*). The Issuer shall not be obliged to publish the Note Interest Amount but instead may publish only the Calculation Amount and the Note Interest Amount in relation to a Note having a denomination of EUR 100,000.
- 7.10 **Amendments to Publications:** The Interest Rate, the Note Interest Amount for a Note of each Class and the Notes Payment Date so published/notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Notes Calculation Period.
- 7.11 **Determination or Calculation by Security Trustee:** If the Paying Agent does not at any time for any reason determine the Interest Rate or the Note Interest Amount in accordance with this Condition, the Security Trustee may (but without any liability accruing to the Security Trustee as a result):
  - 7.11.1 determine the Interest Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or
  - 7.11.2 calculate the Note Interest Amount for any Note of any relevant Class of Notes in the manner specified in this Condition,
 and any such determination and/or calculation shall be deemed to have been made by the Paying Agent.

8. **Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation**

8.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition, the Issuer shall redeem the Notes in each class at their Notional Principal Amount Outstanding on the Final Maturity Date.

8.2 **Mandatory Redemption in part:** On each Notes Payment Date on which there are Available Principal Funds, provided that no Enforcement Notice has been delivered by the Security Trustee, the Issuer shall, subject to Condition 4.4 (*Priority of Principal Payments*):

8.2.1 first, redeem (either in whole or in part) each Class A Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class A Note determined on the related Notes Calculation Date until fully redeemed in accordance with these Conditions; and thereafter

8.2.2 second, redeem (either in whole or in part) each Class B Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class B Note determined on the related Notes Calculation Date until fully redeemed in accordance with these Conditions.

On each Notes Payment Date on which there are Available Revenue Funds for such purpose, provided that no Enforcement Notice has been delivered by the Security Trustee, the Issuer shall, subject to Condition 4.5 (*Class C Notes*), and the Revenue Priority of Payments, redeem (either in whole or in part) the Class C Notes on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class C Note determined on the related Notes Calculation Date until fully redeemed in accordance with the Conditions.

8.3 **Calculation of Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding:** On (or as soon as practicable after) each Notes Calculation Date, the Issuer shall calculate (or cause the Issuer Administrator to calculate):

8.3.1 the aggregate of any Note Principal Payment due in relation to each Class on the Notes Payment Date immediately succeeding such Notes Calculation Date; and

8.3.2 the Principal Amount Outstanding and the Notional Principal Amount Outstanding of each Note in each class on the Notes Payment Date immediately succeeding such Notes Calculation Date (after deducting any Note Principal Payment due to be made on that Notes Payment Date in relation to such Note).

8.4 **Calculations final and binding:** Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding and the Notional Principal Amount Outstanding of a Note of each Class shall in each case (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and/or manifest error) be final and binding on all persons.

8.5 **Security Trustee to determine amounts in case of Event of Default:** If the Issuer does not at any time for any reason calculate (or cause the Issuer Administrator to calculate) any Note Principal Payment, Principal Amount Outstanding or Notional Principal Amount Outstanding in relation to any Note in accordance with this Condition, such amounts may be calculated by the Security Trustee (without any liability accruing to the Security Trustee as a result) in accordance with this Condition (based on information supplied to it by the Issuer or the Issuer Administrator) and each such calculation shall be deemed to have been made by the Issuer.

8.6 **Redemption – Clean-Up Call Option:** The Issuer must redeem all (but not some only) of the Notes other than the Class C Notes at their Principal Amount Outstanding on the first Notes Payment Date falling after the Notes Payment Date on which the Seller exercises the Clean-Up Call Option. If however the date on which the Seller exercises the Clean-Up Call Option falls less than 30 calendar days prior to the immediately following Notes Payment Date, the Issuer shall redeem all (but not some only) the Notes other than the Class C Notes on the second Notes Payment Date following the date on which the Seller exercises the Clean-Up Call Option.

The Issuer shall give not more than 60 nor less than 14 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes in each class other than the Class C Notes.

- 8.7 ***Optional Redemption – Prepayment Call:*** The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding on any Notes Payment Date that is an Optional Redemption Date, provided that prior to giving any notice as referred to below, the Issuer shall have provided to the Security Trustee a certificate signed by the Director to the effect that it expects to have the funds on the relevant Notes Payment Date required to redeem all (but not some only) of the Notes other than the Class C Notes pursuant to this Condition at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Class A Notes and to meet its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

The Issuer shall give not more than 60 nor less than 14 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes in each class other than the Class C Notes on the relevant Optional Redemption Date.

- 8.8 ***Optional Redemption – Tax Call:*** On any Notes Payment Date, the Issuer may redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Notes Payment Date:

- 8.8.1 after the date on which the Issuer is to make any payment in respect of the Notes and the Issuer would be required to make any deduction or withholding on account of Tax in respect of such payment;
- 8.8.2 after the date on which the Issuer would, by virtue of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law), not be entitled to Tax relief for any material amount which it is obliged to pay under the Transaction Documents; or
- 8.8.3 after the date of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law) which would cause the total amount payable in respect of interest in relation to the Mortgage Receivables to cease to be receivable by the Issuer, including as a result of any Borrower being obliged to make any deduction or withholding on account of Tax in respect of any payment in relation to the relevant Mortgage Receivables,

subject to the following:

- 8.8.4 that the Issuer has given not more than 60 nor less than 30 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes in each Class; and
  - 8.8.5 that prior to giving any such notice, the Issuer has provided to the Security Trustee (a) a legal opinion (in form and substance satisfactory to the Security Trustee) from a firm of lawyers in The Netherlands of international repute (approved in writing by the Security Trustee), opining on the relevant change in Tax law, (b) a certificate signed by the Issuer to the effect that the obligation to make any deduction or withholding on account of Tax cannot be avoided and (c) a certificate signed by the Issuer to the effect that the Issuer expects to have the funds on the Notes Payment Date required to redeem the Notes pursuant to this Condition at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Class A Notes and to meet its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments and under each of the items (a) to (c) (inclusive) of the Redemption Priority of Payments.
- 8.9 ***Conclusiveness of certificates and legal opinions:*** Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*),

Condition 8.7 (*Optional Redemption – Prepayment Call*) and Condition 8.8 (*Optional Redemption – Tax Call*) may be relied on by the Security Trustee without further investigation and shall (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and/or manifest error) be conclusive and binding on the Noteholders and on the other Secured Creditors.

- 8.10 **Notice of Calculation:** The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each Class of Notes to be notified immediately after calculation to the Security Trustee, the Paying Agent and, for so long as the Class A Notes are listed on Euronext Amsterdam, Euronext Amsterdam and will immediately cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each Class of Notes to be published in accordance with Condition 20 (*Notices*) by not later than three Business Days prior to each Notes Payment Date.
- 8.11 **Notice of no Note Principal Payment:** If no Note Principal Payment is due to be made on the Notes in relation to any class on any Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 20 (*Notices*) by not later than three Business Days prior to such Notes Payment Date.
- 8.12 **Notice irrevocable:** Any such notice as is referred to in Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) and Condition 8.8 (*Optional Redemption – Tax Call*) or Condition 8.10 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding in accordance with the relevant Conditions if effected pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) or Condition 8.8 (*Optional Redemption – Tax Call*) and in an amount equal to the Note Principal Payment in respect of the Notes calculated as at the related Notes Calculation Date if effected pursuant to Condition 8.2 (*Mandatory Redemption in part*).
- 8.13 **Cancellation of redeemed Notes:** All Notes redeemed in full will be cancelled forthwith by the Issuer, together with all unmatured Coupons and Talons appertaining thereto or surrendered therewith, and no such Notes, Coupons or Talons may be reissued or resold.

## 9. Limited Recourse

- 9.1 Each of the Noteholders agrees with the Issuer that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders, including the Principal Liabilities, are limited in recourse as set out below:
- 9.1.1 it will have a claim (*verhaalsrecht*) only in respect of the Issuer's assets subject to the Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its contributed capital;
- 9.1.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Issuer's assets subject to the Security whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by the Issuer in accordance with the Priorities of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- 9.1.3 upon the Security Trustee giving written notice to the Noteholders that it has determined in its sole opinion, and the Issuer Administrator having certified to the Security Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Issuer's assets subject to the Security (whether arising from an enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the relevant Transaction Documents and the Notes, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be unconditionally discharged in full.

10. **Payments**

- 10.1 **Principal:** Payments of principal shall be made only against (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Notes, at the Specified Offices of the Paying Agent outside the United States, by transfer to an account in euro maintained by the payee with a bank in a city in which banks have access to TARGET2.
- 10.2 **Interest:** Payments of interest shall, subject to Condition 10.5 (*Payments on business days*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Offices of the Paying Agent outside the United States in the manner described in Condition 10.1 (*Principal*).
- 10.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders or holders of one or more Coupons in respect of such payments.
- 10.4 **Unmatured Coupons Void:** On the due date for final redemption of any Note pursuant to Condition 8.2 (*Mandatory Redemption in part*) or early redemption of such Note pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*), Condition 8.8 (*Optional Redemption – Tax Call*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 10.5 **Payments on business days:** If any Note or Coupon is presented for payment on a day which is not a Business Day in the place of presentation, payment shall not be made on such day but on the first succeeding business day in such place and no further interest or other payment in respect of any such delay shall be due in respect of such Note or Coupon.
- 10.6 **Business Days:** In this Condition 10, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and on which TARGET2 is open.
- 10.7 **Other Interest:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Paying Agent outside the United States.
- 10.8 **Partial Payments:** If the Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, it will endorse on such Note or Coupon a statement indicating the amount and date of such payment.
- 10.9 **Exchange of Talons:** On or after the Notes Payment Date of the final Coupon which is (or was at the time of issue) part of a coupon sheet, the Talon forming part of such coupon sheet may be exchanged at the Specified Office of the Paying Agent for a further coupon sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 17 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- 10.10 **Notifications to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) and the Paying Agent or the Security Trustee shall (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and/or manifest error) no liability to the Security Trustee, the Noteholders or the Couponholders shall attach to the Reference Banks and the Paying Agent or the Security Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 10 (*Payments*).

## 11. **Taxation**

- 11.1 **Payments free of Tax:** All payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Security Trustee or the Paying Agent (as the case may be) are required by law to make any deduction or withholding on account of Tax. In that event, the Issuer, the Security Trustee or the Paying Agent (as the case may be) shall make such payments after such deduction or withholding on account of Tax and shall account to the relevant authorities for the amount so deducted.
- 11.2 **No payment of additional amounts:** Neither the Issuer, the Security Trustee nor the Paying Agent will be obliged to pay any additional amounts to the Noteholders as a result of any deduction or withholding on account of Tax. Notwithstanding any other provision in these Conditions, all payments in respect of the Notes by or on behalf of the Issuer shall be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.
- 11.3 **Taxing Jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than The Netherlands, for this purpose only references in these Conditions to The Netherlands shall be construed as references to The Netherlands and/or such other taxing jurisdiction.
- 11.4 **Tax deduction not Event of Default:** Notwithstanding that the Issuer, the Security Trustee or the Paying Agent is required to make any deduction or withholding on account of Tax this shall not constitute an Event of Default.

## 12. **Events of Default**

- 12.1 **Event of Default:** Subject to the other provisions of this Condition, each of the following events or circumstances shall constitute an Event of Default:
- 12.1.1 **Non-payment:** the Issuer fails to pay any amount of principal or interest in respect of the Notes within 7 or 14 calendar days, respectively, of the due date for such payment;
- 12.1.2 **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of (x) the Transaction Documents to which the Issuer is a party, (y) the Notes or (z) the Issuer Covenants and such default (a) is, in the opinion of the Security Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Security Trustee, capable of remedy, remains unremedied for 30 calendar days after the Security Trustee has given written notice of such default to the Issuer;
- 12.1.3 **Insolvency Events:**
- (a) a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets which has not been discharged or released within a period of 30 calendar days;
  - (b) an order is made by any competent court or other authority or a resolution is passed for the dissolution (*ontbinding*) or winding-up of the Issuer or for the appointment of a liquidator (*curator*), administrator (*bewindvoerder*) or other similar officer of the Issuer or of all or substantially all of its assets;
  - (c) an assignment occurs for the benefit of, or the entering into of any general assignment (*akkoord*) with, the Issuer's creditors; or
  - (d) Insolvency Proceedings are imposed on the Issuer; and

- 12.1.4 *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which the Issuer is a party.
- 12.2 ***Delivery of Enforcement Notice***: If an Event of Default occurs and is continuing, the Security Trustee (i) may at its discretion and (ii) shall:
- 12.2.1 if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- 12.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes;
- in each case, deliver an Enforcement Notice to the Issuer.
- 12.3 ***Conditions to delivery of Enforcement Notice***: Notwithstanding Condition 12.2 (*Delivery of Enforcement Notice*) the Security Trustee shall not be obliged to deliver an Enforcement Notice unless:
- 12.3.1 in the case of the occurrence of any of the events or circumstances mentioned in Condition 12.1.2 (*Breach of other obligations*), the Security Trustee shall have certified in writing that the occurrence of such event or circumstance is in its opinion materially prejudicial to the interests of the Noteholders; and
- 12.3.2 it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 12.4 ***Consequences of delivery of Enforcement Notice***: Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable without further action or formality at their Notional Principal Amount Outstanding.
13. **Enforcement**
- 13.1 ***Proceedings***: If at any time an Event of Default occurs and an Enforcement Notice has been delivered pursuant to Condition 12 (*Events of Default*), the Security Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each Class and under the other relevant Transaction Documents, but it shall not be bound to do so unless:
- 13.1.1 so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- 13.1.2 so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,
- and in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 13.2 ***Directions to the Security Trustee***: If the Security Trustee shall take any action described in Condition 13.1 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, provided that so long as any of the Most Senior Class of Notes are outstanding, the Security Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:
- 13.2.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such other Class; or
- 13.2.2 (if the Security Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Notes ranking senior to such other Class.

14. **No action by Noteholders, Couponholders or any other Secured Creditor**
- 14.1 Only the Security Trustee may pursue the remedies available under the general law or under the relevant Transaction Documents to enforce the Security and no Noteholder, holder of any Coupon or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security. In particular, none of the Noteholders and holders of any Coupon or any other Secured Creditor (nor any person on its or their behalf, other than the Security Trustee where appropriate) are entitled:
- 14.1.1 otherwise than as permitted by these Conditions, to direct the Security Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- 14.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders and holders of any Coupons or any other Secured Creditors;
- 14.1.3 until the date falling two years after the date on which the Security Trustee has certified that no further Notes are outstanding and all of the Issuer's obligations under the Transaction Documents to all parties thereto have been satisfied in full, to initiate or join any person in initiating any Insolvency Proceeding in relation to the Issuer; or
- 14.1.4 to take or join in the taking of any steps or proceedings which would result in the Priorities of Payments not being observed.
15. **Meetings of Noteholders**
- 15.1 **Convening:** The Trust Deed contains "*Provisions for Meetings of Noteholders*" for convening separate or combined meetings of Noteholders of any Class to consider matters relating to the Notes, including the modification of any provision of the Trust Deed (including these Conditions attached thereto).
- 15.2 **Separate and combined meetings:** The Trust Deed provides that:
- 15.2.1 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;
- 15.2.2 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interests between the Noteholders of one Class of Notes and the holders of another Class of Notes shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes of Notes as the Security Trustee shall determine in its absolute discretion; and
- 15.2.3 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Noteholders of more than one Class and gives rise to any actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.
- 15.3 **Request from Noteholders:** A meeting of Noteholders of a particular Class may be convened by the Security Trustee or the Issuer at any time and must be convened by the Security Trustee (subject to its being indemnified and/or secured to its satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than ten (10) per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that Class.
- 15.4 **Quorum:** The quorum at any meeting convened to vote on:
- 15.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Notes will be two or more persons holding or representing a majority of the Principal Amount Outstanding of the outstanding Notes in that Class or those Classes or, at any adjourned meeting, two or more persons being or

representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the outstanding Notes so held or represented in such Class or Classes; and

- 15.4.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders) will be two or more persons holding or representing in the aggregate 75 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant Class or Classes or, at any adjourned meeting, two or more persons holding or representing not less than in the aggregate one third of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes.

15.5 ***Relationship between Classes:*** In relation to each Class of Notes:

- 15.5.1 subject to Condition 16.1.2, no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes at separate Class meetings convened for that purpose (to the extent that there are Notes outstanding in each such other Classes);
- 15.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter that is passed by the holders of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes unless the Security Trustee considers that the interests of the holders of the Most Senior Class of Notes would not be materially prejudiced by the absence of such sanction; and
- 15.5.3 any resolution passed at a meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such meeting and whether or not voting and upon all holders of any Coupons of such Class or Classes and, except in the case of a meeting relating to a Reserved Matter.

Subject to Condition 15.5.1, 15.5.2 and 15.5.3 above, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes and the holders of the Coupons relating thereto.

- 15.6 ***Resolutions in writing:*** A resolution in writing signed by or on behalf of all holders of Notes of the relevant Class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes shall take effect as if it were an Extraordinary Resolution.
- 15.7 ***Only Ordinary Resolution if no Extraordinary Resolution:*** Any matter other than any Reserved Matter or other matters listed in clause 17.1 of Schedule 5 to the Trust Deed as requiring an Extraordinary Resolution shall only require an ordinary resolution.

16. **Modification and Waiver**

16.1 ***Modification:***

- 16.1.1 The Security Trustee may (or, where such modification arises in respect of the matters set out in (iii) below, must (subject as provided in the Trust Deed)) at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor (save in relation to (iii) below, where the consent of any Secured Creditor (other than the Noteholders) party to the relevant Transaction Document to be amended shall be required), concur with the Issuer and any other relevant parties in making:
- (i) any modification to these Conditions, the relevant Transaction Documents (other than in respect of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be

materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or

- (ii) any modification to these Conditions, the relevant Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification; or
- (iii) any modification to these Conditions, the Notes or the other relevant Transaction Documents as requested by the Issuer in order to enable the Issuer to comply with any requirements which apply to it under Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") (and for this purpose the Security Trustee may disregard whether any such modification relates to a Reserved Matter), subject as provided further pursuant to the terms of the Trust Deed.

16.1.2 The Security Trustee may at any time concur with the Issuer or any other relevant party in making any modification to these Conditions, the relevant Transaction Documents or the Notes (including any Reserved Matter), based on the approval given by the Noteholders by way of (i) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed or (ii) a resolution in writing signed by or on behalf of all holders of Notes of the relevant Class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

Any modification or amendment relating to a Reserved Matter may only be approved by the Noteholders, in accordance with these Conditions, by way of an Extraordinary Resolution.

16.1.3 Any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce the amount of principal or interest due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (ii) to effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (iii) to change the currency in which amounts due in respect of the Notes are payable;
- (iv) to alter the priority of payments of interest or principal in respect of the Notes;
- (v) to change the quorum required at any meeting of Noteholders of any Class or Classes or the majority required to pass an Extraordinary Resolution; or
- (vi) to amend this definition;

qualifies as a "**Reserved Matter**".

16.2 **Waiver:** In addition and subject to Condition 16.5 (*Swap counterparty consent*), the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the relevant Transaction Documents or the Notes

(including an Event of Default) if, in the opinion of the Security Trustee, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver.

- 16.3 **Restriction on power to waive:** The Security Trustee shall not exercise any powers conferred upon it by Condition 16.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes, provided that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each Class of outstanding Notes have, by Extraordinary Resolution, so authorised its exercise.
- 16.4 **Notification:** Unless the Security Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders, the other Secured Creditors and the Credit Rating Agencies in accordance with Condition 20 (*Notices*) and the relevant Transaction Documents, as soon as practicable after it has been made.
- 16.5 **Swap counterparty consent:**
- 16.5.1 The Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document if:
- (i) it would cause, in the reasonable opinion of the Swap Counterparty (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement;
  - (ii) it would result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor; or
  - (iii) the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement it would be required to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made,
- unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to provide its written consent or to make the determinations required to be made by it under (i) or (iii) above within 15 Business Days of written request by the Security Trustee.
- 16.5.2 The Swap Counterparty's written consent is required prior to the Security Trustee providing its written consent to a waiver of the undertakings of the Issuer set out in paragraphs (b) and (c) of item 6 of Part A of Schedule 7 to the Trust Deed related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Class A Notes in circumstances not expressly permitted or provided for in the Transaction Documents. The Swap Counterparty may not unreasonably withhold or delay such consent and no such consent will be required if the Swap Counterparty fails to provide its written consent within 15 Business Days of written request by the Security Trustee.
- 16.6 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 16.1 (*Modification*) or Condition 16.2 (*Waiver*) shall be binding on the Noteholders, holders of any Coupons and the other Secured Creditors.

17. **Prescription**

17.1 Claims for principal or interest in respect of Notes shall become void unless the relevant Notes or Coupons, respectively, are presented for payment and surrendered within 5 years of the appropriate date which is the later of:

17.1.1 the date on which the payment in question first becomes due; and

17.1.2 if the full amount payable has not been received by the Paying Agent or the Security Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with the Condition 20 (*Notices*).

18. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Paying Agent, subject to all applicable laws and Euronext Amsterdam requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

19. **Security Trustee and Paying Agent**

19.1 ***Security Trustee's right to Indemnity:*** Under the Transaction Documents, the Security Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Security Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

19.2 ***Security Trustee not responsible for loss or for monitoring:*** The Security Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Issuer's assets subject to the Security or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Issuer Administrator or by any person on behalf of the Security Trustee. The Security Trustee shall not be responsible for monitoring the compliance by any of the other parties to the Transaction Documents with their respective obligations under the Transaction Documents.

19.3 ***Appointment and Removal of Director of the Security Trustee:*** The power of appointing a new director of the Security Trustee shall be vested in the board of directors of the Security Trustee, but the Security Trustee Management Agreement provides that no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in accordance with the Trust Deed. Any appointment of a new director of the Security Trustee shall as soon as practicable thereafter be notified by the Issuer to the Paying Agent, the Credit Rating Agencies and the Noteholders. The holders of the Most Senior Class of Notes then outstanding shall together have the power, exercisable by Extraordinary Resolution to remove any director of the Security Trustee. Pursuant to the Trust Deed, the removal of any director of the Security Trustee shall not be effected unless either another existing director of the Security Trustee remains in office after such removal or a new director of the Security Trustee has been duly appointed.

19.4 ***Regard to Classes of Noteholders:*** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Security Trustee will:

19.4.1 have regard to the interests of each Class of Noteholders as a Class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

19.4.2 have regard only to the interests of the holders of the Most Senior Class of Notes and will not have regard to any lower ranking Class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery

of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

19.5 ***Paying Agent solely agent of Issuer:*** In acting under the Paying Agency Agreement and in connection with the Notes, Coupons or Talons, the Paying Agent acts solely as agent of the Issuer and (to the extent provided therein) the Security Trustee and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

19.6 ***Initial Paying Agent:*** The initial Paying Agent and its initial Specified Office is listed below at:

ING Bank N.V.  
Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

The Issuer reserves the right to vary or terminate the appointment of the Paying Agent having given not less than 30 calendar days' notice to the Paying Agent, and to appoint a successor paying agent and additional or successor paying agents at any time (in both instances with the prior written approval of the Security Trustee).

19.7 ***Maintenance of Paying Agent:*** The Issuer shall at all times:

19.7.1 maintain a Paying Agent;

19.7.2 ensure that, so long as any Notes 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

19.7.3 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 Council Directive of 3 June 2003 on taxation of savings income in the form of interest payments (2003/48/EC).

Notice of any change in the Paying Agent or in its Specified Office shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

## 20. **Notices**

20.1 ***Valid Notices:*** Notices to the Noteholders shall be valid if published:

20.1.1 as long as any Notes are listed on Euronext Amsterdam and the rules of that exchange require it, or if required by applicable law, in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*), or, if such publication is not practicable, in another appropriate newspaper having general circulation in The Netherlands previously approved in writing by the Security Trustee; or

20.1.2 on the page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with Condition 20 (*Notices*);

Whilst the Notes are represented by Global Notes held by Euroclear Netherlands, notices to Noteholders will be valid if published as described above, for so long as the rules of the Euronext Amsterdam so require, and if delivered to Euroclear Netherlands for communication by it to the Noteholders. Any notice delivered to Euroclear Netherlands as aforesaid shall be deemed to have been given on the date of such delivery.

20.2 ***Date of publication:*** Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in (i) the newspaper or newspapers in which publication is required or on (ii) the page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as

may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with Condition 20 (*Notices*) (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

- 20.3 ***Other Methods***: The Security Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of Euronext Amsterdam on which the Class A Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Security Trustee shall require.
- 20.4 ***Couponholders deemed to have notice***: The holders of one or more Coupons will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.
- 20.5 ***Notices to Euronext Amsterdam and Credit Rating Agencies***: A copy of each notice given in accordance with this Condition 20 (*Notices*) shall be provided to the Credit Rating Agencies and, for so long as any Notes are listed on Euronext Amsterdam and the rules of Euronext Amsterdam so require, to Euronext Amsterdam.
21. **Governing Law and Jurisdiction**
- 21.1 ***Governing law***: The Transaction Documents (other than the Swap Agreement), the Notes, any choice-of-jurisdiction clause contained in the Transaction Documents (other than the Swap Agreement) and the Notes and any non-contractual obligations arising out of or in connection with the Transaction Documents (other than the Swap Agreement) and the Notes are governed by, and shall be construed in accordance with, Dutch law. The Swap Agreement and any non-contractual obligations arising out of or in connection with the Swap Agreement, are governed by, and shall be construed in accordance with, the laws of England and Wales.
- 21.2 ***Jurisdiction***: In relation to any legal action or proceedings arising out of or in connection with the Notes, Coupons or Talons, 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 Noteholders and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other court of competent jurisdiction. The Issuer has in each of the Transaction Documents (other than the Swap Agreement) to which the Issuer is a party irrevocably submitted to the jurisdiction of such court and in the Swap Agreement the Issuer has irrevocably submitted to the jurisdiction of the courts of England.

## **ANNEX 1 TO CONDITIONS**

### **DEFINITIONS**

*[Remainder of page intentionally left blank.]*

## 4.2 FORM

The Notes will be in bearer form and the Notes of each Class shall initially be issued in the form of a Temporary Global Note without interest coupons attached and/or a Permanent Global Note without interest coupons attached. Each Global Note will initially be deposited on or prior to the Closing Date with Euroclear Netherlands.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note 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 Netherlands, or Euroclear Netherlands has given a similar certification (based on the certifications it has received) to the Paying Agent.

On and after the date (the "**Exchange Date**") which is not less than 40 calendar days after the date on which the Temporary Global Note 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 Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Global Note, against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note 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 Note for an interest in a Permanent Global Note is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear Netherlands without any requirement for certification.

A Permanent Global Note will only be exchangeable (free of charge), in whole but not in part, for Definitive Notes with, where applicable, receipts, interest coupons and talons attached, if an Exchange Event occurs and subject to mandatory provisions of applicable laws and regulations. For these purposes, "**Exchange Event**" means one of the following events: (i) the Notes become immediately due and payable as a result of the occurrence of an Event of Default, (ii) Euroclear Netherlands is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (iii) by reason of any amendment to, or change in, the laws and regulations of The Netherlands, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes which are represented by a Permanent Global Note were in definitive form. In the event of the occurrence of an Exchange Event, Euroclear Netherlands, (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Security Trustee may give notice to the 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 Paying Agent requesting exchange. Any such exchange shall occur not later than 45 calendar days after the date of receipt of the first relevant notice by the Paying Agent.

In the case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, on the occurrence of an Exchange Event as described above, an exchange for Definitive Notes will only be possible in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) and in accordance with the rules and regulations of Euroclear Netherlands.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria specified by the European Central Bank. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

Definitive Notes will be in the standard euromarket form. Definitive Notes and Global Notes will be in bearer form. Global Notes and Definitive Notes will be issued in accordance with and subject to the terms of the Paying Agency Agreement and the Trust Deed.

The following legends will appear on all Notes and on all receipts and interest coupons relating thereto:

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

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO ANY U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

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 in the second legend paragraph above provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on the Notes, 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 Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear Netherlands.

Any reference herein to Euroclear Netherlands, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may otherwise be approved by the Issuer, the Paying Agent and the Security Trustee.

### 4.3 SUBSCRIPTION AND SALE

Pursuant to the subscription agreement dated the Signing Date amongst the Lead Managers, the Arranger, the Issuer and the Seller (the "**Subscription Agreement**") (i) Barclays Bank PLC, ING, Lloyds Bank plc and UniCredit Bank AG have agreed with the Issuer, subject to certain conditions, to purchase the Class A Notes at their respective issue prices and (ii) the Seller has agreed with the Issuer, subject to certain conditions, to purchase the Retained Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Lead Managers against certain liabilities and expenses in connection with the issue of the Notes.

#### United Kingdom

Each of the Issuer and the Lead Managers has represented, warranted and undertaken that:

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

#### United States of America

Notes in bearer form 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 Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to 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 United States Internal Revenue Code and regulations thereunder.

Each of the Issuer and the Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Security Act, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 calendar days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Issuer and the Lead Managers has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) *Qualified investors*: to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 150 offerees*: to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive,

subject to obtaining the prior consent of the manager nominated by the Issuer for any such offer;  
or

- (c) *Other exempt offers*: in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each of the Issuer and the Lead Managers has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any Resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "Resident of Japan" shall mean any resident of Japan including any corporation or other entity organised under the laws of Japan.

### **The Netherlands**

Each of the Issuer and the Lead Managers has represented and agreed that Zero Coupon Notes (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 Notes in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes 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 Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Notes in global form) 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 Notes**" are Class B Notes and Class C Notes that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor but only at maturity or on which no interest is due whatsoever.

#### 4.4 REGULATORY AND INDUSTRY COMPLIANCE

##### ***Retention statement***

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken in favour of the Issuer and the Security Trustee and in the Subscription Agreement, the Seller has undertaken in favour of each Lead Manager, the Arranger, the Issuer and the Security Trustee, for as long as the Notes are outstanding, to retain a material net economic interest of not less than 5 per cent. in the securitisation transaction described in this Prospectus in accordance with Article 405 of the CRR and Article 51 of the AIFMR (or comply in such other manner as allowed under Article 405 of the CRR and Article 51 of the AIFMR). As at the Closing Date, such material net economic interest will be held by the Seller in accordance with Article 405 of the CRR and Article 51 of the AIFMR and will comprise an interest in the first loss tranche within the meaning of Article 405(1)(d) of the CRR and Article 51 of the AIFMR and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors. Such retention requirement will be satisfied at the Closing Date by the Seller holding the Retained Notes which represent a (first loss) economic interest in the securitisation well in excess of the required 5 per cent.

In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to grant readily available access, subject to an appropriate confidentiality agreement having been executed and subject to any applicable data protection rules, to all materially relevant information to investors with a view to such investor complying with Article 405 up to and including Article 409 of the CRR and Article 51 and 52 of the AIFMR, which information can be obtained from the Seller upon request.

The Issuer Administrator on behalf of the Issuer will prepare investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The investor reports can be obtained at the website of the DSA: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).

##### ***Information regarding the policies and procedures of the Seller***

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits, as to which please see the information set out in section 7.3 (*Mortgage Loan Criteria*) and section 7.5 (*Servicing Agreement*);
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which we note that the Portfolio will be serviced in line with the usual servicing procedure of the Seller, please see section 7.5 (*Servicing Agreement*);
- (c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy, as to which, in relation to the Portfolio, please see section 6.1 (*Stratification Tables*) and section 6.2 (*Description of Mortgage Loans*); and
- (d) written policies and procedures in relation to risk mitigation techniques, as to which please see section 7.5 (*Servicing Agreement*) and section 7.3 (*Mortgage Loan Criteria*).

##### ***Investors are required to assess compliance***

Each prospective investor is required independently to assess and determine the sufficiency of the information referred to above for the purposes of complying, in each case to the extent applicable to such investor, with Article 405 up to and including Article 409 of the CRR and Article 51 and 52 of the AIFMR and any corresponding national measures which may be relevant and none of the Issuer, the Seller, the Servicer, the Issuer Administrator, the Security Trustee, the Arranger and the Lead Managers make any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. The Seller accepts responsibility for the information set out in this sub-section entitled *Regulatory and Industry Compliance* in section 4 (*Notes*).

Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

### ***RMBS Standard***

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the investor reports to be published by the Issuer will follow the applicable template investor report (save as otherwise indicated in the relevant investor report), each of the templates as published by the DSA on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) as at the date of this Prospectus. As a result the Notes comply with the RMBS Standard.

### ***Investor reports***

Each investor report will contain a glossary of the defined terms used in such investor report and will set out the performance of the Mortgage Receivables.

The Issuer will from the Closing Date until redemption of the Notes in full make available (either directly or via a third party) a cash flow model setting out the transaction cash flows.

The Issuer will (i) prior to the Closing Date, make such loan-level information available as is required to enable investors or third party contractors to build a cash flow model setting out the transaction cash flows and (ii) from the Closing Date until redemption of the Notes in full, it will make available updates to such information on a periodic basis.

The Issuer will disclose in the first investor report the amount of the Notes (a) privately-placed with investors which are not in the same group as the Seller, (b) retained by a member of the group of the Seller and (c) publicly-placed with investors which are not in the group of the Seller.

The Issuer will (to the extent permissible) disclose any amount initially retained by a member of the same group as the Seller, but subsequently placed with investors which are not in the same group as the Seller in the next investor report.

### ***PCS Label***

Application may be made to Prime Collateralised Securities (PCS) UK Limited ("**PCS**") UK Limited for the Class A Notes to receive the Prime Collateralised Securities label (the "**PCS Label**"). There can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

The PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). PCS is not an "expert" within the meaning of the Securities Act.

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. Investors should conduct their own research regarding the nature of the PCS Label. Further information on the PCS Label and its nature can be found on <http://pcsmarket.org>.

#### 4.5 **USE OF PROCEEDS**

The proceeds of the Notes to be issued on the Closing Date amount to EUR 795,100,0000.

The net proceeds of the issue of the Class A Notes and the Class B Notes will be applied by the Issuer on the Closing Date to pay to the Seller (part of) the Initial Purchase Price for the Initial Portfolio purchased by the Issuer under the Mortgage Receivables Purchase Agreement on the Closing Date.

The net proceeds of the Class C Notes will be credited to the Reserve Account on the Closing Date.

The Issuer will be entitled to receive an amount of EUR 18,751,625.34 as consideration for the Participations granted to the Participants in the Participation Mortgage Receivables forming part of the Initial Portfolio on the Closing Date. The Issuer will apply the proceeds of such Participations to pay part of the Initial Purchase Price for the Issuer under the Mortgage Receivables Purchase Agreement on the Closing Date.

In addition, an amount of EUR 228,504.57 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Deposit Account in order to reflect those parts of the Mortgage Loans comprising Construction Deposits.

## 4.6 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 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 a Note or Coupon, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of The Netherlands.*

***Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note or Coupon.***

### 1. WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

### 2. TAXES ON INCOME AND CAPITAL GAINS

#### **Residents**

##### *Resident entities*

An entity holding a Note which is or is deemed to be resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

##### *Resident individuals*

An individual holding a Note who is or is deemed to be resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent. if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts 4 per cent. of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

### **Non-residents**

A holder of a Note which is not and is not deemed to be resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital 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 and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### **3. GIFT AND INHERITANCE TAXES**

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

- (i) the holder of a Note 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 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.

Under the relevant provisions a holder of Dutch nationality is deemed to be a resident of The Netherlands if he or she has been resident in The Netherlands and dies or makes a gift within ten years after leaving The Netherlands. A holder of any other nationality is deemed to be a resident of The Netherlands for the purposes of the Dutch gift tax if he or she has been resident in The Netherlands and makes a gift within a twelve months period after leaving The Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of The Netherlands.

No gift or inheritance taxes will arise in The Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax, unless in the case of a gift of the Notes by a holder who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of The Netherlands. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

### **4. VALUE ADDED TAX**

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

### **5. 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 holder of a Note 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 Notes or the performance of the Issuer's obligations under the Notes.

6. **RESIDENCE**

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

7. **EU COUNCIL DIRECTIVE ON TAXATION OF SAVINGS INCOME**

Under Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the Amending Directive) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

#### 4.7 SECURITY

In the Trust Deed, the Issuer undertakes to pay the Parallel Debt to the Security Trustee. The Trust Deed provides that (i) the Security Trustee shall be the obligee of the Parallel Debt and shall be entitled to claim performance thereof in its own name and not as agent or trustee acting on behalf of the Secured Creditors, (ii) the Parallel Debt is and/or shall be separate and independent from, and without prejudice to, the Principal Liabilities, (iii) the Parallel Debt shall be decreased to the extent that the Issuer satisfies the Principal Liabilities and *vice versa*, (iv) the Parallel Debt shall not exceed the aggregate of the Principal Liabilities at any time, (v) any Security granted to the Security Trustee to secure the Parallel Debt is granted to the Security Trustee in its capacity as creditor of the Parallel Debt and (vi) the Security Trustee shall act for the benefit of the Secured Creditors in administering and enforcing the Security and shall apply any amounts received by it pursuant to clause 2.4 (*Parallel Debt*) of the Trust Deed in accordance with the Trust Deed.

Pursuant to the provisions of the terms and conditions set out in Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum regarding the authorisation to acknowledge the Parallel Debt and Condition 5.2 (*Parallel Debt*), the Secured Creditors and the Noteholders, respectively, have acknowledged or are deemed to have acknowledged the Parallel Debt.

The Secured Obligations (including the Parallel Debt) owed by the Issuer to the Security Trustee are secured by the following security rights granted by the Issuer to the Security Trustee:

- (a) pursuant to the Issuer Mortgage Receivables Pledge Agreement, a first ranking non-disclosed right of pledge (*stil pandrecht*) over the Mortgage Receivables (including, where possible, any Related Security). The right of pledge created pursuant to the Issuer Mortgage Receivables Pledge Agreement will not be notified to the Borrowers or Insurance Companies other than upon the occurrence of a Pledge Notification Event, in which circumstances the Security Trustee is authorised to serve (or may require the Issuer to serve) notice of the right of pledge on the relevant Borrowers and Insurance Companies other than the Savings Insurance Company, as the debtors of the Mortgage Receivables. Notification of the right of pledge to each Savings Insurance Company will take place through the Beneficiary Waiver Agreements and each subsequent Deed of Assignment and Pledge. Upon notification of the right of pledge and the assignment of the relevant Mortgage Receivables, only the Security Trustee is entitled to receive payment under the pledged Mortgage Receivables;
- (b) pursuant to the Issuer Account Pledge Agreement, a first ranking disclosed right of pledge (*openbaar pandrecht*) over the Issuer Account Rights is created. The right of pledge created pursuant to the Issuer Account Pledge Agreement has been notified to the Issuer Account Bank through a notification letter; and
- (c) pursuant to the Issuer Rights Pledge Agreement, a first ranking disclosed right of pledge over the Issuer Rights is created. The right of pledge created pursuant to the Issuer Rights Pledge Agreement has been notified to the parties to the Transaction Documents through the provisions of the terms and conditions set out in Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum regarding notification of the rights pledge.

Upon the occurrence of any default (*verzuim*) in the proper performance of any of the Secured Obligations, the Security Trustee will be entitled to enforce the Security and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction and the Conditions and the relevant Transaction Documents.

## 5. CREDIT STRUCTURE

The structure of the credit arrangements for the proposed issue of the Notes may be summarised as follows.

### 5.1 AVAILABLE FUNDS

#### Collections

Payments by the Borrowers of scheduled interest and principal (if any) under the Mortgage Loans are due on the first day of each month, interest being payable in arrear. For as long as no Assignment Notification Event has occurred, all payments made by Borrowers will be paid into the Seller Collection Accounts. No Seller Collection Account is pledged to any party and each Seller Collection Account is also used for the collection of moneys paid in respect of mortgage receivables other than Mortgage Receivables and in respect of other moneys belonging to the Seller.

Pursuant to the Mortgage Receivables Purchase Agreement, as long as the assignment of the Mortgage Receivables has not been notified to the relevant Borrowers and Insurance Companies, the Seller will on each Mortgage Collection Payment Date transfer to the Issuer Collection Account or such other account as the Security Trustee may direct, all amounts received by the Seller during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables. If a credit rating of the Seller or the Seller Collection Account Bank falls below the Requisite Credit Rating, the Seller will as soon as reasonably practicable and in any event within 14 calendar days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) after such assignment of rating open an escrow account in the name of the Issuer, for its own account, with a party having at least the Requisite Credit Rating, and transfer to such escrow account an amount equal to the highest monthly value of Revenue Funds and Principal Funds in the last 6 months. The aforementioned deposit shall no longer be required if the Seller has ensured that (i) the Borrowers shall be notified that they should immediately make their payments to the Issuer Collection Account, or into such other account as the Security Trustee may direct, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Class A Notes, (ii) payments to be made with respect to amounts received on the Seller Collection Accounts will be guaranteed by way of an unlimited and unconditional guarantee by a party having at least the Requisite Credit Rating, or, if (i) or (ii) is not reasonably practicable, (iii) take such other action that would result in the Credit Rating Agencies continuing the then current ratings of the Class A Notes.

#### Available Revenue Funds

The aggregate of the items set out below calculated as at each Notes Calculation Date, comprise the "Available Revenue Funds":

- (a) the amount of Revenue Funds received by the Issuer in respect of the three Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Date falls;
- (b) all amounts of interest received by the Issuer on the Issuer Transaction Accounts in the preceding Notes Calculation Period;
- (c) all amounts received by the Issuer under the Swap Agreement on or in respect of the relevant Notes Payment Date other than any amounts standing to the credit of any Swap Collateral Account and any amounts standing to the credit of the Swap Replacement Ledger;
- (d) all proceeds from a Cash Advance Facility Stand-by Ledger Drawing in respect of a Cash Advance Facility Revenue Shortfall on or in respect of a Notes Payment Date;
- (e) all proceeds from a Cash Advance Revolving Drawing on or in respect of a Notes Payment Date; and
- (f) any other amount standing to the credit of the Income Ledger (excluding an amount equal to the amount referred to under (g) below to the extent such amount has not yet been applied to pay any corporate income tax due to the Dutch tax authorities); *less*

- (g) on the first Notes Calculation Date of each calendar year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual fees or other remuneration due and payable to the Director in connection with the Issuer Management Agreement in the immediately preceding calendar year, and (ii) EUR 2,500.

The Available Revenue funds will be applied in accordance with the relevant Priority of Payments.

#### **Available Principal Funds**

The aggregate of the items set out below (without double counting) calculated as at each Notes Calculation Date, comprise the "**Available Principal Funds**":

- (a) the amount of Principal Funds received by the Issuer in respect of the three Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Date falls;
- (b) all amounts to be credited to any sub-ledger of the Principal Deficiency Ledgers under the Revenue Priority of Payments on the following Notes Payment Date; and
- (c) any other amount standing to the credit of the Redemption Ledger.

The Available Principal Funds will be applied in accordance with the relevant Priority of Payments.

## 5.2 PRIORITIES OF PAYMENTS

### Revenue Priority of Payments

On each Notes Payment Date, as long as no Enforcement Notice has been delivered by the Security Trustee, the Available Revenue Funds will be applied by or on behalf of the Issuer in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, any fees, expenses or other amounts or liabilities which are due and payable to the Security Trustee on such Notes Payment Date or in the first following Notes Calculation Period;
- (b) *second*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities due and payable to any of (1) the Paying Agent, (2) the Servicer, (3) the Issuer Administrator, (4) the Account Bank, (5) the Directors, (6) any stock exchange on which the Class A Notes are listed, (7) the Issuer's auditors, legal counsel and tax advisers, (8) the Credit Rating Agencies, (9) any independent accountant or independent calculation agent appointed under the Swap Agreement, (10) any custodian, (11) any taxing authority having power and authority to tax the Issuer (to the extent such amounts cannot be paid out of item (g) of the Available Revenue Funds) and (12) any other creditor (other than the Swap Counterparty) from time to time of the Issuer which has been notified to the Issuer Administrator in accordance with the Administration Agreement and any commitment fees and commissions due and payable to the Cash Advance Facility Provider, in each case on such Notes Payment Date or in the first following Notes Calculation Period;
- (c) *third*, any amounts to be credited to the Cash Advance Facility Stand-by Ledger in order to repay any Cash Advance Facility Stand-by Drawing and, to the extent not paid from the Cash Advance Facility Stand-by Ledger, any amounts due and payable to the Cash Advance Facility Provider other than commitment fees, commissions and gross-up amounts or additional amounts due and payable under the Cash Advance Facility Agreement;
- (d) *fourth*, to the extent not paid from amounts standing to the credit of the relevant Swap Collateral Account or debited from the Swap Replacement Ledger, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class A Notes;
- (f) *sixth*, the amount required to replenish any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to nil;
- (g) *seventh*, the amount required to replenish the Reserve Account up to the Reserve Account Target Level;
- (h) *eighth*, the amount required to replenish any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to nil;
- (i) *ninth*, to the extent not paid from amounts standing to the credit of any Swap Collateral Account or debited from the Swap Replacement Ledger, Subordinated Swap Payments due and payable under the Swap Agreement;
- (j) *tenth*, as from the earlier of (i) the Notes Payment Date on which all amounts of interest and principal on the Notes (other than the Class C Notes) will have been paid and (ii) the First Optional Redemption Date, in or towards satisfaction of principal amounts due on the Class C Notes;
- (k) *eleventh*, to the extent not paid from amounts standing to the credit of the Cash Advance Facility Stand-by Ledger (if applicable), any gross-up amounts or additional amounts due, if any, under the Cash Advance Facility Agreement; and
- (l) *finally*, any Deferred Purchase Price Instalment to the Seller.

### Redemption Priority of Payments

On each Notes Payment Date, as long as no Enforcement Notice has been delivered by the Security Trustee, the Available Principal Funds will be applied by or on behalf of the Issuer in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full (the "**Redemption Priority of Payments**"):

- (a) *first*, up to and including the Notes Payment Date immediately preceding the First Optional Redemption Date in or towards satisfaction of the purchase price of any Further Advance Receivables, subject to the Additional Purchase Conditions being met;
- (b) *second*, in or towards, on a *pari passu* and *pro rata* basis, satisfaction of principal amounts due and payable on the Class A Notes, until fully redeemed in accordance with the Conditions; and
- (c) *third*, in or towards, on a *pari passu* and *pro rata* basis satisfaction of principal amounts due and payable on the Class B Notes, until fully redeemed in accordance with the Conditions; and
- (d) *fourth*, to pay any Deferred Purchase Price Instalment to the Seller.

### Post-Enforcement Priority of Payments

Available Revenue Funds and Available Principal Funds and any amounts standing to the credit of the Issuer Accounts and all monies received or recovered by the Security Trustee or any other Secured Creditor from the Issuer's assets subject to the Security or the Issuer (other than amounts standing to the credit of the Participation Ledger, the Cash Advance Facility Stand-by Ledger, any Swap Collateral Account, or required to be deducted pursuant to paragraph (i)(c) of the definition of Principal Funds or paragraph (i)(c) of the definition of Revenue Funds, which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Participation Ledger, the Cash Advance Facility Stand-by Ledger and any Swap Collateral Account, as the case may be) will be applied by or on behalf of the Issuer following the date on which an Enforcement Notice is delivered by the Security Trustee in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, any fees, expenses or other amounts or liabilities which are due and payable to the Security Trustee on such date;
- (b) *second*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities which are due and payable to any of (1) the Paying Agent, (2) the Servicer, (3) the Issuer Administrator, (4) the Account Bank, (5) the Directors, (6) any stock exchange on which the Class A Notes are listed, (7) the Issuer's auditors, legal counsel and tax advisers, (8) the Credit Rating Agencies, (9) any independent accountant or independent calculation agent appointed under the Swap Agreement, (10) any custodian, (11) any taxing authority having power and authority to tax the Issuer (to the extent such amounts cannot be paid out of item (f) of the Available Revenue Funds) and (12) any other creditor (other than the Swap Counterparty) from time to time of the Issuer which has been notified to the Issuer Administrator in accordance with the Administration Agreement, on such date and which are (indirectly through the Parallel Debt) secured by the Security;
- (c) *third*, to the extent not paid from amounts standing to the credit of the Cash Advance Facility Stand-by Ledger, any amounts due and payable to the Cash Advance Facility Provider other than any gross-up amounts or additional amounts due and payable under the Cash Advance Facility Agreement;
- (d) *fourth*, to the extent not paid from amounts standing to the credit of any Swap Collateral Account, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (e) *fifth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class A Notes;

- (f) *sixth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal then due and payable on the Class B Notes;
- (g) *seventh*, to the extent not paid from amounts standing to the credit of any Swap Collateral Account, Subordinated Swap Payments due and payable under the Swap Agreement;
- (h) *eighth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal then due and payable on the Class C Notes;
- (i) *ninth*, to the extent not paid from amounts standing to the credit of the Cash Advance Facility Stand-by Ledger (if applicable), any gross-up amounts or additional amounts due and payable, if any, under the Cash Advance Facility Agreement; and
- (j) *finally*, any Deferred Purchase Price Instalment to the Seller.

### 5.3 LOSS ALLOCATION

The Issuer Administrator shall agree in the Administration Agreement to manage and maintain the Principal Deficiency Ledger for and on behalf of the Issuer.

#### Debits

The Issuer (or the Issuer Administrator on its behalf) will record as a debit entry in the Principal Deficiency Ledger on any Notes Payment Date an amount equal to any Realised Loss up to the Principal Amount Outstanding of the Notes from time to time (so as to give rise to a negative amount in the relevant sub-ledger).

#### Credits

It has been agreed that the Issuer (or the Issuer Administrator on its behalf) will record as a credit entry in the Principal Deficiency Ledger on any Notes Payment Date:

- (i) (1) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (e) in the Revenue Priority of Payments and (B) the Class A Principal Deficiency and (2) any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (g) in the Revenue Priority of Payments and (B) the Class B Principal Deficiency, which amounts are added to the Available Principal Funds on such Notes Payment Date; and
- (ii) where the balance of the relevant sub-ledger exceeds the Principal Amount Outstanding (including when zero after full redemption) of the relevant Class of Notes, an amount equal to the relevant excess.

#### Sub-ledgers

Within the Principal Deficiency Ledger, two sub-ledgers will be maintained, to be known as the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger.

Amounts recorded as a debit entry in the Principal Deficiency Ledger shall be allocated as of the first calendar day of the related Notes Calculation Period to each of such sub-ledgers in the following order:

- (a) *first*, to the Class B Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes then outstanding; and
- (b) *second*, to the Class A Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes then outstanding.

Amounts recorded as a credit entry in the Principal Deficiency Ledger shall be allocated as of the first calendar day of the related Notes Calculation Period:

- (a) if it concerns amounts referred to under (i) under "Credits" above:
  - (i) *first*: to the Class A Principal Deficiency Ledger until the debit balance thereof is reduced to zero; and
  - (ii) *second*: to the Class B Principal Deficiency Ledger until the debit balance thereof is reduced to zero; or
- (b) if it concerns an excess of the relevant sub-ledger over the Principal Amount Outstanding of the relevant Class of Notes, to the sub-ledger in question.

## 5.4 HEDGING

### Hedging of interest rate risk

The interest rates payable by Borrowers on some of the Mortgage Loans are payable by reference to rates other than the Reference Rate and are calculated on a number of different dates. However, the interest rates payable by the Issuer with respect to the Class A Notes are calculated by reference to the Reference Rate (set on the relevant Notes Calculation Date) plus the Relevant Margin.

In order to reduce the risk of a potential interest rate mismatch between:

- (a) the variety of different rates of interest payable by Borrowers on the Mortgage Loans and the dates on which those rates are set; and
- (b) the Reference Rate applicable to the Class A Notes only, set on the relevant Notes Calculation Date,

the Issuer will enter into the Swap Transaction with the Swap Counterparty, on or about the Closing Date.

The Swap Agreement will govern the terms of the Swap Transaction.

### The Swap Transaction

Under the Swap Transaction, on each Notes Payment Date:

- (a) the Swap Counterparty shall have an obligation to pay an amount determined by calculating the product of (i) the sum of the relevant Reference Rate and the Relevant Margin, (ii) the Notional Principal Amount Outstanding of the Class A Notes on such Notes Payment Date (without taking into account any principal amounts due to be paid or written off on such date in relation to the Class A Notes) and (iii) the relevant day count fraction; and
- (b) the Issuer shall have an obligation to pay the sum of (i) any Issuer Scheduled Income in respect of the three Mortgage Calculation Periods preceding the Mortgage Calculation Period in which the relevant Notes Payment Date falls, less (ii) any amounts payable by the Issuer on such Notes Payment Date under items (a) and (b) of the Revenue Priority of Payments, less (iii) an amount equal to the product of (x) the Notional Principal Amount Outstanding of the Notes on such Notes Payment Date (other than the Class C Notes), (y) 0.50 per cent. and (iii) the relevant day count fraction, on the condition that if the above calculation produces a negative number, such amount shall be deemed to be zero.

The Swap Transaction provides that if the amount payable under (a) on the relevant Notes Payment Date is a negative number, then that amount will be deemed to be zero, and the Issuer will not be required to pay to the Swap Counterparty the absolute value of that negative amount and will only be required to pay those amounts otherwise payable by it for the related Mortgage Calculation Period.

The Swap Transaction furthermore provides that, in the event that the Issuer Actual Income in respect of the three Mortgage Calculation Periods preceding the relevant Notes Payment Date (less any amounts due under items (a) and (b) of the Revenue Priority of Payments and an amount equal to 0.50 per cent. of the Notional Principal Amount Outstanding of the Notes (other than the Class C Notes), without taking into account any principal amounts due to be paid or written off on such date in relation to the Notes (other than the Class C Notes) is less than the amount to be paid by the Issuer as referred to under (b) above, the Issuer will only be obliged to pay such lesser amount under the Swap Transaction to the Swap Counterparty. In circumstances where such income shortfall arises, the corresponding amount to be paid by the Swap Counterparty shall be reduced by a proportion equal to such reduction in the Issuer's payment obligations under the Swap Agreement. The amounts due from the Issuer to the Swap Counterparty and from the Swap Counterparty to the Issuer under the Swap Transaction (as reduced, if applicable) will be netted against each other. If a net payment is due from the Swap Counterparty, the net amount will be included in the Available Revenue Funds for such Notes Payment Date and will be applied on that Notes Payment Date according to the relevant Priorities of Payments. If a net payment is due to the Swap Counterparty, the net amount will be payable from the Available Revenue Funds for such Notes Payment Date.

Under the terms of the Swap Agreement, in the event that the relevant credit ratings of the Swap Counterparty are downgraded by a Credit Rating Agency below the Requisite Credit Rating, the Swap Counterparty will at its own cost and in accordance with the terms of the Swap Agreement, be required to elect to take certain remedial measures within the time frame stipulated in the Swap Agreement which may include providing collateral for its obligations under the Swap Agreement, procuring for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating, procuring another entity with the Requisite Credit Rating to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or taking such other action that would result in the Credit Rating Agencies continuing the then current credit ratings of the Class A Notes. Following further rating downgrades below the Requisite Credit Rating, the remedial measures available to the Swap Counterparty may be more limited than those specified above.

The Swap Transaction may be terminated by the Swap Counterparty in certain circumstances including, but not limited to, the following:

- (a) if there is a failure by the Issuer to pay amounts due under the Swap Agreement in circumstances where the Issuer has Available Revenue Funds to pay such amounts in accordance with the relevant Priority of Payments and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to the Issuer;
- (c) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement; and
- (d) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed either (i) on payment of the relevant amount by the Swap Counterparty which results in the Swap Counterparty being obliged to gross up its payments under the Swap Agreement, or (ii) on payment of the relevant amount by the Issuer.

The Swap Transaction may be terminated by the Issuer in certain circumstances, including but not limited to, the following:

- (a) if there is a failure by the Swap Counterparty to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a the Swap Counterparty;
- (c) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;
- (d) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement;
- (e) if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement; and
- (f) if the Class A Notes are to be redeemed in full prior to the Final Maturity Date pursuant to Conditions 8.6 (*Redemption – Clean-Up Call Option*), 8.7 (*Optional Redemption – Prepayment Call*) or 8.8 (*Optional Redemption – Tax Call*).

Upon an early termination of the Swap Transaction, the Issuer or the Swap Counterparty may be liable to make a swap termination payment to the other. Such swap termination payment will be calculated and paid in euros. The amount of any such swap termination payment will, subject to the terms of the Swap Agreement, initially be based on the market value of the Swap Transaction as determined on the basis of quotations sought from leading dealers as to the payment required to be made in order to enter into a transaction that would have the effect of preserving the economic equivalent of the respective payment obligations of the parties (or, if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result, based upon a good faith determination of one of the party's total losses and costs (or gains)) and will include any unpaid amounts that became due and payable prior to the date of termination.

The Swap Counterparty may, subject to certain conditions specified in the Swap Agreement, transfer its obligations under the Swap Agreement to another entity provided that such entity has the Requisite Credit Rating.

### **Withholding Tax**

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. The Swap Counterparty will be obliged to gross up payments made by it to the Issuer under the Swap Transaction if withholding taxes are imposed on such payments, although in such circumstances the Swap Counterparty may terminate the Swap Transaction early. The Issuer will not be obliged to gross up payments made by it to the Swap Counterparty under the Swap Transaction if withholding taxes are imposed on such payments. However, the Swap Counterparty may have the right to terminate such Swap Transaction in such circumstances. If the Swap Counterparty (or the Issuer) terminates the Swap Transaction then the Issuer may be required to pay (or entitled to receive) a swap termination payment.

### **Credit Support**

On or around the Closing Date, the Swap Counterparty and the Issuer will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Security Trustee in support of the obligations of the Swap Counterparty under the Swap Agreement. The credit support annex forms part of the Swap Agreement. If at any time the Swap Counterparty is required to provide collateral in respect of any of its obligations under the Swap Agreement following a credit ratings downgrade of the Swap Counterparty, in accordance with the terms of the Swap Agreement, the amount of collateral (if any) that, from time to time, (i) the Swap Counterparty is obliged to transfer to the Issuer or (ii) the Issuer is obliged to return to the Swap Counterparty, shall be calculated in accordance with the terms of the Swap Agreement.

The Issuer will receive any collateral from the Swap Counterparty pursuant to the Swap Agreement in any Swap Collateral Account. The Issuer may make payments utilising any monies held in the relevant Swap Collateral Account if such payments are made in accordance with the terms of the Swap Agreement. Amounts standing to the credit of any Swap Collateral Account will not, upon enforcement of the Security, be available to the Secured Creditors generally and may only be applied in satisfaction of amounts owing by the Swap Counterparty, or to be repaid to the Swap Counterparty, in accordance with the terms of the Swap Agreement.

The Swap Agreement will be governed by the laws of England and Wales.

The initial Swap Counterparty is ING. See section 3.4 (*Seller/Originator*).

## 5.5 LIQUIDITY SUPPORT

The Cash Advance Facility Agreement is intended for the purpose of funding any Cash Advance Facility Revenue Shortfall. Accordingly, the Issuer undertakes to apply amounts raised by it thereunder for such purpose and in accordance therewith and with the Administration Agreement. The facility made available under the Cash Advance Facility Agreement is available up to the Cash Advance Facility Available Amount from time to time. The Issuer and the Cash Advance Facility Provider may, at any time, increase the Cash Advance Facility Maximum Amount to the amount or percentage requested by the Issuer.

The facility granted pursuant to the Cash Advance Facility Agreement is a 364 day facility. However, the Issuer may request the Cash Advance Facility Provider to agree to provide a cash advance facility on the same terms as the terms of the Cash Advance Facility Agreement and commencing on the Business Day prior to the Cash Advance Facility Termination Date. If the Cash Advance Facility Provider does not agree to such a renewed revolving cash advance facility agreement then the Issuer may make a Cash Advance Facility Stand-by Drawing unless it has procured a replacement Cash Advance Facility Provider in the meantime.

There are three types of drawings under the Cash Advance Facility Agreement:

- (i) on any Notes Payment Date, the Issuer may make Cash Advance Revolving Drawings. Cash Advance Revolving Drawings are transferred to the Issuer Collection Account for credit to the Income Ledger and utilised as Available Revenue Funds in the relevant Priority of Payments;
- (ii) the Issuer may make a Cash Advance Facility Stand-by Drawing if (a) the rating of the Cash Advance Facility Provider falls below the minimum as determined to be applicable by or acceptable to the Credit Rating Agencies from time to time, which as at the Closing Date is, in respect of Fitch, 'F1' for its short-term debt obligations and 'A' for its long-term debt obligations and, in respect of Moody's 'P-1', or (b) the Cash Advance Facility Termination Date falls no more than 30 Business Days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) after the draw down date for such Cash Advance Facility Stand-by Drawing, and, in either such case, the Issuer has not entered into a replacement cash advance facility in accordance with the Cash Advance Facility Agreement. The amount of the Cash Advance Facility Stand-by Drawing is equal to the amount of the Cash Advance Facility Available Amount. Cash Advance Facility Stand-by Drawings are transferred to the Issuer Collection Account for credit to the Cash Advance Facility Stand-by Ledger; and
- (iii) on any Notes Payment Date the Issuer may utilise amounts standing to the credit of the Cash Advance Facility Stand-by Ledger to compensate any Cash Advance Facility Revenue Shortfall. Cash Advance Facility Stand-by Ledger Drawings are debited from the Cash Advance Facility Stand-by Ledger to the Income Ledger and utilised as Available Revenue Funds in the relevant Priority of Payments.

Amounts drawn down pursuant to the Cash Advance Facility and repaid will be available to be redrawn by the Issuer. Cash Advance Revolving Drawings drawn down pursuant to the Cash Advance Facility shall be repaid by the Issuer from Available Revenue Funds in accordance with the relevant Priority of Payments on the last day of the Cash Advance Revolving Drawing Period. Any Cash Advance Facility Stand-by Drawing shall be repaid on the Final Maturity Date, or upon the expiry of the Cash Advance Stand-by Drawing Period if the Cash Advance Facility Stand-by Drawing was made by the Issuer because the Cash Advance Facility Provider was assigned a credit rating from Fitch or Moody's below those mentioned in paragraph (ii) above. Cash Advance Facility Stand-by Ledger Drawings shall be repaid by the Issuer by debiting the relevant amount to the Income Ledger and crediting the same amount to the Cash Advance Facility Stand-by Ledger on the last day of the Cash Advance Facility Stand-by Ledger Drawing Period applicable to such Cash Advance Facility Stand-by Drawing. On the due date for repayment of a Cash Advance Stand-by Drawing, amounts standing to the credit of the Cash Advance Facility Stand-by Ledger shall first be applied in accordance with the provisions of the Administration Agreement in or towards such repayment prior to the payment or application of any other sum in accordance with the relevant Priority of Payments.

If at any time (a) the rating of the Cash Advance Facility Provider falls below the minimum as determined to be applicable by or acceptable to the Credit Rating Agencies from time to time, which as at the Closing

Date is, in respect of Fitch, 'F1' for its short-term debt obligations and 'A' for its long-term debt obligations and, in respect of Moody's 'P-1', or (b) if the Cash Advance Facility Termination Date will occur no more than 30 Business Days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) after notice to be given by the Issuer, and the Security Trustee has confirmed in writing it is satisfied that the Issuer has made satisfactory arrangements for obtaining a replacement cash advance facility on substantially the same terms as the Cash Advance Facility Agreement with a bank which has a credit rating determined to be applicable by or acceptable to the Credit Rating Agencies from time to time, which as at the Closing Date is, in respect of Fitch, 'F1' for its short-term debt obligations and 'A' for its long-term debt obligations and, in respect of Moody's 'P-1', the Issuer may cancel the whole (but not part only) of the Cash Advance Facility. In such circumstances, the Cash Advance Facility Available Amount shall be reduced to zero and no further Cash Advance Revolving Drawing or Cash Advance Facility Stand-by Drawing shall be made, and the Issuer shall repay any outstanding Cash Advance Facility Stand-by Drawing on the last day of the then current Cash Advance Facility Stand-by Drawing Period.

The initial Cash Advance Facility Provider is ING. See section 3.4 (*Seller/Originator*).

## 5.6 ISSUER ACCOUNTS

### Issuer Collection Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Issuer Collection Account:

- (a) into which are paid all amounts received by the Issuer in respect of the Mortgage Receivables and the Transaction Documents; and
- (b) monies standing to the credit of which will on each Notes Payment Date be applied by the Issuer Administrator in accordance with the relevant Priority of Payments and the relevant Transaction Documents.

### Reserve Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Reserve Account. The proceeds of the Class C Notes will be credited to the Reserve Account on the Closing Date.

The amounts standing to the credit of the Reserve Account will on each Notes Payment Date form part of the Available Revenue Funds, provided that amounts may only be debited from the Reserve Account and credited to the Issuer Collection Account (for credit to the Income Ledger and appliance by the Issuer in accordance with the Revenue Priority of Payments) if (i) the amounts standing to the credit of the Issuer Collection Account are insufficient to meet the Issuer's obligations under items (a) to (f) (inclusive) of the Revenue Priority of Payments in full or (ii) in accordance with Condition 4.5 (*Class C Notes*).

If and to the extent that the Available Revenue Funds calculated on any Notes Calculation Date exceed the amounts required by the Issuer to satisfy its obligations under items (a) to (f) (inclusive) of the Revenue Priority of Payments in full, then the Issuer (or the Issuer Administrator on its behalf) shall ensure that the (relevant part of the) remaining Available Revenue Funds will be debited from the Issuer Collection Account and credited to the Reserve Account up to the Reserve Account Target Level. Any Available Revenue Funds remaining after the Reserve Account having been replenished up to the Reserve Account Target Level will be applied by the Issuer (or the Issuer Administrator on its behalf) in accordance with the Revenue Priority of Payments.

If on any Notes Calculation Date all amounts of interest and principal due and payable in respect of the Notes, except for the amounts of principal due and payable in respect of the Class C Notes, have been paid in full on the Notes Payment Date before such Notes Calculation Date or will be available for payment in full on the Notes Payment Date immediately after such Notes Calculation Date, then the Reserve Account Target Level will be reduced to zero and the Issuer (or the Issuer Administrator on its behalf) shall ensure that all amounts standing to the credit of the Reserve Account will be credited to the Income Ledger upon deposit of the same in the Issuer Collection Account and form part of the Available Revenue Funds.

### Construction Deposit Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Construction Deposit Account. Pursuant to the Mortgage Receivables Purchase Agreement, in respect of a purchase of Mortgage Receivables by the Issuer, the Issuer will be entitled to withhold from each Initial Purchase Price an amount equal to the related Construction Deposit, if applicable. Such amount will be deposited in the Construction Deposit Account.

The Issuer (or the Issuer Administrator on its behalf) will not transfer any monies standing to the credit of the Construction Deposit Account, except (x) following delivery of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments and (y) as long as no Enforcement Notice has been delivered by the Security Trustee, as follows:

- (a) to pay any remaining part of an Initial Purchase Price to the Seller following distribution by the Seller of a corresponding part of the relevant Construction Deposit to the relevant Borrower; and

- (b) following set-off of a Construction Deposit against the associated Mortgage Receivable, for transfer to the Issuer Transaction Account and credit to the Redemption Ledger.

### **Swap Collateral Account**

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, one or more Swap Collateral Accounts. Any collateral provided by the Swap Counterparty pursuant to the Swap Agreement will, unless otherwise agreed with the Issuer and the Security Trustee, be deposited in the relevant Swap Collateral Account. The Issuer (or the Issuer Administrator on its behalf) will not use the amounts standing to the credit of any Swap Collateral Account, except (x) following delivery of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments and (y) as long as no Enforcement Notice has been delivered by the Security Trustee, as follows:

- (a) to return collateral to the Swap Counterparty in accordance with the terms of the Swap Agreement and collateral arrangements; and
- (b) following termination of the Swap Agreement to the extent not required to satisfy any termination payment due to the Swap Counterparty, (x) if a replacement swap agreement is to be entered into, for deposit in the Issuer Transaction Account and credit to the Swap Replacement Ledger or (y) if no replacement swap agreement is to be entered into, for deposit in the Issuer Transaction Account and credit to the Income Ledger.

### **Change of Issuer Account Bank**

If the debt obligations of the Issuer Account Bank are not rated at least the Requisite Credit Rating, and within 30 calendar days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) of such occurrence:

- (a) the Issuer Accounts are not closed and new accounts opened under the terms of a new account agreement substantially on the same terms as the Issuer Account Agreement with a financial institution (i) whose debt obligations are rated at least the Requisite Credit Rating and (ii) having the regulatory capacity for offering such services as a matter of Dutch law; or
- (b) the Issuer Account Bank does not obtain a guarantee of its obligations under the Issuer Account Agreement on terms acceptable to the Security Trustee, acting reasonably, from a financial institution whose debt obligations are rated at least the Requisite Credit Rating; or
- (c) the Issuer Account Bank does not take any other action, or takes action which would not result in the Credit Rating Agencies continuing the then current ratings of the Class A Notes,

then pursuant to the Issuer Account Agreement, the Issuer (or the Issuer Administrator on its behalf) is required to terminate the Issuer Account Agreement, unless a Credit Rating Agency confirms that its then current rating of the Notes will not be adversely affected as a result of the credit ratings of the Issuer Account Bank falling below the minimum credit rating as determined to be applicable by such Credit Rating Agency from time to time (or the reason for this having occurred) within 15 calendar days (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) of such downgrade. If such confirmation is given by a Credit Rating Agency, for this purpose only, reference to "minimum credit rating" in respect of such Credit Rating Agency shall be deemed to be instead the relevant credit rating assigned by a Credit Rating Agency of the Issuer Account Bank at the time of such confirmation, but the original rating shall be reinstated if the relevant rating of the Issuer Account Bank is subsequently upgraded to the original level.

Pursuant to the Issuer Account Agreement, the Issuer Account Bank has agreed to pay interest on the moneys standing to the credit of the Issuer Accounts at specified rates determined in accordance with the Issuer Account Agreement (with a minimum of zero per cent.).

The initial Issuer Account Bank is ING. See section 3.4 (*Seller/Originator*).

### **Ledgers**

In the Administration Agreement, the Issuer Administrator agrees to manage and maintain the following

ledgers as a sub-ledger of the Issuer Collection Account for and on behalf of the Issuer.

*Credits to ledgers*

The following amounts shall be credited to the following ledger upon deposit of the same into the Issuer Collection Account:

- (i) the Income Ledger:
  - (a) all Revenue Funds;
  - (b) all amounts of interest paid on the Issuer Collection Account;
  - (c) all proceeds from Cash Advance Revolving Drawings;
  - (d) all proceeds from Cash Advance Facility Stand-by Drawings in respect of Cash Advance Facility Revenue Shortfalls that are required to be credited to the Income Ledger pursuant to the provisions relating to the Cash Advance Facility Stand-by Ledger;
  - (e) all amounts received by the Issuer under the Swap Agreement (other than amounts standing to the credit of any Swap Collateral Account and amounts standing to the credit of the Swap Replacement Ledger);
  - (f) all amounts debited from the Reserve Account in accordance with the Administration Agreement; and
  - (g) all amounts not required to be credited to any other ledger;
- (ii) the Redemption Ledger:
  - (a) all Principal Funds; and
  - (b) all amounts credited to the Principal Deficiency Ledger under the Revenue Priority of Payments;
- (iii) the Swap Replacement Ledger:
  - (a) premiums received from any replacement Swap Counterparty upon entry by the Issuer into a replacement Swap Agreement; and
  - (b) termination payments received from the Swap Counterparty in respect of the termination of the Swap Agreement;
- (iv) the Participation Ledger: all Participation Redemption Available Amounts deducted pursuant to paragraph (i)(c) of the definition of Principal Funds;
- (v) the Deposit Ledger: following a downgrade of the Seller and for as long as it is continuing, any amount paid by the Seller on any Mortgage Collection Payment Date equal to or to replenish the Deposit Required Amount; and
- (vi) the Cash Advance Facility Stand-by Ledger:
  - (a) all Cash Advance Facility Stand-by Drawings; and
  - (b) amounts debited from the Income Ledger to repay any Cash Advance Facility Stand-by Ledger Drawing.

*Debits to ledgers*

The Issuer (or the Issuer Administrator on its behalf) will not debit any amounts to any ledger, except (x) following the delivery of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments (which contains separate provisions in respect of the Participation

Ledger and the Cash Advance Facility Stand-by Ledger) and (y) as long as no Enforcement Notice has been delivered by the Security Trustee, as follows:

- (i) the Income Ledger: in accordance with the Revenue Priority of Payments;
- (ii) the Redemption Ledger: in accordance with the Redemption Priority of Payments;
- (iii) the Swap Replacement Ledger:
  - (a) to pay any termination amount due to the Swap Counterparty in respect of a termination of the Swap Agreement;
  - (b) to pay any premium due to a replacement swap counterparty upon entry into a replacement swap agreement; and
  - (c) to the extent in excess of amounts owed to the Swap Counterparty in respect of (x) a termination of the Swap Agreement or (y) any premium payable to a replacement swap counterparty upon entry into a replacement swap agreement, for credit to the Income Ledger;
- (iv) the Participation Ledger: for on-payment to the relevant Participant under the relevant Participation on a Mortgage Collection Payment Date;
- (v) the Deposit Ledger:
  - (a) if a Borrower invokes defences purporting to establish that an amount equal to an unpaid cash deposit (other than Bank Savings Deposits and Construction Deposits) is deducted from the relevant Mortgage Receivables it owes to the Seller, an amount equal to such deducted amount for credit to (if such deduction relates to interest on the relevant Mortgage Receivable, for addition to the Revenue Funds) the Income Ledger or (if such deduction relates to principal on the Mortgage Receivable, for addition to the Principal Funds made in the immediately preceding Mortgage Calculation Period) the Redemption Ledger; and
  - (b) following any decrease in the Deposit Required Amount, for repayment to the Seller; and
- (vi) the Cash Advance Facility Stand-by Ledger:
  - (a) in respect of any Cash Advance Facility Stand-by Ledger Drawing, on any Notes Payment Date, to the extent that amount stands to the credit of the Cash Advance Facility Stand-by Ledger on such Notes Payment Date: for credit of an amount equal to the relevant Cash Advance Facility Revenue Shortfall, to the Income Ledger;
  - (b) if any Cash Advance Facility Stand-by Drawing is required to be repaid: to repay the Cash Advance Facility Stand-by Drawing; and
  - (c) if no Cash Advance Facility Stand-by Drawing is outstanding and any amount is standing to the credit of the Cash Advance Facility Stand-by Ledger: for credit to the Income Ledger.

## 5.7 ADMINISTRATION AGREEMENT

Pursuant to the Administration Agreement, the Issuer Administrator will provide certain administration services to the Issuer, including to:

- (a) operate the Issuer Accounts and ensure that payments are made into and from such accounts in accordance with the Administration Agreement, the Mortgage Receivables Purchase Agreement, the Security Documents, the Issuer Account Agreement and any other applicable Transaction Document, provided however that nothing herein shall require the Issuer Administrator to make funds available to the Issuer to enable such payments to be made other than as expressly required by the Administration Agreement;
- (b) keep any records necessary for all Taxation purposes;
- (c) assist the auditors of the Issuer and provide such information to them as they may reasonably request for the purpose of carrying out their duties as auditors;
- (d) make all filings, give all notices and make all registrations and other notifications required in the day-to-day operation of the business of the Issuer or required to be given by the Issuer pursuant to the Transaction Documents;
- (e) arrange for all payments due to be made by the Issuer under any of the Transaction Documents (including under each relevant Priority of Payments), provided that such monies are at the relevant time available to the Issuer and provided further that nothing herein shall constitute a guarantee by the Issuer Administrator of all or any of the obligations of the Issuer under any of the Transaction Documents;
- (f) arrange for all payments due to be made by the Issuer pursuant to Clause 9 (*Priorities of Payments*) of the Trust Deed;
- (g) provide accounting services, including reviewing receipts and payments, supervising and assisting in the preparation of interim statements and final accounts and supervising and assisting in the preparation of Tax returns;
- (h) on behalf of the Issuer, provided that such monies are at the relevant time available to the Issuer, pay all the out-of-pocket expenses of the Issuer, incurred by the Issuer Administrator on behalf of the Issuer in the performance of the Issuer Administrator's duties hereunder including:
  - (i) all Taxes which may be due or payable by the Issuer;
  - (ii) all registration, transfer, filing and other fees and other charges payable in respect of the transfer by the Seller of Mortgage Receivables to the Issuer;
  - (iii) all necessary filing and other fees in compliance with regulatory requirements;
  - (iv) all legal and audit fees and other professional advisory fees;
  - (v) all communication expenses including postage, courier and telephone charges;
  - (vi) all premiums payable by the Issuer in respect of any insurance policies; and
  - (vii) following the occurrence of an Event of Default, all fees payable to Euronext Amsterdam and/or any other stock exchange on which the Class A Notes are listed but only if the Issuer has not otherwise paid those fees; and
- (i) on behalf of the Issuer claim payment to which the Issuer is entitled under the Transaction Documents and the Notes if the conditions for payment thereunder are met.

### Fee, Costs and Expenses

The Issuer shall for each Notes Calculation Period pay to the Issuer Administrator for its services provided under the Administration Agreement in arrear on the first following Notes Payment Date a fee and an indemnification for out-of-pocket costs, expenses and charges (plus any applicable value added

tax), incurred by the Issuer Administrator in the performance of such services, such fee to be agreed between the Issuer, the Issuer Administrator and the Security Trustee from time to time.

### **Termination**

If an event of default (which includes subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Issuer Administrator) occurs in respect of the Issuer Administrator under the Administration Agreement, then the Issuer and/or the Security Trustee may at once or at any time thereafter while such event of default is continuing, terminate the Administration Agreement with effect from a date specified by the Issuer and/or the Security Trustee. Upon the termination of the Administration Agreement, the Issuer or, following an event of default, the Security Trustee shall use its reasonable endeavours to appoint a substitute issuer administrator that satisfies the conditions set forth in the Administration Agreement. The appointment of the Issuer Administrator under the Administration Agreement may be terminated upon the expiry of not less than 12 months' notice of termination given by the Issuer Administrator to each of the Issuer and the Security Trustee (or such shorter time as may be agreed between the Issuer Administrator, the Issuer and the Security Trustee) provided that, among other things, a substitute administrator has been appointed by the Issuer and such appointment will be effective not later than the date of such termination.

### **Obligations of the Issuer Administrator**

Upon termination of the appointment of the Issuer Administrator under the Administration Agreement the Issuer Administrator shall:

- (a) forthwith deliver (and in the meantime hold for, and to the order of, the Issuer or the Security Trustee, as the case may be) to the Issuer or the Security Trustee, as the case may be or as it shall direct, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belongings of the Issuer or the Security Trustee, as the case may be (if practicable, on the date of receipt), any monies then held by the Issuer Administrator on behalf of the Issuer or, the Security Trustee and any other assets of the Issuer and the Security Trustee;
- (b) take such further action as the Issuer or the Security Trustee, as the case may be, may reasonably direct at the expense of the Issuer (including in relation to the appointment of a substitute administrator), provided that the Issuer or the Security Trustee, as the case may be, shall not be required to take or direct to be taken such further action unless it has been indemnified to its satisfaction (and in the event of a conflict between the directions of the Issuer and the directions of the Security Trustee, the directions of the Security Trustee shall prevail);
- (c) provide all relevant information contained on computer records in the form of a flat file and/or CD Rom, together with details of the layout of the files set out in such flat file and/or CD Rom; and
- (d) co-operate and consult with and assist the Issuer or the Security Trustee or its nominee, as the case may be, for the purposes of explaining the file layouts and the format of the flat file/CD Rom containing such computer records on the computer system of the Issuer or the Security Trustee or such nominee, as the case may be.

The initial Issuer Administrator is ING. See section 3.4 (*Seller/Originator*).

## 6. PORTFOLIO INFORMATION

### 6.1 STRATIFICATION TABLES

The key characteristics of the provisional portfolio of Mortgage Loans as of 31 March 2015 (the "**Provisional Portfolio**") are set out below. Each Mortgage Loan can consist of one or more Loan Parts, e.g. an interest only part and a savings mortgage part or parts with different interest reset dates and/or different final maturities. The Provisional Portfolio has been selected in accordance with the Eligibility Criteria and complies with the Portfolio Condition. For a description of the representations and warranties given by the Seller reference is made to section 7.2 (*Representations and Warranties*).

The Mortgage Receivables will be selected from the Provisional Portfolio prior to the Closing Date, subject to the application of the Eligibility Criteria at the date of extraction and taking into account changes resulting from e.g. repayment, prepayment and further advances. Therefore, the information set out below may not necessarily correspond to that of the Mortgage Receivables actually sold on the Closing Date. After the Closing Date, the Initial Portfolio will change from time to time as a result of any repayment, prepayment, amendment, granting of further advances and any repurchase of Mortgage Receivables.

#### 1. Key Characteristics

Description	As per 31 March 2015
Principal amount	1,191,233,356.33
Value of savings deposits	26,607,550.29
Net principal balance	1,164,625,806.04
Construction Deposits	331,196.67
Net principal balance excl. Construction and Saving Deposits	1,164,294,609.37
Number of loans	5,063
Number of loanparts	10,758
Average principal balance (borrower)	230,026.82
Weighted average current interest rate	4.14%
Weighted average maturity (in years)	22.82
Weighted average remaining time to interest reset (in years)	4.75
Weighted average seasoning (in years)	5.97
Weighted average CLTOM V	77.46%
Weighted average CLTIM V	86.43%
Weighted average CLTOFV	90.21%
Weighted average CLTIFV	100.51%

## 2. Redemption Type

Description	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Annuity	46,983,324.26	4.03%	792	7.36%	4.12%	23.68	72.31%
Bank Savings	214,701,724.34	18.44%	2,068	19.22%	4.51%	23.79	80.15%
Interest Only	676,717,782.87	58.11%	5,779	53.72%	4.08%	23.66	76.08%
Investments	94,799,414.89	8.14%	558	5.19%	3.92%	20.68	83.21%
Life Insurance	91,165,849.68	7.83%	862	8.01%	4.19%	17.63	82.69%
Linear	8,766,739.79	0.75%	137	1.27%	3.94%	21.33	57.15%
Savings	17,393,140.82	1.49%	296	2.75%	5.06%	15.98	67.06%
Credit Mortgage	14,097,829.39	1.21%	266	2.47%	1.52%	22.85	72.95%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 3. Outstanding Loan Amount

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
<= 25,000	878,992.50	0.08%	66	1.30%	4.05%	9.87	14.48%
25,000 - 50,000	2,731,827.28	0.23%	77	1.52%	4.42%	13.71	24.25%
50,000 - 75,000	3,097,025.03	0.27%	48	0.95%	3.97%	16.38	30.69%
75,000 - 100,000	3,115,152.88	0.27%	35	0.69%	3.76%	19.57	42.93%
100,000 - 150,000	58,365,784.37	5.01%	417	8.24%	4.17%	22.31	70.80%
150,000 - 200,000	281,796,044.52	24.20%	1,618	31.96%	4.17%	22.40	75.46%
200,000 - 250,000	247,851,100.65	21.28%	1,103	21.79%	4.17%	22.86	77.47%
250,000 - 300,000	203,646,243.99	17.49%	741	14.64%	4.19%	23.27	78.61%
300,000 - 350,000	147,693,209.55	12.68%	455	8.99%	4.17%	23.06	80.38%
350,000 - 400,000	106,658,536.40	9.16%	284	5.61%	4.06%	23.07	79.22%
400,000 - 450,000	47,018,331.12	4.04%	113	2.23%	3.78%	22.73	79.22%
450,000 - 500,000	15,706,040.93	1.35%	33	0.65%	4.07%	24.65	83.84%
500,000 - 550,000	14,191,564.02	1.22%	27	0.53%	4.01%	23.87	84.14%
550,000 - 600,000	8,001,787.80	0.69%	14	0.28%	3.89%	23.21	87.59%
600,000 - 650,000	6,256,915.43	0.54%	10	0.20%	3.98%	23.59	82.72%
650,000 - 700,000	3,374,864.09	0.29%	5	0.10%	3.61%	24.18	85.78%
700,000 - 750,000	4,390,517.79	0.38%	6	0.12%	4.15%	22.87	81.90%
750,000 - 800,000	785,000.00	0.07%	1	0.02%	4.80%	22.25	98.03%
800,000 - 850,000	1,657,132.17	0.14%	2	0.04%	3.67%	25.98	82.59%
850,000 - 900,000	900,000.00	0.08%	1	0.02%	4.02%	23.25	108.59%
900,000 - 950,000	5,549,735.52	0.48%	6	0.12%	3.80%	23.60	84.17%
950,000 - 1,000,000	960,000.00	0.08%	1	0.02%	3.25%	22.17	94.71%
> 1,000,000							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

#### 4. Origination Year

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
< 1997	6,078,870.47	0.52%	139	1.29%	4.46%	9.13	52.24%
1997 - 1998	4,601,660.90	0.40%	61	0.57%	3.46%	11.16	64.78%
1998 - 1999	6,603,966.31	0.57%	76	0.71%	4.14%	12.72	72.75%
1999 - 2000	16,711,203.22	1.43%	176	1.64%	4.16%	13.94	75.60%
2000 - 2001	9,878,444.97	0.85%	97	0.90%	3.78%	14.79	72.63%
2001 - 2002	13,878,500.67	1.19%	134	1.25%	3.47%	15.89	77.34%
2002 - 2003	19,561,724.91	1.68%	169	1.57%	3.43%	17.04	79.90%
2003 - 2004	19,234,780.66	1.65%	195	1.81%	3.50%	17.45	75.98%
2004 - 2005	34,901,897.93	3.00%	338	3.14%	3.42%	18.53	80.76%
2005 - 2006	69,394,559.65	5.96%	705	6.55%	3.66%	19.35	80.59%
2006 - 2007	66,613,805.47	5.72%	582	5.41%	3.99%	20.75	80.87%
2007 - 2008	137,030,039.22	11.77%	867	8.06%	4.51%	21.88	79.57%
2008 - 2009	112,842,300.40	9.69%	828	7.70%	4.77%	22.63	80.25%
2009 - 2010	40,747,700.99	3.50%	320	2.97%	3.62%	23.49	80.47%
2010 - 2011	47,516,641.68	4.08%	463	4.30%	4.16%	24.34	75.97%
2011 - 2012	155,028,669.56	13.31%	1,485	13.80%	4.29%	24.95	79.98%
2012 - 2013	331,342,923.14	28.45%	3,312	30.79%	4.12%	25.32	74.36%
2013 - 2014	63,519,003.76	5.45%	682	6.34%	4.03%	25.22	73.37%
2014 - 2015	7,941,618.39	0.68%	106	0.99%	3.71%	25.49	75.84%
2015 >=	1,197,493.74	0.10%	23	0.21%	3.63%	25.86	74.36%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 5. Seasoning

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
< 1 year	7,178,298.47	0.62%	105	0.98%	3.70%	26.11	78.10%
1 year - 2 years	12,784,816.95	1.10%	145	1.35%	4.15%	23.63	77.36%
2 years - 3 years	351,101,307.69	30.45%	3,568	33.17%	4.08%	25.36	73.46%
3 years - 4 years	157,085,176.80	13.49%	1,483	13.79%	4.33%	25.03	80.43%
4 years - 5 years	70,889,250.88	6.09%	712	6.62%	4.11%	24.61	76.88%
5 years - 6 years	33,529,817.78	2.88%	278	2.58%	3.48%	23.56	79.91%
6 years - 7 years	97,953,011.67	8.41%	713	6.63%	4.69%	22.82	80.49%
7 years - 8 years	139,139,306.98	11.95%	905	8.41%	4.59%	22.08	79.07%
8 years - 9 years	77,760,047.50	6.68%	589	5.47%	4.20%	21.17	82.10%
9 years - 10 years	71,936,028.10	6.18%	746	6.93%	3.66%	19.54	80.03%
10 years - 11 years	40,966,403.14	3.52%	401	3.73%	3.51%	18.71	79.84%
11 years - 12 years	24,453,220.99	2.10%	234	2.18%	3.40%	17.83	76.86%
12 years - 13 years	17,250,350.95	1.48%	158	1.47%	3.24%	17.00	80.61%
13 years - 14 years	16,676,692.01	1.43%	149	1.39%	3.63%	16.29	79.13%
14 years - 15 years	9,369,470.88	0.80%	91	0.85%	3.77%	15.06	71.40%
15 years - 16 years	17,164,061.08	1.47%	183	1.70%	4.20%	13.99	75.57%
16 years - 17 years	7,542,180.27	0.65%	86	0.80%	3.84%	13.49	73.27%
17 years - 18 years	4,657,353.79	0.40%	57	0.53%	3.63%	11.27	64.83%
18 years - 19 years	2,673,328.86	0.23%	44	0.41%	4.53%	10.75	61.28%
19 years - 20 years	1,727,094.86	0.15%	36	0.33%	4.06%	10.39	61.39%
20 years - 21 years	834,707.74	0.07%	20	0.19%	4.14%	6.41	49.23%
21 years - 22 years	1,000,172.29	0.09%	23	0.21%	4.51%	8.14	49.42%
22 years - 23 years	773,833.71	0.07%	24	0.22%	4.62%	7.38	45.75%
23 years - 24 years	179,872.65	0.02%	8	0.07%	5.40%	6.32	19.41%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 6. Legal Maturity

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
2012 - 2015							
2015 - 2020	3,433,911.75	0.29%	95	0.88%	3.80%	3.22	60.90%
2020 - 2025	10,794,782.57	0.93%	221	2.05%	4.33%	7.75	59.59%
2025 - 2030	54,398,543.29	4.67%	682	6.34%	4.13%	13.05	71.26%
2030 - 2035	161,956,202.79	13.91%	1,612	14.98%	3.98%	17.50	76.76%
2035 - 2040	444,421,891.10	38.16%	3,355	31.19%	4.29%	22.15	80.21%
2040 - 2045	474,360,489.88	40.73%	4,505	41.88%	4.12%	26.88	76.49%
2045 - 2050	1,162,155.26	0.10%	22	0.20%	3.77%	29.89	77.66%
Credit Mortgage	14,097,829.39	1.21%	266	2.47%	1.52%	22.85	72.95%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 7. Remaining Tenor

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
< 1 year	149,330.90	0.01%	8	0.07%	5.44%	0.75	54.63%
1 year - 2 years	488,782.15	0.04%	17	0.16%	3.24%	1.30	53.20%
2 years - 3 years	685,438.08	0.06%	27	0.25%	4.27%	2.61	59.28%
3 years - 4 years	931,376.55	0.08%	19	0.18%	3.48%	3.54	59.99%
4 years - 5 years	1,379,784.50	0.12%	29	0.27%	4.06%	4.50	65.10%
5 years - 6 years	800,206.05	0.07%	17	0.16%	3.95%	5.45	50.66%
6 years - 7 years	2,073,948.48	0.18%	38	0.35%	4.37%	6.46	64.76%
7 years - 8 years	2,509,639.51	0.22%	62	0.58%	4.05%	7.43	55.71%
8 years - 9 years	2,842,348.50	0.24%	52	0.48%	4.56%	8.50	59.36%
9 years - 10 years	2,894,177.21	0.25%	58	0.54%	4.39%	9.42	62.76%
10 years - 11 years	3,743,432.32	0.32%	64	0.59%	4.12%	10.47	65.70%
11 years - 12 years	6,710,857.03	0.58%	97	0.90%	4.18%	11.45	66.73%
12 years - 13 years	12,393,699.98	1.06%	165	1.53%	4.20%	12.45	68.29%
13 years - 14 years	12,724,143.22	1.09%	152	1.41%	3.92%	13.50	72.52%
14 years - 15 years	22,008,050.82	1.89%	241	2.24%	4.15%	14.43	75.22%
15 years - 16 years	19,390,203.82	1.66%	217	2.02%	4.06%	15.50	71.40%
16 years - 17 years	35,263,707.43	3.03%	354	3.29%	4.09%	16.46	77.14%
17 years - 18 years	41,107,500.69	3.53%	394	3.66%	4.03%	17.41	74.98%
18 years - 19 years	30,203,705.20	2.59%	290	2.70%	3.89%	18.50	78.91%
19 years - 20 years	47,128,004.21	4.05%	442	4.11%	3.83%	19.49	79.93%
20 years - 21 years	73,605,868.52	6.32%	724	6.73%	3.78%	20.46	79.70%
21 years - 22 years	88,234,560.83	7.58%	665	6.18%	4.24%	21.51	81.20%
22 years - 23 years	145,610,956.62	12.50%	937	8.71%	4.56%	22.45	79.28%
23 years - 24 years	97,300,492.44	8.35%	689	6.40%	4.66%	23.38	80.77%
24 years - 25 years	31,341,966.15	2.69%	255	2.37%	3.48%	24.38	80.94%
25 years - 26 years	62,941,427.53	5.40%	604	5.61%	4.10%	25.61	77.93%
26 years - 27 years	130,048,536.75	11.17%	1,180	10.97%	4.30%	26.40	80.75%
27 years - 28 years	266,741,544.66	22.90%	2,554	23.74%	4.05%	27.40	73.92%
28 years - 29 years	4,139,429.28	0.36%	62	0.58%	3.67%	28.47	80.47%
29 years - 30 years	4,917,841.44	0.42%	73	0.68%	3.68%	29.36	80.76%
30 years >=	217,015.78	0.02%	6	0.06%	3.49%	30.00	75.59%
Credit Mortgage	14,097,829.39	1.21%	266	2.47%	1.52%	22.85	72.95%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 8a. Original Loan To Original Foreclosure Value (Non NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
NHG Loans (if applicable)	285,919,978.35	24.55%	1,488	29.39%	4.25%	24.66	82.26%
<= 10.00 %	31,764.62	0.00%	1	0.02%	3.25%	14.08	5.31%
10.00 %- 20.00 %	889,047.09	0.08%	29	0.57%	4.00%	16.60	11.52%
20.00 %- 30.00 %	1,510,389.36	0.13%	30	0.59%	4.35%	16.32	17.91%
30.00 %- 40.00 %	1,625,211.96	0.14%	25	0.49%	4.28%	15.86	24.56%
40.00 %- 50.00 %	4,017,271.19	0.34%	44	0.87%	3.89%	18.28	33.92%
50.00 %- 60.00 %	14,546,679.97	1.25%	84	1.66%	3.60%	19.97	47.71%
60.00 %- 70.00 %	52,837,710.97	4.54%	251	4.96%	3.93%	22.89	53.86%
70.00 %- 80.00 %	118,221,494.20	10.15%	519	10.25%	3.95%	22.72	60.96%
80.00 %- 90.00 %	155,726,290.22	13.37%	628	12.40%	3.98%	22.22	70.15%
90.00 %- 100.00 %	297,501,429.76	25.54%	1,107	21.86%	4.21%	22.52	78.66%
100.00 %- 110.00 %	86,455,374.88	7.42%	332	6.56%	4.21%	21.44	85.58%
110.00 %- 120.00 %	68,287,375.78	5.86%	244	4.82%	4.10%	21.84	93.09%
120.00 %- 130.00 %	70,982,798.42	6.09%	258	5.10%	4.22%	22.28	99.65%
130.00 %- 140.00 %	3,901,172.02	0.33%	13	0.26%	3.92%	21.30	96.36%
140.00 %- 150.00 %	1,105,975.85	0.09%	4	0.08%	4.53%	19.70	95.84%
150.00 %>	1,065,841.40	0.09%	6	0.12%	4.20%	18.81	87.42%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 8b. Original Loan To Original Foreclosure Value (NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Non NHG Loans (if applicable)	878,705,827.69	75.45%	3,575	70.61%	4.10%	22.24	75.90%
<= 10.00 %							
10.00 %- 20.00 %	71,500.00	0.01%	1	0.02%	5.45%	12.50	13.03%
20.00 %- 30.00 %	46,384.24	0.00%	2	0.04%	5.35%	6.05	11.50%
30.00 %- 40.00 %	326,044.80	0.03%	9	0.18%	4.26%	15.57	25.38%
40.00 %- 50.00 %	349,311.90	0.03%	5	0.10%	4.66%	17.72	30.71%
50.00 %- 60.00 %	1,100,484.40	0.09%	8	0.16%	4.76%	19.94	45.54%
60.00 %- 70.00 %	3,915,595.34	0.34%	25	0.49%	4.17%	23.71	54.96%
70.00 %- 80.00 %	16,971,689.37	1.46%	99	1.96%	4.20%	23.45	61.86%
80.00 %- 90.00 %	46,304,965.64	3.98%	252	4.98%	4.20%	23.89	69.28%
90.00 %- 100.00 %	60,050,807.65	5.16%	332	6.56%	4.27%	24.15	75.06%
100.00 %- 110.00 %	51,619,365.44	4.43%	256	5.06%	4.28%	24.75	84.60%
110.00 %- 120.00 %	41,410,156.64	3.56%	205	4.05%	4.29%	25.29	90.88%
120.00 %- 130.00 %	56,946,198.17	4.89%	261	5.16%	4.23%	25.74	99.40%
130.00 %- 140.00 %	6,806,615.76	0.58%	33	0.65%	4.27%	26.18	99.74%
140.00 %- 150.00 %							
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 9a. Current Loan To Original Foreclosure Value (Non NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
NHG Loans (if applicable)	285,919,978.35	24.55%	1,488	29.39%	4.25%	24.66	82.26%
<= 10.00 %	362,937.29	0.03%	25	0.49%	4.61%	11.70	6.05%
10.00 %- 20.00 %	1,486,846.72	0.13%	42	0.83%	4.30%	14.87	13.05%
20.00 %- 30.00 %	3,476,072.63	0.30%	56	1.11%	4.01%	17.30	21.07%
30.00 %- 40.00 %	3,136,708.37	0.27%	36	0.71%	4.02%	17.53	31.53%
40.00 %- 50.00 %	6,226,461.75	0.53%	46	0.91%	3.95%	19.02	39.26%
50.00 %- 60.00 %	30,190,399.48	2.59%	149	2.94%	3.81%	20.94	49.65%
60.00 %- 70.00 %	90,198,839.35	7.74%	412	8.14%	3.99%	22.70	56.09%
70.00 %- 80.00 %	148,819,044.08	12.78%	625	12.34%	4.02%	22.23	64.26%
80.00 %- 90.00 %	199,582,503.09	17.14%	772	15.25%	4.04%	22.28	73.73%
90.00 %- 100.00 %	222,169,093.14	19.08%	807	15.94%	4.23%	22.54	83.29%
100.00 %- 110.00 %	68,627,479.48	5.89%	244	4.82%	4.14%	21.93	91.09%
110.00 %- 120.00 %	58,805,756.40	5.05%	196	3.87%	4.17%	22.61	98.48%
120.00 %- 130.00 %	45,623,685.91	3.92%	165	3.26%	4.29%	21.96	106.73%
130.00 %- 140.00 %							
140.00 %- 150.00 %							
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 9b. Current Loan To Original Foreclosure Value (NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Non NHG Loans (if applicable)	878,705,827.69	75.45%	3,575	70.61%	4.10%	22.24	75.90%
<= 10.00 %	55,706.40	0.00%	7	0.14%	5.34%	8.23	6.27%
10.00 %- 20.00 %	308,552.68	0.03%	14	0.28%	5.10%	9.44	13.52%
20.00 %- 30.00 %	205,682.12	0.02%	5	0.10%	4.17%	16.64	21.79%
30.00 %- 40.00 %	401,329.26	0.03%	9	0.18%	4.19%	13.12	30.39%
40.00 %- 50.00 %	742,735.90	0.06%	8	0.16%	4.93%	19.18	39.73%
50.00 %- 60.00 %	2,871,572.40	0.25%	20	0.40%	4.19%	20.26	49.46%
60.00 %- 70.00 %	9,665,322.78	0.83%	58	1.15%	4.22%	23.56	57.28%
70.00 %- 80.00 %	29,648,460.60	2.55%	169	3.34%	4.19%	23.21	64.55%
80.00 %- 90.00 %	60,026,814.06	5.15%	322	6.36%	4.23%	24.14	72.28%
90.00 %- 100.00 %	53,387,895.64	4.58%	275	5.43%	4.30%	24.52	80.27%
100.00 %- 110.00 %	44,942,386.32	3.86%	217	4.29%	4.30%	25.18	88.72%
110.00 %- 120.00 %	37,816,975.92	3.25%	178	3.52%	4.28%	25.31	95.80%
120.00 %- 130.00 %	45,846,544.27	3.94%	206	4.07%	4.21%	26.24	100.90%
130.00 %- 140.00 %							
140.00 %- 150.00 %							
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 10a. Current Loan To Indexed Foreclosure Value (Non NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
NHG Loans (if applicable)	285,919,978.35	24.55%	1,488	29.39%	4.25%	24.66	82.26%
<= 10.00 %	528,350.14	0.05%	34	0.67%	4.77%	9.52	9.58%
10.00 %- 20.00 %	1,958,024.55	0.17%	53	1.05%	4.23%	13.61	17.33%
20.00 %- 30.00 %	2,741,279.56	0.24%	37	0.73%	4.11%	17.76	22.19%
30.00 %- 40.00 %	3,055,186.40	0.26%	36	0.71%	3.60%	15.49	33.36%
40.00 %- 50.00 %	5,130,076.25	0.44%	38	0.75%	3.64%	17.71	40.16%
50.00 %- 60.00 %	6,192,503.18	0.53%	38	0.75%	3.65%	18.65	47.43%
60.00 %- 70.00 %	47,739,168.44	4.10%	227	4.48%	3.80%	21.30	53.58%
70.00 %- 80.00 %	109,036,225.09	9.36%	492	9.72%	3.96%	22.68	58.63%
80.00 %- 90.00 %	130,025,619.08	11.16%	541	10.69%	3.98%	22.39	66.48%
90.00 %- 100.00 %	161,202,101.77	13.84%	612	12.09%	4.03%	22.10	73.97%
100.00 %- 110.00 %	152,496,943.37	13.09%	550	10.86%	4.16%	22.72	80.77%
110.00 %- 120.00 %	124,192,576.30	10.66%	451	8.91%	4.28%	22.31	87.44%
120.00 %- 130.00 %	71,231,626.78	6.12%	239	4.72%	4.34%	22.64	94.10%
130.00 %- 140.00 %	42,027,526.86	3.61%	148	2.92%	4.38%	22.45	102.34%
140.00 %- 150.00 %	17,112,884.27	1.47%	64	1.26%	4.04%	21.08	107.65%
150.00 %>	4,035,735.65	0.35%	15	0.30%	4.91%	21.92	110.67%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 10b. Current Loan To Indexed Foreclosure Value (NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Non NHG Loans (if applicable)	878,705,827.69	75.45%	3,575	70.61%	4.10%	22.24	75.90%
<= 10.00 %	188,606.93	0.02%	16	0.32%	5.17%	7.74	11.24%
10.00 %- 20.00 %	412,065.33	0.04%	15	0.30%	4.88%	9.49	20.36%
20.00 %- 30.00 %	106,836.06	0.01%	3	0.06%	5.45%	11.13	37.82%
30.00 %- 40.00 %	371,180.26	0.03%	5	0.10%	4.10%	15.01	31.33%
40.00 %- 50.00 %	389,251.95	0.03%	3	0.06%	5.08%	19.26	36.81%
50.00 %- 60.00 %	769,983.55	0.07%	6	0.12%	4.15%	20.88	44.72%
60.00 %- 70.00 %	4,134,760.02	0.36%	27	0.53%	4.30%	22.11	53.12%
70.00 %- 80.00 %	14,895,694.28	1.28%	90	1.78%	4.00%	23.10	59.16%
80.00 %- 90.00 %	33,795,616.52	2.90%	190	3.75%	4.15%	23.70	66.32%
90.00 %- 100.00 %	53,418,781.97	4.59%	288	5.69%	4.28%	24.15	73.39%
100.00 %- 110.00 %	48,939,380.14	4.20%	251	4.96%	4.27%	24.44	80.43%
110.00 %- 120.00 %	43,574,396.95	3.74%	207	4.09%	4.31%	25.44	88.91%
120.00 %- 130.00 %	43,004,305.07	3.69%	200	3.95%	4.28%	25.56	96.00%
130.00 %- 140.00 %	36,466,864.16	3.13%	162	3.20%	4.28%	26.04	100.48%
140.00 %- 150.00 %	5,192,255.16	0.45%	24	0.47%	4.16%	24.82	106.16%
150.00 %>	260,000.00	0.02%	1	0.02%	4.30%	23.08	111.61%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 11a. Original Loan to Original Market Value (Non NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
NHG Loans (if applicable)	285,919,978.35	24.55%	1,488	29.39%	4.25%	24.66	82.26%
<= 10.00 %	115,741.13	0.01%	4	0.08%	3.09%	17.30	7.19%
10.00 %- 20.00 %	1,267,997.36	0.11%	35	0.69%	4.09%	16.91	12.97%
20.00 %- 30.00 %	1,838,630.51	0.16%	33	0.65%	4.22%	17.32	20.94%
30.00 %- 40.00 %	3,229,013.58	0.28%	42	0.83%	3.91%	16.63	29.88%
40.00 %- 50.00 %	13,536,363.04	1.16%	82	1.62%	3.64%	20.86	45.07%
50.00 %- 60.00 %	82,331,213.28	7.07%	379	7.49%	3.89%	24.02	54.63%
60.00 %- 70.00 %	121,652,189.27	10.45%	528	10.43%	3.97%	22.66	62.50%
70.00 %- 80.00 %	188,141,564.46	16.15%	723	14.28%	3.97%	22.62	71.77%
80.00 %- 90.00 %	261,390,149.20	22.44%	989	19.53%	4.28%	21.88	80.51%
90.00 %- 100.00 %	107,737,087.27	9.25%	394	7.78%	4.14%	21.88	88.58%
100.00 %- 110.00 %	67,575,197.37	5.80%	244	4.82%	4.20%	21.87	98.32%
110.00 %- 120.00 %	28,056,303.87	2.41%	112	2.21%	4.29%	20.23	104.17%
120.00 %- 130.00 %	951,895.70	0.08%	5	0.10%	4.00%	20.55	94.04%
130.00 %- 140.00 %							
140.00 %- 150.00 %	720,821.93	0.06%	4	0.08%	4.63%	17.20	96.87%
150.00 %>	161,659.72	0.01%	1	0.02%	4.60%	22.67	69.09%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 11b. Original Loan to Original Market Value (NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Non NHG Loans (if applicable)	878,705,827.69	75.45%	3,575	70.61%	4.10%	22.24	75.90%
<= 10.00 %							
10.00 %- 20.00 %	103,802.22	0.01%	2	0.04%	5.37%	10.40	13.29%
20.00 %- 30.00 %	142,219.30	0.01%	5	0.10%	4.19%	18.79	20.59%
30.00 %- 40.00 %	478,141.30	0.04%	8	0.16%	4.49%	16.70	31.36%
40.00 %- 50.00 %	412,184.68	0.04%	6	0.12%	5.13%	16.78	36.68%
50.00 %- 60.00 %	6,228,035.72	0.53%	39	0.77%	4.23%	23.32	53.48%
60.00 %- 70.00 %	29,102,550.71	2.50%	166	3.28%	4.12%	24.09	63.55%
70.00 %- 80.00 %	60,361,178.34	5.18%	330	6.52%	4.24%	24.19	71.52%
80.00 %- 90.00 %	60,892,449.24	5.23%	329	6.50%	4.31%	24.42	79.43%
90.00 %- 100.00 %	63,259,042.37	5.43%	303	5.98%	4.27%	25.00	89.70%
100.00 %- 110.00 %	55,742,310.97	4.79%	254	5.02%	4.25%	25.74	98.58%
110.00 %- 120.00 %	9,198,063.50	0.79%	46	0.91%	4.26%	24.17	106.65%
120.00 %- 130.00 %							
130.00 %- 140.00 %							
140.00 %- 150.00 %							
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 12a. Current Loan To Original Market Value (Non NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
NHG Loans (if applicable)	285,919,978.35	24.55%	1,488	29.39%	4.25%	24.66	82.26%
<= 10.00 %	537,055.29	0.05%	31	0.61%	4.29%	12.02	6.95%
10.00 %- 20.00 %	2,814,681.64	0.24%	55	1.09%	4.21%	17.11	16.44%
20.00 %- 30.00 %	2,941,614.52	0.25%	50	0.99%	3.93%	16.89	24.35%
30.00 %- 40.00 %	5,974,085.90	0.51%	54	1.07%	3.80%	18.00	35.55%
40.00 %- 50.00 %	24,249,960.57	2.08%	122	2.41%	3.80%	21.67	47.33%
50.00 %- 60.00 %	117,347,881.21	10.08%	524	10.35%	3.94%	23.32	55.82%
60.00 %- 70.00 %	159,018,535.05	13.65%	660	13.04%	3.99%	22.43	65.50%
70.00 %- 80.00 %	213,774,508.46	18.36%	805	15.90%	4.06%	22.24	75.13%
80.00 %- 90.00 %	204,859,648.11	17.59%	757	14.95%	4.29%	22.17	85.35%
90.00 %- 100.00 %	83,752,214.47	7.19%	280	5.53%	4.12%	22.25	94.80%
100.00 %- 110.00 %	46,664,073.82	4.01%	169	3.34%	4.29%	21.51	104.72%
110.00 %- 120.00 %	16,771,568.65	1.44%	68	1.34%	4.33%	20.05	111.35%
120.00 %- 130.00 %							
130.00 %- 140.00 %							
140.00 %- 150.00 %							
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 12b. Current Loan To Original Market Value (NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Non NHG Loans (if applicable)	878,705,827.69	75.45%	3,575	70.61%	4.10%	22.24	75.90%
<= 10.00 %	55,706.40	0.00%	7	0.14%	5.34%	8.23	6.27%
10.00 %- 20.00 %	415,632.41	0.04%	17	0.34%	4.93%	9.48	14.82%
20.00 %- 30.00 %	231,640.11	0.02%	6	0.12%	4.06%	15.78	26.17%
30.00 %- 40.00 %	636,710.31	0.05%	9	0.18%	4.73%	16.49	35.01%
40.00 %- 50.00 %	2,041,891.44	0.18%	17	0.34%	3.97%	19.61	46.62%
50.00 %- 60.00 %	13,103,999.01	1.13%	81	1.60%	4.30%	23.73	56.21%
60.00 %- 70.00 %	44,459,675.06	3.82%	247	4.88%	4.14%	23.90	65.76%
70.00 %- 80.00 %	66,745,816.08	5.73%	355	7.01%	4.26%	24.29	74.87%
80.00 %- 90.00 %	60,152,906.39	5.16%	305	6.02%	4.34%	24.78	84.99%
90.00 %- 100.00 %	64,454,111.25	5.53%	289	5.71%	4.25%	25.46	95.33%
100.00 %- 110.00 %	31,711,314.55	2.72%	146	2.88%	4.26%	25.82	102.92%
110.00 %- 120.00 %	1,910,575.34	0.16%	9	0.18%	3.96%	24.34	111.44%
120.00 %- 130.00 %							
130.00 %- 140.00 %							
140.00 %- 150.00 %							
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

### 13a. Current Loan To Indexed Market Value (Non NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
NHG Loans (if applicable)	285,919,978.35	24.55%	1,488	29.39%	4.25%	24.66	82.26%
<= 10.00 %	780,183.85	0.07%	42	0.83%	4.58%	10.31	10.50%
10.00 %- 20.00 %	2,307,778.03	0.20%	57	1.13%	4.15%	13.74	18.40%
20.00 %- 30.00 %	3,631,812.46	0.31%	46	0.91%	4.20%	17.76	24.69%
30.00 %- 40.00 %	5,057,127.24	0.43%	41	0.81%	3.39%	17.10	38.63%
40.00 %- 50.00 %	5,874,753.54	0.50%	38	0.75%	3.85%	18.31	44.62%
50.00 %- 60.00 %	66,768,974.34	5.73%	310	6.12%	3.86%	23.16	53.03%
60.00 %- 70.00 %	12,145,615.65	10.43%	531	10.49%	3.90%	22.88	60.14%
70.00 %- 80.00 %	150,251,528.55	12.90%	607	11.99%	3.98%	22.29	69.17%
80.00 %- 90.00 %	165,487,768.54	14.21%	619	12.23%	4.08%	22.00	75.99%
90.00 %- 100.00 %	147,258,070.31	12.64%	536	10.59%	4.20%	22.35	83.88%
100.00 %- 110.00 %	125,352,365.64	10.76%	439	8.67%	4.33%	22.36	90.18%
110.00 %- 120.00 %	48,583,037.89	4.17%	172	3.40%	4.36%	21.70	97.98%
120.00 %- 130.00 %	26,341,722.29	2.26%	101	1.99%	4.25%	21.62	106.62%
130.00 %- 140.00 %	8,380,589.36	0.72%	33	0.65%	4.48%	21.72	109.91%
140.00 %- 150.00 %	1,172,500.00	0.10%	3	0.06%	4.77%	22.33	112.74%
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

### 13b. Current Loan To Indexed Market Value (NHG)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Non NHG Loans (if applicable)	878,705,827.69	75.45%	3,575	70.61%	4.10%	22.24	75.90%
<= 10.00 %	194,755.15	0.02%	17	0.34%	5.10%	7.57	11.57%
10.00 %- 20.00 %	441,587.75	0.04%	15	0.30%	5.08%	9.42	22.19%
20.00 %- 30.00 %	202,798.46	0.02%	4	0.08%	4.42%	10.97	35.01%
30.00 %- 40.00 %	393,438.17	0.03%	5	0.10%	4.70%	16.96	31.82%
40.00 %- 50.00 %	1,055,632.51	0.09%	8	0.16%	4.18%	20.02	43.11%
50.00 %- 60.00 %	4,868,152.13	0.42%	32	0.63%	3.98%	22.76	52.89%
60.00 %- 70.00 %	24,318,456.34	2.09%	142	2.80%	4.05%	23.82	61.23%
70.00 %- 80.00 %	48,028,870.37	4.12%	266	5.25%	4.23%	24.18	69.30%
80.00 %- 90.00 %	59,643,185.78	5.12%	314	6.20%	4.26%	24.30	77.48%
90.00 %- 100.00 %	56,301,636.79	4.83%	278	5.49%	4.33%	24.93	86.72%
100.00 %- 110.00 %	61,436,336.57	5.28%	274	5.41%	4.26%	25.77	95.74%
110.00 %- 120.00 %	20,079,506.35	1.72%	91	1.80%	4.37%	25.35	100.64%
120.00 %- 130.00 %	7,140,608.99	0.61%	34	0.67%	4.28%	24.51	106.82%
130.00 %- 140.00 %	1,555,012.99	0.13%	7	0.14%	3.98%	23.85	109.39%
140.00 %- 150.00 %	260,000.00	0.02%	1	0.02%	4.30%	23.08	111.61%
150.00 %>							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

#### 14. Loanpart Coupon (interest rate bucket)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
<= 0.50 %	15,673.00	0.00%	1	0.01%	0.45%	27.75	75.80%
0.50 %- 1.00 %	50,551,697.88	4.34%	536	4.98%	0.90%	20.07	76.48%
1.00 %- 1.50 %	2,888,472.75	0.25%	34	0.32%	1.19%	18.71	72.38%
1.50 %- 2.00 %	1,491,787.00	0.13%	13	0.12%	1.62%	22.83	82.58%
2.00 %- 2.50 %	47,113,007.00	4.05%	536	4.98%	2.39%	25.07	71.38%
2.50 %- 3.00 %	48,612,173.38	4.17%	438	4.07%	2.82%	21.07	72.57%
3.00 %- 3.50 %	87,420,602.75	7.51%	799	7.43%	3.30%	22.44	77.43%
3.50 %- 4.00 %	196,363,631.57	16.86%	1,890	17.57%	3.79%	23.87	74.68%
4.00 %- 4.50 %	222,534,914.60	19.11%	2,030	18.87%	4.30%	22.84	79.64%
4.50 %- 5.00 %	342,631,262.49	29.42%	2,862	26.60%	4.77%	23.25	78.64%
5.00 %- 5.50 %	118,166,009.90	10.15%	1,054	9.80%	5.22%	22.59	79.22%
5.50 %- 6.00 %	36,178,086.86	3.11%	418	3.89%	5.73%	20.32	79.32%
6.00 %- 6.50 %	7,848,285.13	0.67%	104	0.97%	6.21%	17.63	73.60%
6.50 %- 7.00 %	2,256,307.26	0.19%	31	0.29%	6.78%	15.19	74.85%
7.00 %>	553,894.46	0.05%	12	0.11%	7.63%	9.78	74.45%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 15. Remaining Interest Rate Fixed Period

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
< 12 months	69,358,835.55	5.96%	704	6.54%	3.89%	19.79	76.59%
12 month(s) - 24 month(s)	117,475,042.85	10.09%	1,087	10.10%	4.16%	22.25	80.49%
24 month(s) - 36 month(s)	224,968,830.27	19.32%	2,115	19.66%	4.03%	23.75	75.39%
36 month(s) - 48 month(s)	100,880,623.19	8.66%	843	7.84%	4.68%	21.90	81.55%
48 month(s) - 60 month(s)	60,831,586.45	5.22%	552	5.13%	4.16%	21.54	76.66%
60 month(s) - 72 month(s)	73,896,489.86	6.35%	717	6.66%	4.25%	22.97	76.74%
72 month(s) - 84 month(s)	95,844,664.25	8.23%	909	8.45%	4.64%	24.44	79.66%
84 month(s) - 96 month(s)	140,264,582.88	12.04%	1,363	12.67%	4.74%	25.36	76.43%
96 month(s) - 108 month(s)	16,438,851.53	1.41%	155	1.44%	4.40%	20.23	75.15%
108 month(s) - 120 month(s)	33,788,328.54	2.90%	293	2.72%	3.85%	21.50	75.39%
120 month(s) - 132 month(s)	13,683,679.08	1.17%	121	1.12%	3.99%	20.90	72.98%
132 month(s) - 144 month(s)	36,300,251.29	3.12%	260	2.42%	4.64%	21.11	79.81%
144 month(s) - 156 month(s)	72,198,183.88	6.20%	468	4.35%	4.79%	21.78	78.61%
156 month(s) - 168 month(s)	10,648,505.17	0.91%	77	0.72%	5.18%	22.28	80.66%
168 month(s) - 180 month(s)	578,619.94	0.05%	9	0.08%	4.97%	22.60	73.83%
180 month(s) - 192 month(s)	1,762,068.18	0.15%	21	0.20%	5.28%	21.71	71.56%
192 month(s) - 204 month(s)	1,800,542.97	0.15%	15	0.14%	5.66%	23.39	79.77%
204 month(s) - 216 month(s)	2,468,817.00	0.21%	24	0.22%	6.02%	22.69	71.04%
216 month(s) - 228 month(s)	15,000.00	0.00%	1	0.01%	5.15%	18.42	66.87%
228 month(s) - 240 month(s)	381,458.67	0.03%	7	0.07%	5.28%	23.23	88.34%
240 month(s) - 252 month(s)	215,000.00	0.02%	2	0.02%	4.55%	20.00	69.81%
Floating	90,825,844.49	7.80%	1,015	9.43%	1.51%	22.65	75.06%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 16. Interest Payment Type

Description	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Floating	90,825,844.49	7.80%	1,015	9.43%	1.51%	22.65	75.06%
Fixed	1,073,799,961.55	92.20%	9,743	90.57%	4.36%	22.85	77.66%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 17. Property Description

Description	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
House	983,209,477.75	84.42%	4,182	82.60%	4.14%	22.77	77.49%
Apartment	176,757,664.51	15.18%	858	16.95%	4.15%	23.18	77.53%
House / Business (> 50%)	4,658,663.78	0.40%	23	0.45%	3.59%	21.06	68.15%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 18. Geographical Distribution (by province)

Province	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Drenthe	30,890,896.93	2.65%	143	2.82%	4.11%	22.30	77.87%
Flevoland	44,860,042.19	3.85%	198	3.91%	4.12%	22.50	81.65%
Friesland	34,900,271.89	3.00%	162	3.20%	4.15%	22.76	79.81%
Gelderland	165,972,667.83	14.25%	719	14.20%	4.14%	22.81	76.29%
Groningen	32,092,761.03	2.76%	149	2.94%	4.18%	22.56	77.74%
Limburg	42,643,807.48	3.66%	198	3.91%	4.03%	21.58	76.89%
Noord-Brabant	152,407,618.23	13.09%	645	12.74%	4.07%	22.87	76.64%
Noord-Holland	214,557,618.99	18.42%	930	18.37%	4.12%	23.10	77.49%
Overijssel	70,335,156.58	6.04%	308	6.08%	4.05%	23.10	78.80%
Utrecht	93,220,496.54	8.00%	402	7.94%	4.25%	22.97	76.05%
Zeeland	21,190,340.52	1.82%	107	2.11%	4.35%	22.05	79.87%
Zuid-Holland	261,554,127.83	22.46%	1,102	21.77%	4.17%	22.91	77.57%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 19. Geographical Distribution (by economic region)

Economic Region	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
NL11- Oost-Groningen	8,701,520.83	0.75%	40	0.79%	4.03%	22.32	77.17%
NL112- Delfzijl en omgeving	2,187,328.95	0.19%	10	0.20%	4.26%	21.97	84.05%
NL113- Overig Groningen	21,203,911.25	1.82%	99	1.96%	4.24%	22.72	77.33%
NL121- Noord-Friesland	17,398,520.79	1.49%	80	1.58%	4.19%	22.70	81.27%
NL122- Zuidwest-Friesland	8,200,626.87	0.70%	37	0.73%	4.13%	23.74	81.98%
NL123- Zuidoost-Friesland	9,301,124.23	0.80%	45	0.89%	4.09%	22.00	75.17%
NL131- Noord-Drenthe	10,438,771.42	0.90%	48	0.95%	4.34%	22.28	77.91%
NL132- Zuidoost-Drenthe	12,311,215.39	1.06%	58	1.15%	4.01%	22.89	77.76%
NL133- Zuidwest-Drenthe	8,140,910.12	0.70%	37	0.73%	3.97%	21.42	77.97%
NL211- Noord-Overijssel	25,958,648.94	2.23%	118	2.33%	4.10%	22.95	77.37%
NL212- Zuidwest-Overijssel	9,419,089.04	0.81%	41	0.81%	4.29%	23.31	82.06%
NL213- Twente	34,957,418.60	3.00%	149	2.94%	3.94%	23.16	78.98%
NL221- Veluwe	56,467,132.94	4.85%	246	4.86%	4.21%	23.28	74.92%
NL224- Zuidwest-Gelderland	17,647,770.31	1.52%	74	1.46%	4.14%	23.57	77.23%
NL225- Achterhoek	28,197,436.14	2.42%	123	2.43%	4.13%	22.32	74.44%
NL226- Arnhem/Nijmegen	63,660,328.44	5.47%	276	5.45%	4.09%	22.41	78.07%
NL230- Flevoland	44,860,042.19	3.85%	198	3.91%	4.12%	22.50	81.65%
NL310- Utrecht	93,220,496.54	8.00%	402	7.94%	4.25%	22.97	76.05%
NL321- Kop van Noord Holland	24,503,538.27	2.10%	111	2.19%	4.23%	22.93	77.56%
NL322- Alkmaar en omgeving	18,634,186.66	1.60%	85	1.68%	3.93%	23.85	75.99%
NL323- IJmond	16,937,387.63	1.45%	77	1.52%	4.25%	22.47	78.85%
NL324- Agglomeratie Haarlem	15,417,707.60	1.32%	70	1.38%	4.14%	23.63	76.16%
NL325- Zaanstreek	11,302,297.39	0.97%	54	1.07%	4.39%	23.12	81.18%
NL326- Groot-Amsterdam	113,709,692.04	9.76%	477	9.42%	4.11%	23.08	77.74%
NL327- Het Gooi en Vechstreek	14,052,809.40	1.21%	56	1.11%	3.96%	22.69	74.25%
NL331- Agglomeratie Leiden en Bollenstreek	31,977,171.70	2.75%	129	2.55%	4.17%	23.31	78.98%
NL332- Agglomeratie 's-Gravenhag	83,056,363.32	7.13%	331	6.54%	4.06%	22.99	78.51%
NL333- Delft and Westland	16,655,852.93	1.43%	74	1.46%	4.11%	22.76	75.88%
NL334- Oost-Zuid-Holland	19,256,154.84	1.65%	81	1.60%	4.23%	22.61	74.30%
NL335- Groot-Rijnmond	86,482,621.81	7.43%	377	7.45%	4.25%	22.72	78.18%
NL336- Zuidoost-Zuid-Holland	24,125,963.23	2.07%	110	2.17%	4.23%	23.09	74.05%
NL341- Zeeuwsch-Vlaanderen	6,375,024.28	0.55%	33	0.65%	4.37%	21.42	76.60%
NL342- Overig Zeeland	14,815,316.24	1.27%	74	1.46%	4.34%	22.32	81.28%
NL411- West-Noord-Brabant	37,903,579.46	3.25%	153	3.02%	4.19%	23.48	79.01%
NL412- Midden-Noord-Brabant	26,073,078.86	2.24%	126	2.49%	4.13%	22.86	74.98%
NL413- Noordoost-Noord-Brabant	42,597,849.10	3.66%	172	3.40%	4.06%	22.70	76.87%
NL414- Zuidoost-Noord-Brabant	45,833,110.81	3.94%	194	3.83%	3.95%	22.54	75.41%
NL421- Noord-Limburg	18,793,171.33	1.61%	84	1.66%	3.98%	21.99	76.72%
NL422- Midden-Limburg	7,192,079.96	0.62%	29	0.57%	3.87%	21.96	77.13%
NL423- Zuid-Limburg	16,658,556.19	1.43%	85	1.68%	4.15%	20.96	76.99%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 20. Construction Deposits (as % of net principal outstanding amount)

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Not Applicable	1,161,517,481.02	99.73%	5,052	99.78%	4.14%	22.82	77.44%
0 %- 10 %	1,940,925.14	0.17%	7	0.14%	4.07%	25.43	83.55%
10 %- 20 %	215,279.78	0.02%	1	0.02%	4.55%	27.25	86.11%
20 %- 30 %	952,120.10	0.08%	3	0.06%	3.77%	26.15	91.53%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 21. Occupancy

Description	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Owner Occupied	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%
Buy-to-Let							
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 22. Employment Status Borrower

Description	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Employed	1,007,900,293.58	86.54%	4,437	87.64%	4.15%	22.67	78.35%
Self Employed	116,136,856.81	9.97%	432	8.53%	4.14%	23.74	75.29%
Other	40,588,655.65	3.49%	194	3.83%	3.74%	24.15	61.63%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 23. Loan To Income

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Self Certified							
<= 0.5	1,378,443.49	0.12%	55	1.09%	4.01%	16.40	47.91%
0.5 - 1.0	5,680,799.68	0.49%	99	1.96%	4.28%	17.96	35.33%
1.0 - 1.5	16,382,720.91	1.41%	107	2.11%	4.15%	22.43	54.36%
1.5 - 2.0	33,833,577.59	2.91%	182	3.59%	3.96%	22.80	61.56%
2.0 - 2.5	61,127,635.53	5.25%	302	5.96%	3.90%	22.00	64.73%
2.5 - 3.0	86,666,259.75	7.44%	410	8.10%	4.03%	22.04	69.62%
3.0 - 3.5	131,878,542.09	11.32%	589	11.63%	4.09%	22.46	75.21%
3.5 - 4.0	164,290,336.36	14.11%	730	14.42%	4.11%	22.94	78.44%
4.0 - 4.5	214,869,775.40	18.45%	912	18.01%	4.18%	23.84	80.49%
4.5 - 5.0	188,085,331.07	16.15%	740	14.62%	4.23%	23.59	81.19%
5.0 - 5.5	108,435,744.56	9.31%	393	7.76%	4.16%	22.87	82.44%
5.5 - 6.0	80,601,324.09	6.92%	299	5.91%	4.33%	22.10	83.88%
6.0 - 6.5	39,863,630.76	3.42%	145	2.86%	4.26%	21.65	82.72%
6.5 - 7.0	18,517,784.01	1.59%	60	1.19%	3.93%	20.74	84.55%
7.0 >	13,013,900.75	1.12%	40	0.79%	3.65%	20.74	80.35%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 24. Debt Service to Income

From (>) - Until (<=)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
<= 5 %	33,293,347.82	2.86%	209	4.13%	1.52%	19.50	70.36%
5 %- 10 %	104,709,684.23	8.99%	547	10.80%	3.36%	22.32	64.93%
10 %- 15 %	224,556,819.77	19.28%	1,033	20.40%	3.79%	22.47	72.80%
15 %- 20 %	351,244,183.21	30.16%	1,482	29.27%	4.16%	23.31	78.79%
20 %- 25 %	278,468,543.71	23.91%	1,159	22.89%	4.56%	23.46	81.17%
25 %- 30 %	133,830,059.67	11.49%	501	9.90%	4.78%	22.27	83.71%
30 %- 35 %	37,734,448.53	3.24%	128	2.53%	4.95%	22.18	84.02%
35 %- 40 %	402,024.08	0.03%	2	0.04%	4.44%	24.92	89.77%
40 %- 45 %	154,855.35	0.01%	1	0.02%	4.90%	18.50	86.41%
45 %- 50 %	231,839.67	0.02%	1	0.02%	4.65%	21.45	78.42%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 25. Loanpart Payment Frequency

Description	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Monthly	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%
Quarterly							
Semi-Annually							
Annually							
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 26. Guarantee Type (NHG / Non NHG)

Description	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
Full NHG Guarantee	285,919,978.35	24.55%	1,488	29.39%	4.25%	24.66	82.26%
Non-NHG Guarantee	878,705,827.69	75.45%	3,575	70.61%	4.10%	22.24	75.90%
Total	1,164,625,806.04	100.00%	5,063	100.00%	4.14%	22.83	77.46%

## 27. Servicer

Servicer	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOM V
ING	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%
Total	1,164,625,806.04	100.00%	10,758	100.00%	4.14%	22.83	77.46%

## 6.2 DESCRIPTION OF MORTGAGE LOANS

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

1. **Interest-only Mortgage Loan:** Under an Interest-only Mortgage Loan only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. An Interest-only Mortgage Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
2. **Annuity Mortgage Loan:** An Annuity Mortgage Loan is characterised by equal periodical payments by the Borrower. These payments contain both an interest and a principal component. Given that with each principal payment part of the Mortgage Loan is redeemed, the interest component declines after each successive payment. The principal component increases in such a way that the remaining balance of the Mortgage Loan at maturity will be zero. An Annuity Mortgage Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
3. **Linear Mortgage Loan:** The periodical payment under a Linear Mortgage Loan consists of a constant principal component plus an interest component based on the remaining Mortgage Loan balance. The balance of the Mortgage 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 Mortgage Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
4. **Investment Mortgage Loan:** Under an Investment Mortgage Loan, like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Investment Mortgage Loan, the Borrower pledges a securities account (a Borrower Investment Account) which it maintains with an investment firm or a bank established in The Netherlands. Under the related securities account agreement, the Borrower pays (upfront and/or 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 Mortgage Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. An Investment Mortgage Loan has an investment part and with respect to certain Investment Mortgage Loans, the Borrower has the possibility to open a savings account which is connected to his Borrower Investment Account. The savings account is maintained in the name of the Borrower with ING. Subject to the terms and conditions of the relevant Investment Mortgage Loan, at the option of the Borrower, (part of) the sum which is to be paid by the Borrower (upfront and/or on a regular basis) is deposited in such savings account (rather than being invested through the Borrower Investment Account). The Borrower will be allowed to switch from investments to savings and *vice versa* in accordance with the terms and conditions of the relevant Investment Mortgage Loan. To secure such Investment Mortgage Loan, the Borrower pledges the savings account. An Investment Mortgage Loan is not connected to a Mixed Insurance Policy;
5. **Life Mortgage Loan:** Under a Life Mortgage Loan (including a life insurance loan), like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Life Mortgage Loan, the Borrower pledges the rights under a Life Insurance Policy to the Seller. 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 Unit-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. "**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 Seller. The insurance proceeds of the Life Insurance Policy are due by the Insurance Company 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 Mortgage Loan. If the proceeds are insufficient, the

relevant Borrower is obliged to make up any shortfall. A Life Mortgage Loan is connected to a Life Insurance Policy;

6. **Savings Mortgage Loan:** Under a Savings Mortgage Loan, like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Savings Mortgage Loan, the Borrower pledges the rights under a Savings Insurance Policy to the Seller. 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 relevant Savings Insurance Company are equal to the principal amount due by the Borrower at maturity of the Savings Mortgage 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 Mortgage Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Savings Mortgage Loan is connected to a Savings Insurance Policy, but does not have an investment part;
7. **Bank Savings Mortgage Loan:** Under a Bank Savings Mortgage Loan, like an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Bank Savings Mortgage Loan, the Borrower pledges the rights in respect of a Bank Savings Account to the Seller, which is held in the name of the Borrower with the Bank Savings Participant and which is connected to the Bank Savings Mortgage Loan. The Bank Savings Account is a blocked account and the amounts standing to the credit thereto shall in principle only be released at maturity of the Bank Savings Mortgage Loan (which is generally thirty years), the death of the Borrower or, subject to the applicable general conditions, in certain other limited circumstances (e.g. a sale of the Mortgaged Asset) and shall, subject to the applicable general conditions, in principle only be applied to repay the related Bank Savings Mortgage Loan. The Borrower has the choice between (i) Alternative I and (ii) Alternative II. Under Alternative I the Borrower during the life of the Bank Savings Mortgage Loan makes a monthly fixed payment into the Bank Savings Account, which will only be adjusted upon a prepayment being made in respect of the Bank Savings Mortgage Loan. The monthly fixed payment is calculated in such a manner that, on an annuity basis, the aggregate amount (consisting of such monthly fixed payments and accrued interest thereon) credited to the Bank Savings Account at maturity of the Bank Savings Mortgage Loan is equal to the principal amount due by the Borrower at maturity of the Bank Savings Mortgage Loan. The interest rate payable by the Bank Savings Participant in respect of the Bank Savings Deposit is not linked to the interest rate payable by the Borrower under the Bank Savings Mortgage Loan. In respect of Alternative I, in the event that the Bank Savings Account is terminated within ten years from the date on which the Bank Savings Account became effective, the Borrower is obliged to repay the Bank Savings Mortgage Loan in full. Under Alternative II, the Borrower during the life of the Bank Savings Mortgage Loan makes a monthly fixed payment into the Bank Savings Account whereby the interest rate payable by the Bank Savings Participant in respect of the Bank Savings Deposit is linked to the interest rate payable by the Borrower under the Bank Savings Mortgage Loan. The monthly fixed payment will be adjusted each time that either a prepayment is made in respect of the Bank Savings Mortgage Loan, an amendment is made to the maturity date of the Bank Savings Mortgage Loan, the Borrower makes an additional payment into the Bank Savings Account or the interest rate payable by the Borrower under the Bank Savings Mortgage Loan is reset (i.e. at the end of each fixed-interest period), to ensure that (similar to Alternative I) the aggregate amount credited to the Bank Savings Account (consisting of such payments and accrued interest thereon and calculated in such manner on an annuity basis) at maturity of the Bank Savings Mortgage Loan is equal to the principal amount due by the Borrower at maturity of the Bank Savings Mortgage Loan. If at maturity of the Bank Savings Mortgage Loan, the related Bank Savings Deposit is insufficient to repay the Bank Savings Mortgage Loan in full, the Borrower is obliged to make up the shortfall. A Bank Savings Mortgage Loan has a savings part but not an investment part and is not connected to a Mixed Insurance Policy; and/or
8. A Revolving Credit Mortgage Loan (a "**Revolving Credit Mortgage Loan**") is a loan which can be repaid at any time by the Borrower without incurring any prepayment penalty. Under the relevant Mortgage Conditions the Borrower may at any time make drawings up to the agreed maximum amount and reborrow amounts which have been repaid,

provided, in each case, that if and to the extent that the amount of the relevant Mortgage Loan (other than an NHG Mortgage Loan (see section 6.5 (*NHG Guarantee Programme*))) exceeds a certain percentage of the foreclosure value (*executiewaarde*) or market value (*marktwaaarde*) (as the case may be) of the relevant Mortgaged Asset as set out in the applicable Lending Criteria, the Borrower is advised (but not obliged) to enter into a Risk Insurance Policy under which the Borrower pays premium consisting of (apart from a cost element) a risk element only, and to pledge such Risk Insurance Policy to the Seller as security for the Mortgage Loan.

Based on the numerical information set out in the section 6.1 (*Stratification Tables*) but subject to what is set out in section 2 (*Risk Factors*), the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any amounts due and payable under the Class A Notes and the Class B Notes.

### **Interest types**

The Seller offers a number of different types of interest on its mortgage products, which are up to the date of this Prospectus as summarised below.

#### *Floating rate interest (Variabele rente)*

The floating interest rate is fixed for a period of one, three, six or twelve months. The interest rate can be changed on the first day of a subsequent period of one, three, six or twelve months in line with the prevailing interest rate on the last banking day previous to such subsequent period.

#### *Fixed rate interest (Vaste 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 twenty years. Subject to certain conditions it is possible to change the term (of the fixed-interest period) by means of either interest rate averaging or by paying up front the cash value of the interest difference.

The Borrower may opt for an interest consideration period (*rentebedenktijd*), in which case the Borrower can during the last year or, as the case may be, during the last two years of a fixed interest period choose a new fixed interest period.

#### *Combination of interest periods (Renteknip)*

A Borrower may divide its Mortgage Loan into two or more parts. Different interest periods may be applicable to the various parts of the Mortgage Loan. The intention is to avoid a sudden interest rate increase that would otherwise apply to the entire amount of the Mortgage Loan.

### **No revaluation**

No revaluation of the Mortgaged Assets has taken place for the purpose of the issuance of the Notes.

## 6.3 ORIGINATION AND SERVICING

### General

ING (in its capacity as Seller), a subsidiary of ING Groep N.V., is supervised by DNB, and has transferred and may transfer further Mortgage Receivables to the Issuer pursuant to the Mortgage Receivables Purchase Agreement.

### Origination

#### *Introduction*

The mortgage loans are distributed through independent broker agents and ING Groep N.V. broker agents or by telephone or internet in combination with regular mail. New mortgage loans are accepted on the basis of a fixed underwriting protocol.

The principal items in the underwriting protocol are:

#### *Ministerial Regulation and the Code of Conduct (Gedragscode Hypothecaire Financieringen)*

The Ministerial Regulation (*Tijdelijke regeling hypothecair krediet*) and the Code of Conduct on mortgage financing are applicable to all Dutch financial institutions offering mortgage loans for the purchase, reconstruction or refinancing of the borrower's property. The Ministerial Regulation dictates the income criteria for the borrower and the maximum loan to value, which are hence incorporated in Dutch law. The Code of Conduct dictates amongst others how to determine the maximum loan capacity of the borrower, and operates on a "comply or explain" basis. This means that each mortgage provided needs to comply with the Code of Conduct or appropriate explanation needs to be provided on a per mortgage basis. The calculation of the maximum loan capacity is based on an annuity test, an interest rate determined quarterly by the AFM and the maximum debt-to-income ratios (housing ratios). Currently, a minimum interest rate of 5.0 per cent. applies to mortgage loans with a floating or fixed rate of interest of up to a term of 10 years or the actual interest rate of the loan if it is higher. Based on this interest rate and the duration of the loan a monthly annuity is calculated. The total annuity payments per year should be less than the maximum housing ratio (i.e. compliant with the annuity test). The Code of Conduct also dictates when it is allowed to deviate from this annuity test in order to test with the real mortgage expenses. These cases being e.g. a loan to value below 100 per cent. or a fixed interest rate term of 10 years or more.

In case of a dual income household, the housing ratio is determined by the higher of the two incomes plus one third of the lower of the two incomes. The total of incomes is accounted to determine the maximum loan amount. In order to meet the underwriting criteria, the maximum acceptable housing ratio ranges between 10.0 per cent. and 33.5 per cent. and where the borrower is eligible for Old Age Pension, currently at the age of 65 years and three months, between 13.5 per cent. and 40.5 per cent., depending of the income of the borrower. The higher the income, the higher the maximum housing ratio.

Since 1 August 2011, the mortgage lending conditions set out in the Code of Conduct have become more strict. As of 1 January 2015, (i) mortgages may not exceed 103 per cent. of the market value (*marktwaaarde*) of the property, (ii) the interest-only element of a mortgage may not exceed 50 per cent. of the property's market value and (iii) the rules surrounding the approval of "explain" mortgages (i.e. mortgages that do not necessarily comply in full with the Code of Conduct) have been tightened.

#### *Income*

A vast majority of borrowers under mortgage loans receive income from paid employment. For most other borrowers under mortgage loans, the income is generated from self-employed activity, pensions, social benefits or alimony. The income components are stipulated in the protocol. A check on the income is conducted by requesting salary statements and a recent employer's declaration. Self-employed persons have to comply with predefined ratings from an internal rating model and/or have to submit full annual accounts (including an independent auditor's report or sign-off) for the business over the past three years. A director/majority shareholder is regarded as self-employed.

### *National Credit Register (Bureau Krediet Registratie – BKR)*

A check is completed on every borrower under a mortgage loan with the BKR. A negative credit registration on the borrower's name will, in principle, lead to a rejection of the mortgage request.

### *Collateral*

To determine the market value of the property either (i) a valuation report, (ii) a WOZ value statement (which is a value statement of the property by the Dutch Tax authorities), (iii) a purchase and construction agreement, or (iv) a purchase agreement may be used, depending on the type of property it concerns (existing property, existing property being partly reconstructed, a newly built property).

If a valuation report is required, the valuation will have to be carried out by a registered valuer, that is known by the relevant local branch of the Seller and that is a member of a selected organisation, being either the "*Nederlandse Vereniging van Makelaars*" (Netherlands Association of Real Estate Brokers), the "*Landelijke Makelaars Vereniging*" (National Real Estate Brokers' Association), the "*Vereniging van Registrervastgoed Taxateurs*", the "*Vereniging Bemiddeling Onroerend Goed*", and the "*Registratie Makelaars-taxateurs*", or which is registered with either "*Stichting VastgoedCert, kamer Wonen*" or with "*Stichting Certificering VBO-Makelaars*". The registered valuer must be independent and may (therefore) not take part in the purchase or sale of the relevant property and must operate in the area in which the property is located.

A valuation report will be required:

- (a) if a mortgage loan is intended to have the benefit of an NHG Guarantee (except for newly built properties);
- (b) in case of a newly built property, provided that the principal amount of the mortgage loan exceeds EUR 1,000,000;
- (c) in case of an owner-built property;
- (d) for all uncommon properties (e.g. monuments);
- (e) for properties which are not fully used for permanent residential purposes; and
- (f) in all cases where the Seller deems necessary.

A valuation report dated within the last 6 months, or WOZ value statement dated within the last 12 months and that adheres to all other criteria set by the Seller, is deemed acceptable.

Currently, newly originated mortgage loans have a maximum principal amount outstanding of 103 per cent. of the market value of the property at origination. In case of (additional) investments in energy saving the total maximum principal amount is 106 per cent. of the market value at origination.

### *Other underwriting conditions*

Apart from the principal underwriting factors set out above, the following conditions apply: (i) mortgage loans are granted only to individuals, (ii) the relevant owners assume joint and several liability for the mortgage receivable and (iii) mortgage loans are granted on the borrower's own residential property only.

### *Mortgage Analysis Programme*

First checks are performed against the BKR and the EVA (*Externe Verwijzings Applicatie*) database verifying the amount of other outstanding credit lines in the name of the borrower and whether the borrower has been registered on a fraud list. The mortgage calculations are processed through a proprietary software mortgage analysis tool, which also calculates the maximum mortgage loan amounts that can be advanced. Once the mortgage loans have been approved, the mortgage loan offer software will generate the approved mortgage loan offer. Certain mortgage loans that are not approved in first instance (e.g. due to the loan amount requested or applications that do not comply with the standard protocols) can be approved manually on three levels, depending, among other things, on the amount of the mortgage loan requested. Periodically, internal audit checks are conducted to determine whether the mortgage loans

are granted in conformity with the Seller's origination criteria applying to mortgage loans. Approved and accepted mortgage loans are administered in 'HYPOS', the applicable mortgage loan administration system.

#### *Acceptance*

Before final acceptance of a mortgage loan by a borrower, a check is performed on whether the borrower has met all the pre-conditions stated in the mortgage offer. After acceptance, the final terms of the mortgage deed are sent to the civil law notary. The civil law notary can only make the relevant advances (paid to it by the Seller) to the borrower after the mortgage deed has been signed.

#### *Insurance*

A borrower is required to take out insurance in respect of the property against risk of fire and other accidental damage for the full restitution of the value thereof.

#### *Security*

Each mortgage loan is secured by a first priority right (*eerste in rang*) or a first and sequentially lower priority right of mortgage in the form of a notarial deed, which is duly registered at the Dutch land registry (*Dienst van het Kadaster en de Openbare Registers*). When a mortgage deed is first presented for submission for registration an entry to this effect is made in the land register. The first entry in the land register establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property. ING accepts no second ranking (or lower) mortgage right if the first entry of a mortgage right is made in the name of third parties other than ING. Currently ING, only in the case of a bridge loan, accepts a second or lower ranking right of mortgage where a first ranking right of mortgage has already been registered in the name of a third party whereby additional conditions will apply to the relevant mortgage loan in relation to the outcome of the selling price:

- (i) if the property has already been sold, the bridge loan consists of the selling price minus selling costs and minus the current mortgage loan on the property;
- (ii) if the property has not yet been sold, the bridge loan consists of 80 per cent. of the current market value minus the current mortgage loan on the property.

A bridge loan is based on an expected increase in the value of the current property to finance a new property, before the current property is sold.

### **Servicing**

#### *Introduction*

The Servicer is responsible for the mortgage administration of the Dutch business units of ING, including the non-commercial contacts with the clients. Currently, the Servicer provides mortgage administration services for approximately 700,000 mortgage loans (ING), amounting to approximately EUR 109 billion. Most of the Servicer's mortgage administration and arrears management services are carried out in Amsterdam.

#### *Mortgage administration*

Following the granting of the loan and the creation of the mortgage, the normal administration of the mortgage loan in 'HYPOS' commences. The Servicer's portfolio administrative control is divided into collection procedure, administration, administrative control of arrears, technical administrative control, interest rate reviews and file creation.

#### *Interest collection*

For the vast majority of the mortgage loans, interest is collected by a direct debit account. Each month, the mainframe automatically calculates the amount of interest due. The interest on loans originated by ING is collected in arrears on the first business day of each month. The interest received is recorded in each borrower's ledger account. From then on, all payments per borrower are automatically recorded under each operating entity. This automated process has a very low fail rate. Failure can be caused by a

change in bank account of the borrower without the Servicer being notified or an insufficient balance on the bank account to satisfy the payment. In case the first direct debit attempt has failed, new attempts will automatically be made every week. The borrower will receive a first reminder on the tenth day following the first unsuccessful automatic collection.

#### *Individual mortgage management*

ING has an additional policy with respect to individual changes in outstanding mortgage loans, entailing that the standard acceptance policy must be followed. Complementary policy rules also apply in specific situations, such as mortgage loan conversions, a discharge of a borrower, death, changes in relation to the property or to the maturity of a mortgage loan or in case of a(n) (expected) default under the mortgage loan.

#### *Arrears management*

The arrears management procedure starts on the first day that the borrower fails to meet its payment obligations. Borrowers are informed of arrears of payment after each direct debit failure. Moreover, the provision of information must be correct and comprehensive; the borrower must be aware of the possible means and measures that he may be entitled to receive. Attention is also paid to the consequences of observing/not observing arrangements made. In relation hereto, there are possible consequences of mortgage payment arrears, such as fiscal consequences, reporting to the BKR, attachment of the borrower's salary or sale of the property (private sale, sale based on a power of attorney, private foreclosure sale or foreclosure by auction). The communication with the borrower may be via telephone, digital, in writing (email or letter) or in person.

The arrears management control procedure globally consists of two phases. In the first phase, the goal is to re-instate the normal payment pattern and to retain the borrower. In this phase, contact is made with the borrower.

The second phase consists of preventing losses and liquidation where the intention is to control risk and to maximise collections. A final effort can be made to re-instate the payment pattern. Priority is given to urging customers to voluntarily sell the collateral (private sale), a process that is co-ordinated by the arrears management department and a real estate agent to maximise the collections. Foreclosure occurs if and when the borrower is unwilling or unable to sell the property voluntarily or the borrower cannot be located. In this case, particular attention is given to the foreclosure procedure in order to maximise revenues.

Although the arrears management control procedure can be adjusted to reflect risk considerations, in general the procedure is as follows:

- (a) the amount to be debited will be updated according to the payments due at that date (i.e. any premium, penalty, interest and repayments). In this direct debit procedure the outstanding amounts to be collected are debited in the following order: (i) premium (in relation to insurance, investment and/or savings), (ii) penalty payment, (iii) interest and (iv) repayment;
- (b) all borrowers who have become in arrears are contacted by telephone within the first month in which the arrears have come into existence. Depending on the risk assessment made of the borrower's financial difficulties, the borrower is contacted at either the beginning of the month or later during that month;
- (c) if the borrower is repeatedly in arrears, i.e. more than once in arrears in six months, extrajudicial costs are charged if the payments due are not made within 14 days. The extrajudicial costs (EUR 40 per invoice) are charged if the borrower still is in arrears after the final direct debit. This is collected at the moment of the first direct debit in the next month. The purpose of this policy to charge such a penalty is to give the borrower an incentive to contact the arrears department or to make its payments in a timely manner. Each administrator of the arrears department has the authority to decide not to charge the extrajudicial costs if, given the borrower's individual situation, such a charge would not contribute to reaching a solution;
- (d) at the moment of the first contact arrangements are made to repay the arrear based on the financial situation of the borrower. After a further (financial) analysis based on information about the borrower, either suitable means are implemented for the borrower (such as a payment

arrangement, budget coaching or restructuring of the mortgage loan) or a (substantiated) decision is made to terminate the client relationship;

- (e) the borrower is considered to be cured at the moment that all arrears are paid and the following regular payment is made on time. The payment arrangement ends at the moment the last instalment is paid;
- (f) in the following cases the client relationship is terminated:
  - (i) there is no contact with the borrower despite external research into retrieving client contact information and the measures taken have had no effect; and
  - (ii) the borrower no longer can be cured. All possible means to resolve this have been examined but have not been adequate to financially cure the borrower. There is also no prospect of a change in the financial situation of the borrower that could still result in recovery; and
- (g) until the actual moment of a forced sale, the borrower has the possibility to pay the amount due to prevent that forced sale.

#### *Foreclosure procedures*

If a borrower fails to comply with the agreed payment schemes, or if it is clear that there is no prospect of the interest, principal and/or premium arrears being paid in the near future, the borrower's file is handed over to the intensive arrears management department to initiate foreclosure. Foreclosure on the property is only undertaken if the intensive arrears management department determines that there is no foreseeable solution.

ING has the right to publicly sell (auction) the mortgaged property if the borrower remains in breach of its obligations and no other arrangements are made. As a first ranking mortgagee, ING does not have to obtain court permission prior to foreclosing on the mortgaged property. If the proceeds from the sale (by auction) of the mortgaged property do not fully cover ING's claims, ING may also sell any pledged insurance policy or deposit. However, after giving such notification, Dutch law requires that before a lender can foreclose on a borrower's mortgaged property, the borrower must be notified in writing that it is in default and must be given reasonable time to comply with the lender's claims.

In the case of a borrower's bankruptcy, ING may foreclose on the borrower's property as if there was no bankruptcy. Nevertheless, foreclosure must take place within a reasonable time. Failing this deadline could cause the bankruptcy trustee to take over the foreclosure proceedings. If this occurs, ING must contribute to the general bankruptcy costs.

If ING decides to sell the property, it is required to notify the parties directly involved, including the borrower as well as the person owning the asset (in the event that these are not the same parties). The notification must include the amount outstanding and the expenses incurred to date as well as the name of the civil notary responsible for the foreclosure sale.

Prior to foreclosure, ING will calculate the best method of maximising the sale value of the mortgaged property. Based on this calculation, ING may decide that the property should be sold either in a private sale or by public auction. A private sale can, and often does, replace a public auction, provided that the legal requirements are fulfilled (which include obtaining permission from the relevant district court for the private sale). When notification of foreclosure is made by ING, formal instructions are given to a (dedicated) civil law notary. The date of the sale will be set by the civil law notary within, in principle, three weeks of this instruction and will usually be approximately six weeks after the decision to foreclose has been made (depending on the region and the number of other foreclosures being handled by the relevant district court at the time).

The distribution of the foreclosure proceeds depends on whether there is only one mortgage holder or whether there are several. If there is one mortgage holder, the proceeds will be distributed to the mortgage holder after deducting the costs of foreclosure. In the case of more than one mortgage holder, the distribution of proceeds takes place according to the priority of the mortgages.

In general, it takes on average two to four months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, ING follows the requirements set forth in Dutch law and its so-called "Intensive Arrears Management Manual".

In the auction ING's employees from arrears management are present. Their goal is to ensure that the minimum price determined beforehand is achieved. That includes active bidding in the auction. If at the end of the auction ING's employee is the highest bidder, then ING will become the owner of the property. For this purpose a purchase company is established. This full subsidiary of ING, called JUZA, aims to sell the property again on a cost-covering basis within a period of 6 months. This period of 6 months allows the JUZA to ask for a refund of the 2 per cent. transfer tax (*overdrachtsbelasting*).

#### *Outstanding amounts*

If a residual debt remains after foreclosure, the borrower concerned remains liable for this residual. A collection agency is brought in to determine whether the claim can be collected. In principle, a new payment scheme is arranged for the residual debt. If the borrower does not wish to agree to a payment scheme or does not comply with an agreed payment scheme, other measures can also be taken, including distraint of the borrower's salary. These measures also include the engagement of a bailiff.

#### *Fraud desk*

All banks in The Netherlands have a working relationship with respect to mortgage loan fraud through the Dutch Association of Banks (*Nederlandse Vereniging voor Banken*). A national fraud desk (*Counter Hypotheken Fraude*) has been established through which all the banks notify each other of possible fraud cases. Within ING, a fraud desk has been established for all mortgage loans. All known fraud cases are registered in an internal and external verification system that identifies fraudulent borrowers. Each new mortgage loan application is automatically run through this register. Additionally, new names added to the register are automatically crosschecked within the existing mortgage loans of ING. Besides the check on individual mortgage loans, intermediaries are checked periodically as well.

ING actively manages mortgage fraud by giving anti-fraud presentations to all parties involved in the origination process (i.e. different departments of ING and the different originating labels of ING). In addition, a fraud site has been created on the intranet within ING (as Servicer or Seller), including a checklist of indicators for fraud. Employees are well trained on the different aspects of possible fraud. All suspicious applications are screened and if necessary sent to the special fraud desk.

In case of the detection of fraud in respect of an existing mortgage loan, the policy of ING (as Servicer or Seller) is to accelerate the mortgage loan concerned and report the borrower to the police. The official reporting route of this procedure is undertaken in close cooperation with ING's prevention and security team.

## 6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

*This paragraph 6.4 is substantially derived from the Dutch Residential Mortgage Market Overview over the period until February 2015, which overview is publicly available at the website of the Dutch Securitisation Authorisation.<sup>1</sup> The information has been accurately reproduced and ING believes that this source (namely the Dutch Securitisation Authorisation) is reliable and as far as ING is aware and is able to ascertain from the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a range of relatively complex mortgage loan products<sup>2</sup>. Generous tax incentives have resulted in various loan structures. Most of these structures share the common characteristic of bullet repayment of principal at maturity. Historic practices and culture have also shaped the Dutch residential mortgage market in quite a unique way<sup>3</sup>.

Most mortgage loan products reflect the tax deductibility of mortgage loan interest and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high LTV values and the extensive use of interest-only mortgage loans (which only need to be redeemed at maturity)<sup>4</sup>. For borrowers who want to redeem their mortgage loan without losing tax deductibility, alternative products such as 'bank saving mortgage loans' were introduced. The main feature of a bank savings mortgage loan is that the borrower opens a deposit account which accrues interest at the same interest rate that the borrower pays on the associated mortgage loan. At maturity, the bank savings are used to redeem the mortgage loan.

In the period prior to the credit crisis increased competition and deregulation of the Dutch financial markets resulted in the development of tailor-made mortgage loans consisting of different loan parts and features, including mortgage loans involving investment risks for borrowers. More focus on transparency and financial predictability have resulted in simpler mortgage loan products in recent years.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a term between 5 and 15 years. Rate term fixings differ by vintage however. Historically low mortgage interest rates in the last decade provided an incentive for households to refinance their mortgage loans with a long-term fixed interest rate (up to as much as 30 years). Compared to countries where floating mortgage rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations<sup>5</sup>.

Even though Dutch house prices have declined since 2008, the principal amount outstanding of Dutch mortgage loans has continued to increase until the fourth quarter of 2012. Since then the aggregate outstanding mortgage debt of Dutch households has slightly decreased. The Dutch mortgage market is still supported by a gradual increase in the levels of owner-occupation and an environment of low mortgage loan interest rates.

### **Tax deductibility and regulation**

Prior to 2001, all interest payments on mortgage loans were deductible in full from taxable income. As from January 2001, tax deductibility was made conditional in three ways. Firstly, deductibility applies only to mortgage loans on the borrower's primary residence (and not to secondary homes such as holiday homes). Secondly, deductibility is only allowed for a period of up to 30 years. Lastly, the highest marginal tax rate was reduced from 60 per cent. to 52 per cent. in 2001. However, these tax changes did not have a significant impact on the rate of mortgage loan origination, mainly because of the ongoing decrease of mortgage interest rates at that time.

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<sup>1</sup> See: <http://www.dutchsecuritisation.nl/dutch-residential-mortgage-market>.

<sup>2</sup> Due to new regulation, borrowers have been restricted to annuity or linear mortgage loans since January 2013 if they want to make use of tax deductibility. See paragraph "Recent regulatory changes" below.

<sup>3</sup> Rabo Credit Research, Dutch RMBS: a Primer (2013).

<sup>4</sup> Dutch Association of Insurers, Dutch Insurance Industry in Figures (2012).

<sup>5</sup> Maarten van der Molen en Hans Stegeman, "De ongekende stabiliteit van de Nederlandse woningmarkt" (2011).

On top of these limitations that came into force in 2001, tax deductibility of mortgage loan interest payments has been further restricted for borrowers that relocate to a new house and refinance their mortgage loan as from 1 January 2004. Under this new tax regulation (*Bijleenregeling*), tax deductibility in respect of interest on the mortgage loan pertaining to the new house is available only for that part of the mortgage loan that equals the purchase price of the new house less the realised net profit on the old house. Other housing related taxes partially unwind the benefits, but even despite restrictions implied in the past, tax relief on mortgage loans is still substantial. More meaningful restrictions to tax deductibility have been imposed per 1 January 2013 (see "*Recent regulatory changes*" below).

Underwriting standards follow from the Code of Conduct for Mortgage Lending, which is the industry standard. Since 1 August 2011, the requirements for mortgage lending have been tightened by the AFM. This has resulted in a revised Code of Conduct for Mortgage Lending (*Gedragcode Hypothecaire Financieringen*). It limits the risks of over-crediting. Under those tightened requirements, the principal amount of a mortgage loan may not exceed 103 per cent. of the market value of the mortgaged property plus transfer tax (2 per cent.). In addition, only a maximum of 50 per cent. of the market value of the mortgaged property may be financed by way of an interest-only mortgage loan. In addition, the revised Code of Conduct provides less leeway for exceptions using the 'explain' clause.<sup>6</sup> Consequence is that banks are less willing to deviate from the rules set by the revised Code of Conduct. This will make it more difficult for especially first-time buyers to raise financing as they used to be overrepresented as borrowers of mortgage loans subject to an explain clause. In practice, expected income rises of first-time buyers were frequently included, which led to additional borrowing capacity<sup>7</sup>.

### **Recent regulatory changes**

Mortgage loans taken out for houses purchased after 1 January 2013 have to be repaid in full in 30 years and at least on an annuity basis in order to be eligible for tax relief (the linear option is also possible). Tax benefits for mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged. Grandfathering of these tax benefits is possible in case of refinancing and/or relocation. However, any such mortgage loans will again be tested against the Code of Conduct for Mortgage Lending, with the most important condition being that no more than 50 per cent. of the mortgage loan may be repaid on an interest-only basis.

As from 2014, the maximum interest deductibility for mortgage loans for tax purposes will decrease annually at a rate of 0.5 percent-point from the main income tax rate of 52 per cent. down to 38 per cent. in 2042.

In addition, the maximum LTV will be gradually lowered to 100 per cent. in 2018, by 1 per cent. per annum (2015: max LTV: 103 per cent. including transfer tax). This guideline has been inserted in special underwriting legislation, which has become effective per 1 January 2013. This new legislation overrules the Code of Conduct for Mortgage Lending currently.

The transfer tax (stamp duty) was temporarily lowered from 6 per cent. to 2 per cent. on 1 July 2011. With effect from 15 June 2012, it will remain permanently at 2 per cent.

Finally, interest paid on any outstanding debt from a mortgage loan remaining after the sale of a home (negative equity financing) can be deducted for tax purposes for a period of up to 15 years. This measure will be in place for negative equity financings entered into before 2018.

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<sup>6</sup> Under the "explain" clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct.

<sup>7</sup> M.T. van der Molen, "Aanschaffen woning is makkelijker" (2012).

## Recent developments in the housing market<sup>8</sup>

The Dutch housing market has shown clear signs of recovery since the second half of 2013. On a quarterly basis, existing house prices (PBK-index) stayed flat in the fourth quarter of 2014, though the annual price increase equalled 2.1%. Since the recovery on the housing market started in the third quarter of 2013, house prices have increased by 2.2%. Compared to the peak in the third quarter of 2008, house prices are still 18.8% lower.

In the fourth quarter of 2014, considerably more houses changed hands than in previous quarters. The Land Registry registered a total of 51,314 transactions, which was the highest number since 2008. In particular December 2014 was good, but the number of sales in this month has been affected by the expiration of a temporary exemption in the gift tax framework. Forward looking indicators, such as the sales figures by the Dutch association of real estate agents (NVM), suggest an ongoing recovery of the Dutch housing market in 2015, though sales momentum is likely to decrease somewhat.

## Forced sales

The number of arrears and involuntary sales of residential property by public auction ("forced sale") in the Netherlands is traditionally very low compared to international standards<sup>9</sup>. Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in the event of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very good employment conditions and a continuing reduction of mortgage interest rates. In the years before 2001, the total number of forced sales was therefore limited compared to the number of owner-occupied houses.

The relatively prolonged economic downturn from 2001 to 2005 led to a significant rise in the amount of mortgage loan payment arrears and correspondingly forced house sales. The number of forced sales in the Netherlands reported by the Land Registry (*Kadaster*) rose from 695 in 2002 to about 2,000 forced sales from 2005 onwards. This increase was mainly the result of a structural change in the Dutch mortgage loan market during the nineties: instead of selling single income mortgage loans only, lenders were allowed to issue double income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry recorded 1,863 forced sales in 2013. In 2014 the number of forced sales amounted to 2,178. Recent numbers on forced sales could be distorted by the fact that originators increasingly attempt to circumvent such sales, for example by selling the property in the normal market using an estate agent.

Recent research confirms that the number of households in payment difficulties in the Netherlands is low from an international perspective and that problems mainly have 'external' causes such as divorce or unemployment as opposed to excessively high mortgage debt<sup>10</sup>.

The proportion of forced sales is of such size that it is unlikely to have a significant impact on house prices. The Dutch housing market is characterised by a large discrepancy between demand and supply, which mitigates the negative effect of the economic recession on house prices. In the unforeseen case that the number of forced sales were to increase significantly, this could have a negative effect on house prices. Decreasing house prices could in turn increase loss levels should a borrower default on his mortgage loan payment obligations.

Even though in a relative sense the increase over the last years is substantial, the absolute number of forced sales is still small compared to the total number of residential mortgage loans outstanding. There is no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding<sup>11</sup> and the current average mortgage loan principal amount it is estimated that the total number of residential mortgage loans outstanding in the Netherlands exceeds 3 million. A total of approximately 2,500 forced sales per year

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<sup>8</sup> Rabobank Economic Research Department, Dutch Housing Market Quarterly, August 2014.

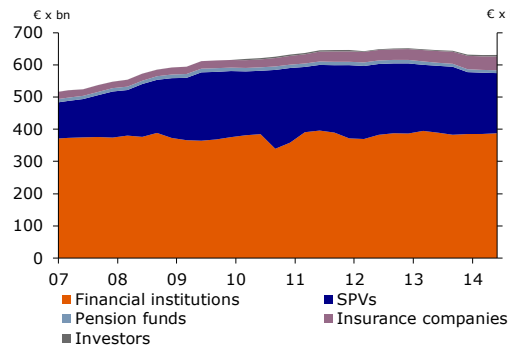
<sup>9</sup> Comparison of S&P 90+ day delinquency data.

<sup>10</sup> Standard & Poor's, Mortgage lending business supports some European banking systems (2010).

<sup>11</sup> Dutch Central Bank, statistics, households, table T11.1.

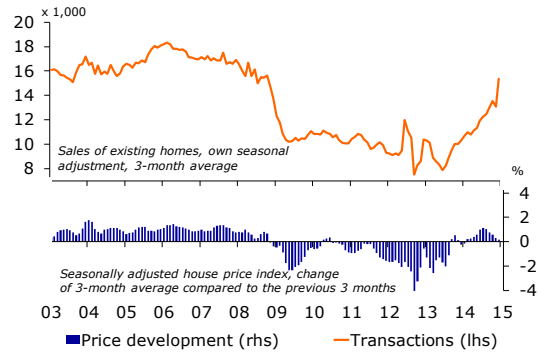
since 2005 therefore corresponds to approximately 0.1 per cent. of the total number of residential mortgage loans outstanding.

**Chart 1: Total mortgage debt**



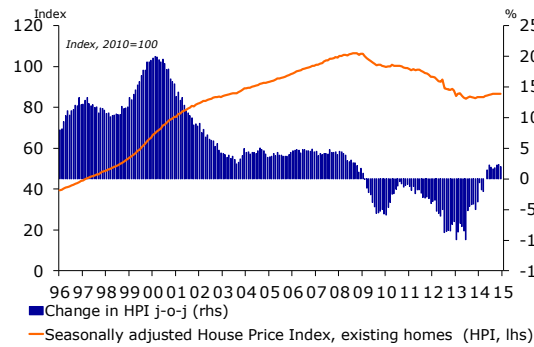
Source: Dutch Central Bank

**Chart 2: Transactions and prices**



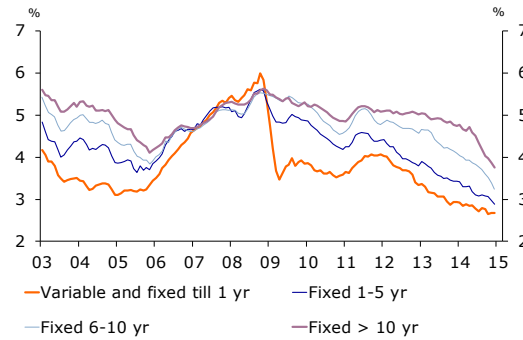
Source: Statistics Netherlands

**Chart 3: Price index development**



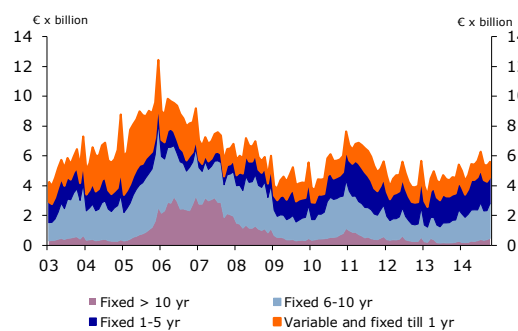
Source: Statistics Netherlands

**Chart 4: Interest rate on new mortgages**



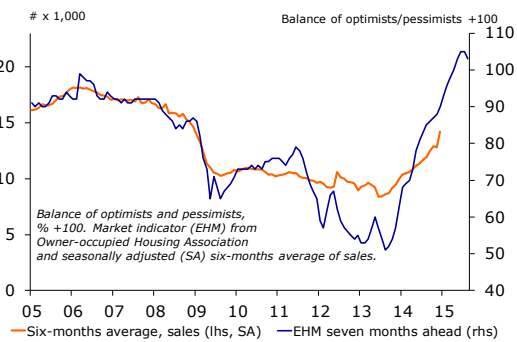
Source: Dutch Central Bank

**Chart 5: Volume of new mortgages by term**



Source: Dutch Central Bank

**Chart 6: Confidence bodes for more sales**



Source: Delft University OTB, Rabobank

## 6.5 NHG GUARANTEE PROGRAMME

### NHG Guarantee

Since 1 January 1995 Stichting WEW, a central, privatised entity, has been responsible for the administration and granting of the NHG Guarantee (*Nationale Hypotheek Garantie*), under a set of uniform rules which must be approved by the Minister of Finance. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on a mortgage loan, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to the principal repayment part of the monthly instalment as if such mortgage loan were to be repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases further to take account of scheduled repayments and prepayments under such mortgage loan (see section 2.5 (*Mortgage Receivables and Mortgaged Assets*)). Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loan for purposes of the calculation of the amount guaranteed under the NHG Guarantee.

### Financing of Stichting WEW

Stichting WEW finances itself, inter alia, by an annually reviewed one-off charge to the borrower at origination of 1.00 per cent. (as of 1 January 2014) of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to Stichting WEW from the Dutch State and, for mortgage loans, benefiting from the NHG Guarantee, originated before 1 January 2011, the participating municipalities. If Stichting WEW is not able to meet its obligations under guarantees issued in respect of mortgage loans originated before 1 January 2011, the Dutch State will provide subordinated interest-free loans to Stichting WEW of up to 50 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level, while municipalities participating in the NHG scheme will provide subordinated interest free loans to Stichting WEW in respect of the other 50 per cent. of the difference. If Stichting WEW is not able to meet its obligations under guarantees issued relating to mortgage loans originated after 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW for up to 100 per cent. of the difference between Stichting WEW's own funds and the pre-determined average loss level. Both the 'keep well' agreement entered into between the Dutch State and Stichting WEW and the 'keep well' agreements entered into between the municipalities and Stichting WEW contain general undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### Terms and Conditions of the NHG Guarantees

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application meets these terms and conditions, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the NHG to register the mortgage and establish the guarantee. Stichting WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the relevant mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

The specific terms and conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc. are set forth in published documents by Stichting WEW.

The NHG has specific rules for the level of credit risk that will be accepted. The creditworthiness of the applicant must be verified with the 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. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages (*Stichting Fraudepreventie Hypotheken*, "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance

in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The 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 relevant property.

The mortgage conditions applicable to each mortgage loan should include certain provisions such as 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.

An NHG Guarantee for new mortgage loans can be issued up to a maximum of EUR 265,000 (two hundred sixty-five thousand euros) as of 1 July 2014 until 1 July 2015. The maximum amount of the NHG Guarantee will be reduced to EUR 245,000 (two hundred forty-five thousand euros) as of 1 July 2015. The maximum amount of the NHG Guarantee previously was:

- from 1 January 2007 until 1 July 2009 EUR 265,000 (two hundred sixty-five thousand euros);
- from 1 July 2009 until 1 July 2012 EUR 350,000 (three hundred fifty thousand euros);
- from 1 July 2012 until 1 July 2013 EUR 320,000 (three hundred twenty thousand euros); and
- from 1 July 2013 until 1 July 2014 EUR 290,000 (two hundred ninety thousand euros).

On 31 October 2013, the Dutch government announced various changes to the NHG Guarantee which have become effective as of 1 January 2014. One of the changes is the introduction of a loss-sharing mechanism for new originations under which lenders take 10 per cent. of losses if a mortgage defaults. According to the Dutch government, historically lenders in respect of NHG guaranteed loans bore some risk due to the amortizing nature of the NHG Guarantee given that mortgages were predominantly of an interest-only nature creating a gap between the guaranteed amount and the outstanding loan amount of the life of the mortgage. As a result of fiscal regulatory changes, mortgage loans taken out for houses purchased after 1 January 2013 are predominantly repaid on annuity basis and this risk has therefore disappeared. To maintain a lender risk, the Dutch government has now introduced a risk for lenders of 10 per cent. on the realised loss in case of a defaulted mortgage loan.

One of the other changes announced by the Dutch government in respect of the NHG Guarantee is that as of 1 January 2014 homeowners can, after they sold their house, finance an outstanding residual debt into a new mortgage subject to the NHG Guarantee, provided the residual debt arises from the sale of a property that is financed with an NHG Guarantee. One of the conditions is that the costs of the new property and the residual debt remain below the overall limit as mentioned above. Any exceeding outstanding debt must be financed alternatively.

### **Claiming under the NHG Guarantees**

When a borrower is in payment arrears under a mortgage loan for a period of four months, a lender informs Stichting WEW in writing within 30 calendar days of the outstanding payments, including the guarantee number, the borrower's name and address, information about the underlying security, the date of the start of late payments and the total of outstanding payments. When the borrower is in arrears Stichting WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, Stichting WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of Stichting WEW is required in case of a private sale, unless the property is sold for an amount higher than 95 per cent. of the foreclosure value, as well as in case of a forced sale and execution sale.

Within one month after receipt of the proceeds of the private or forced sale of the property, the lender must make a formal request to Stichting WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, Stichting WEW must make payment within two

months. If the payment is late, provided the request is valid, Stichting WEW must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by Stichting WEW because of the lender's culpable negligence (*verwijtbaar handelen of nalaten*), the lender must act *vis-à-vis* the borrower as if Stichting WEW were still guaranteeing the repayment of the mortgage loan during the remainder of the term of the mortgage loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender 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 request that Stichting WEW grants a second guarantee in respect of an additional mortgage loan to be granted by the relevant lender (*woonlastenfaciliteit*). The aim of the so-called *woonlastenfaciliteit* is to avoid a forced sale of the property. 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 granting of such an additional loan is subject to certain conditions, including, among other things, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner of the borrower.

### **Main NHG underwriting criteria (*Normen*) as of 1 January 2015**

With respect to a borrower, the underwriting criteria include but are not limited to:

- (i) The lender must perform a BKR check.
- (ii) As a valid source of income the following qualifies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for workers with flexible working arrangements 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 of the borrowers is based on the "*toetsinkomen toegestane financieringslasten*" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with a fixed interest terms of less than 10 years on the basis of a percentage determined and published by the AFM, which is based on a weighted average (according to market share) of the mortgage interest rate of at least five of the six large mortgage originators. According to law, the applicable interest rate is a minimum of five per cent.
- (iv) The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the borrower. The mortgage lender shall calculate the borrowing capacity for a mortgage loan with a fixed interest term of 10 years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

With respect to the mortgage loan, the underwriting criteria include but are not limited to:

- (i) As of 1 January 2013, for new borrowers the redemption types are limited to annuity mortgage loans and linear mortgage loans with a maximum term of 30 years.
- (ii) As of 1 July 2014, the maximum amount of the mortgage loan is EUR 265,000. This amount will be reduced to EUR 245,000 as of 1 July 2015 and EUR 225,000 as of 1 July 2016. For borrowers with an existing NHG mortgage taking a further advance relating to the improvement of an existing property, the maximum loan amount is EUR 265,000.

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 maximum loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements and (iii) 6 per cent. of the amount under (i) plus (ii). This way the maximum loan to market value is 103 per cent. In case an existing property can be bought without paying transfer taxes (*vrij op naam*), the purchase amount under (i) is multiplied by 97 per cent.
- (b) For the purchase of a property to be built, the maximum loan amount is broadly based on the sum of (i) the purchase or construction cost increased with a number of costs such as the cost of construction interest, value added tax and architects (to the extent not included already in the purchase or construction cost) and (ii) 6 per cent. of the amount under (i). This way the maximum loan to market value is 103 per cent.

A risk insurance policy should cover at least the amount by which the mortgage loan exceeds 80 per cent. of the market value of the property.

## 7. PORTFOLIO DOCUMENTATION

### 7.1 PURCHASE, REPURCHASE AND SALE

#### Purchase

In the Mortgage Receivables Purchase Agreement the Seller has agreed to sell and assign, and the Issuer has agreed to purchase and accept assignment of, Mortgage Receivables (including, where applicable, any Related Security) comprising the Initial Portfolio and, subject to certain conditions, Further Advance Receivables (including, where applicable, any Related Security) from time to time. The Mortgage Receivables will be assigned by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the Seller and the Issuer of a Deed of Assignment and Pledge and either (i) registering that deed with the Dutch tax authorities (*Belastingdienst*) or (ii) ensuring such execution is before a civil law notary. Notification (*mededeling*) to the Borrowers or any insurance companies other than the Savings Insurance Companies of the assignment may, at the option of the Issuer or the Security Trustee, only take place if an Assignment Notification Event occurs. Notification to the Savings Insurance Companies will take place through the relevant Beneficiary Waiver Agreement and each subsequent Deed of Assignment and Pledge. Following receipt by the Borrowers or Insurance Companies, as the case may be, of notification of the assignment, only payment to the Issuer will discharge a Borrower's or an Insurance Company's obligations under the relevant Mortgage Receivable or relevant insurance policy (as the case may be), subject to the rights of the Security Trustee as pledgee. The purchase price for the Mortgage Receivables shall consist of:

- (a) an Initial Purchase Price for each Mortgage Receivable equal to the Gross Outstanding Principal Balance of such Mortgage Receivable as at the relevant Cut-Off Date; and
- (b) a Deferred Purchase Price which is not calculated on a Mortgage Receivable by Mortgage Receivable basis but for all Mortgage Receivables together and which is equal to the aggregate Deferred Purchase Price Instalments.

Each Initial Purchase Price is payable on the relevant Transfer Date, save to the extent the relevant Mortgage Receivable relates to a Construction Deposit, in which case the Issuer will withhold the equivalent of such Construction Deposit as at the relevant Cut-Off Date and deposit the same in the Construction Deposit Account. Amounts standing to the credit of the Construction Deposit Account will be applied as described in section 5.6 (*Issuer Accounts*). Each Deferred Purchase Price Instalment is payable in accordance with the relevant Priority of Payments.

The Issuer is entitled to all proceeds relating to a Mortgage Receivable to the extent relating to the period starting on the relevant Transfer Date or, if it concerns principal proceeds, the period starting on the relevant Cut-Off Date.

#### *Purchase of Initial Portfolio*

On the Closing Date, the Seller will sell and assign to the Issuer the Initial Portfolio. The Initial Purchase Price for the Initial Portfolio is EUR 805,951,441.62, being the equivalent of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the relevant Cut-Off Date.

The Initial Purchase Price for the Initial Portfolio will be funded by the Issuer from the net proceeds of the issue of the Notes (other than the Class C Notes) and the aggregate Initial Settlement Amounts to be received from the Participants in relation to the Initial Portfolio.

#### *Purchases of Further Advance Receivables*

In the Mortgage Receivables Purchase Agreement, the Seller covenants, among other things, that if it makes any Further Advance under any Mortgage Conditions relating to a Mortgage Receivable, then on the first following Mortgage Collection Payment Date, the Seller will offer such Further Advance Receivable for sale and assignment to the Issuer for an amount equal to the Gross Outstanding Principal Balance of such Further Advance Receivable as at the relevant Cut-off Date. Until the Notes Payment Date immediately preceding the First Optional Redemption Date, the Issuer is obliged to accept each such offer of Further Advance Receivables, on the condition that the purchase of such Further Advance Receivable does not result in a breach of any of the Additional Purchase Conditions. If the purchase of such Further Advance Receivable would, if completed, result in a breach of any of the Additional

Purchase Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable and will instead be obliged to sell, and the Seller will be obliged to repurchase and accept reassignment of, all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance was granted.

The Initial Purchase Price for any Further Advance Receivable will be funded from the Available Principal Funds.

*Additional Purchase Conditions*

The purchase by the Issuer of any Further Advance Receivable will be subject to a number of conditions (the "**Additional Purchase Conditions**"), which include that at the relevant date of completion of the sale and purchase of such Further Advance Receivable:

- (i) the Further Advance relates to a Mortgage Receivable;
- (ii) the Seller will represent and warrant to the Issuer and the Security Trustee the matters specified in (i) up to and including (iv) as listed in section 7.2 (*Representations and Warranties*) in respect of such Further Advance Receivable;
- (iii) no Assignment Notification Event has occurred and is continuing;
- (iv) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (v) all receivables with a higher ranking than the Further Advance Receivable are owned by the Issuer;
- (vi) the Available Principal Funds as at the Notes Calculation Date immediately preceding the relevant Transfer Date are sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivable;
- (vii) the aggregate outstanding principal amount of the Further Advance Receivables sold and assigned by the Seller to the Issuer during the immediately preceding 12 calendar months does not exceed 1.00 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables as at the first calendar day of such 12 month period; and
- (viii) the Weighted Average Loan to Foreclosure Value (as determined at the Cut-Off Date in relation to the Closing Date in accordance with the then applicable Seller's Lending Criteria) of all Mortgage Receivables (including such Further Advance Receivable as if it had been purchased on the Closing Date) does not exceed (y) the Weighted Average Loan to Foreclosure Value of the Initial Portfolio (as determined at the Cut-Off Date in relation to the Closing Date in accordance with the then applicable Seller's Lending Criteria) by 1.00 per cent. or more on the Closing Date.

If either (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of all Mortgage Receivables resulting from the Mortgage Loan in respect of which a Further Advance is granted.

*Set-off*

The Mortgage Receivables Purchase Agreement provides that if a Borrower invokes set-off in respect of any amount he owes under, pursuant to or in connection with a Mortgage Receivable against any amount he is entitled to receive from the Seller, then the Seller shall forthwith pay to the Issuer an amount equal to the amount in respect of which set-off is so invoked.

The Mortgage Receivables Purchase Agreement provides that in the event that, and for as long as, the debt obligations of the Seller are rated below the Requisite Credit Rating, the Seller will within 14 calendar days (or such other period as may be determined to be applicable by or acceptable to the Credit

Rating Agencies from time to time) of such assignment of rating post collateral to cover the risk that a Borrower invokes set-off in respect of any cash deposit (other than Bank Savings Deposits and Construction Deposits) it has with the Seller. Such collateral will be posted by transferring an amount equal to the Deposit Required Amount to the Issuer Collection Account for further credit to the Deposit Ledger, and where applicable replenishing such Deposit Ledger up to the Deposit Required Amount from time to time. Each time when and to the extent that a Borrower invokes set-off in respect of any amount up to its cash deposit (other than Bank Savings Deposits and Construction Deposits) against any amount it owes under, pursuant to or in connection with a Mortgage Receivable, the Issuer shall debit the Deposit Ledger for an amount equal to the amount in respect of which set-off is so invoked and apply such amount, to the extent related to (i) interest, to the Income Ledger for addition to the Revenue Funds made in the immediately preceding Mortgage Calculation Period or (ii) principal, to the Redemption Ledger for addition to the Principal Funds made in the immediately preceding Mortgage Calculation Period, in accordance with the Administration Agreement. The amount deposited by the Seller as collateral will be repaid to the Seller each time when and to the extent that the Deposit Required Amount is decreased and there is a surplus standing to the credit of the Deposit Ledger over the new Deposit Required Amount, and to the extent not repaid at such time, on the Final Maturity Date.

#### *Intercreditor arrangements*

In the Mortgage Receivables Purchase Agreement, the following intercreditor arrangement is agreed between the Seller, the Issuer and the Security Trustee, which may be relevant if the Seller has or will have Other Claims. If:

- (i) and to the extent that any Related Security secures both a Mortgage Receivable and any Other Claim, the Seller and the Issuer have agreed that the Issuer shall have, and the Seller has granted the Issuer, exclusive authority to perform all acts of management (*beheer*) and/or of disposal (*beschikking*) pertaining to such Related Security and in any event, without prejudice to the generality of the foregoing, to:
  - (a) foreclose (*uitwinnen*) on such Related Security without any involvement of the Seller; and
  - (b) apply the foreclosure proceeds in payment of the Mortgage Receivable such that only the remaining proceeds (if any) will be available for application in payment of the Other Claim,

provided that (i) for as long as no Assignment Notification Event has occurred, the Issuer has agreed to delegate such authority to the Seller, and (ii) such authority shall not be vested in the Issuer but in the Seller if the Seller can prove that such Related Security was specifically created to secure the Other Claim and was not intended to secure the Mortgage Receivable;

- (ii) paragraph (i) above is not effective to procure compliance therewith by the Seller (or its liquidator in any Insolvency Proceedings), the Seller will owe the Issuer an amount equal to its share in the foreclosure proceeds of each relevant Related Security, which amount shall be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Mortgage Receivable or the Other Claim(s) such Borrower owes to the Seller, provided that the Issuer's recourse to the Seller in relation to any Related Security is limited to the Seller's share in the foreclosure proceeds of such Related Security;
- (iii) any of the Seller's credit ratings ceases to be at least the Requisite Credit Ratings, and if such downgrade or withdrawal relates to short-term credit ratings, the Seller does not regain such Requisite Credit Ratings on the date falling one month (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time) after the date of such downgrade, or any such credit rating is withdrawn, it will within 10 Business Days after the occurrence of such downgrade or withdrawal (or end of the relevant month, as the case may be), grant to the Issuer a right of pledge on its Other Claims as security for the payment of the relevant amount it owes to the Issuer pursuant to paragraph (ii) above, unless an appropriate remedy to the satisfaction of the Security Trustee is found after having received Credit Rating Agency Confirmation. If, after the pledge of the Other Claims, the Seller regains short-term credit ratings from the relevant

Credit Rating Agency of at least the Requisite Credit Ratings and retains such Requisite Credit Ratings for a consecutive period of at least one month (or such other period as may be determined to be applicable by or acceptable to the Credit Rating Agencies from time to time), the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee has undertaken to release such right of pledge on any Other Claims of a Borrower if (i) the principal amount outstanding in respect of the relevant Mortgage Receivable has been repaid in full together with all accrued interest and other secured amounts due under or in connection with the related Mortgage Loan or (ii) if all Mortgage Receivables that are secured by the same Related Security as such Other Claims have been retransferred to the Seller in accordance with the terms of the Mortgage Receivables Purchase Agreement;

- (iv) the pledge pursuant to paragraph (iii) above is implemented, any foreclosure proceeds are applied in discharge of amounts due pursuant to paragraph (ii) above and the Related Security is no longer in place or, as reasonably determined by the Issuer and the Security Trustee, no longer expected to generate any proceeds, the Issuer will retransfer to the Seller a part of (the unsatisfied part of) the relevant Mortgage Receivable for a principal amount corresponding to the principal amount of the pledged Other Claims so applied;
- (v) the Issuer transfers a Mortgage Receivable in accordance with the Mortgage Receivables Purchase Agreement to any transferee other than the Seller, it is entitled to transfer its corresponding rights and obligations pursuant to Clause 12 (*Intercreditor Arrangements*) of the Mortgage Receivables Purchase Agreement to such transferee and the Seller has in advance irrevocably granted its cooperation to any such transfer (within the meaning of article 6:159 of the Dutch Civil Code); and
- (vi) the Seller transfers an Other Claim to any transferee it will simultaneously transfer its corresponding rights and obligations pursuant to Clause 12 (*Intercreditor Arrangements*) of the Mortgage Receivables Purchase Agreement to such transferee and will notify the Issuer and the Security Trustee of such transfer, and the Issuer has in advance irrevocably agreed to co-operate with any such transfer (within the meaning of article 6:159 of the Dutch Civil Code), and in addition, the Seller will ensure that upon such transfer the relevant transferee (other than any transferee that is a subsidiary (*dochtermaatschappij*) of ING Groep N.V.) shall immediately pledge to the Issuer such Other Claims if such transferee's credit ratings are less than the Requisite Credit Rating, or if such transferee does not have any long-term credit rating assigned to it. The Seller has warranted and represented that it has not transferred any Other Claims to any party prior to the relevant Transfer Date on which the Mortgage Receivable that is secured by the same Related Security is transferred to the Issuer in accordance with the terms of the Mortgage Receivables Purchase Agreement.

### **Repurchase and sale**

After the Closing Date the Issuer may from time to time sell Mortgage Receivables, either to the Seller or to third parties, as described in more detail below. Any sale and assignment of Mortgage Receivables by or to the Issuer will include any Related Security.

#### *Mandatory repurchase by Seller*

Other than in the events set out below, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer. If at any time in relation to a Mortgage Receivable any of the following events occur:

- (i) a material breach of the Mortgage Receivables Warranties as of the relevant Transfer Date and (A) the Seller does not within 14 calendar days of receipt of written notice thereof from the Issuer remedy the matter giving rise to such a breach if such matter is capable of being remedied or (B) such matter is not capable of being remedied;
- (ii) the Seller or the Servicer agrees with a Borrower to an amendment or waiver of the terms of a Mortgage Loan which does not result from a deterioration in the creditworthiness of the Borrower, and as a result thereof (i) the maturity date of such Mortgage Loan is extended beyond its initial maturity date or (ii) the related Mortgage Receivable would not

qualify as an Eligible Mortgage Receivable, if tested against the Eligibility Criteria at such time;

- (iii) a Mortgage Receivable no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller and, as a consequence thereof, such Mortgage Receivable no longer qualifies as an Eligible Mortgage Receivable, as tested against the Eligibility Criteria at such time; or
- (iv) if (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Additional Purchase Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date,

then the Seller is obliged to repurchase (at the relevant purchase price described below under *Purchase price for repurchased / sold Mortgage Receivables*) and accept reassignment of the relevant Mortgage Receivable on the first following Mortgage Collection Payment Date, other than (a) in respect of subparagraph (iv) above where the Seller is obliged to repurchase (at the relevant purchase price described below under *Purchase price for repurchased / sold Mortgage Receivables*) and accept reassignment of all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance was granted and (b) in respect of a Breach of Portfolio Condition, where the Seller is obliged to repurchase and accept the reassignment of such Mortgage Receivables as selected by or on behalf of the Issuer so that the remaining Mortgage Loans would have met the Portfolio Condition on the Closing Date (at the relevant purchase price described below under *Purchase price for repurchased / sold Mortgage Receivables*).

*Optional repurchase by Seller; sale to third party*

If on any Mortgage Calculation Date the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables is less than 10 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables comprising the Initial Portfolio on the Cut-Off Date relating to the Transfer Date of the Initial Portfolio, the Seller may, but is not obliged to, on the second following Note Payment Date repurchase and accept reassignment of all (but not only part of) the Mortgage Receivables. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or to any third party appointed by the Seller at its sole discretion on the immediately following Notes Payment Date. If the date on which the Seller exercises the Clean-Up Call Option falls less than 30 calendar days prior to the immediately following Notes Payment Date, such sale shall be completed on the second Notes Payment Date following the date on which the Seller exercises the Clean-Up Call Option.

In addition, the Issuer has the right to sell and assign all but not some of the Mortgage Receivables (a) on any Optional Redemption Date or (b) following its exercise of the option to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*). If the Issuer decides to sell and assign all but not some of the Mortgage Receivables on (a) an Optional Redemption Date or (b) following the exercise of its right to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*), as the case may be, it shall, on the Notes Payment Date (a) immediately preceding such Optional Redemption Date or (b) on which the Notes will be redeemed following the exercise of its option to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*), as the case may be, first offer to the Seller all of the Mortgage Receivables for sale (such sale to be completed on such (a) Optional Redemption Date or (b) the Notes Payment Date following the exercise of its right of its option to redeem the Notes pursuant to Condition 8.8 (*Optional Redemption – Tax Call*), as the case may be). The Seller shall within a period of fifteen Business Days inform the Issuer whether it wishes to repurchase all of the Mortgage Receivables. If the Seller does on such date not so inform the Issuer that it wishes to repurchase and accept reassignment of the Mortgage Receivables, the Issuer may select a third party for the sale and assignment of the Mortgage Receivables on the relevant Notes Payment Date.

*Purchase price for repurchased / sold Mortgage Receivables*

The purchase price for each Mortgage Receivable so sold to the Seller or to a third party (other than in connection with a redemption of Notes pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) or Condition 8.8 (*Optional Redemption – Tax*

Call) or in connection with an obligation of the Seller to repurchase and accept reassignment of a Mortgage Receivable from the Issuer in accordance with the Mortgage Receivables Purchase Agreement in relation to which a material breach occurs of the Mortgage Receivables Warranties as of the relevant Transfer Date or in case of a Breach of Portfolio Condition) shall be an amount equal to at least the relevant Gross Outstanding Principal Balance of such Mortgage Receivable increased with Accrued Interest and Arrears of Interest, all as at the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls, provided that with respect to a Mortgage Receivable that has Arrears of Interest for a period exceeding 60 calendar days or with respect to which an instruction has been given to the civil law notary to sell the related Mortgaged Asset publicly, the purchase price shall be the lesser of: (x) the sum of the Gross Outstanding Principal Balance, any Accrued Interest, Arrears of Interest and any other amount due in respect of the relevant Mortgage Receivables and together with any costs incurred by the Issuer in effecting and completing such sale and reassignment; and (y) the sum of (i) an amount equal to the most recently calculated Indexed Foreclosure Value of the related Mortgaged Asset, (ii) the value of any other collateral including the amount claimable under any NHG Guarantee and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment, all as at the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls. If a Mortgage Receivable is repurchased by and reassigned to the Seller, the Seller is entitled to all proceeds relating to such Mortgage Receivable to the extent relating to the period starting on the relevant Mortgage Collection Payment Date or, if it concerns principal proceeds, the period starting on the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls.

The purchase price for each Mortgage Receivable so sold to the Seller or to a third party in connection with a redemption of Notes pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) or Condition 8.8 (*Optional Redemption – Tax Call*) shall be an amount equal to at least the higher of: (a) the amount calculated in accordance with the method described in the preceding paragraph (in respect of the purchase price for each Mortgage Receivable so sold to the Seller or to a third party (other than in connection with a redemption of Notes pursuant to Condition 8.6 (*Redemption – Clean-Up Call Option*), Condition 8.7 (*Optional Redemption – Prepayment Call*) or Condition 8.8 (*Optional Redemption – Tax Call*)); and (b) the amount that is required to (A) redeem all Notes at their Principal Amount Outstanding as at the day immediately prior to the relevant Optional Redemption Date and (B) meet the Issuer's payment obligations under each of the items (a) to (d) (inclusive) under the Revenue Priority of Payments.

The purchase price for each Mortgage Receivable so sold to the Seller in connection with an obligation of the Seller to repurchase and accept reassignment of such Mortgage Receivable from the Issuer in accordance with the Mortgage Receivables Purchase Agreement in relation to which a material breach occurs of the Mortgage Receivables Warranties as of the relevant Transfer Date or in case of a Breach of Portfolio Condition, shall be an amount equal to (i) the relevant Gross Outstanding Principal Balance of such Mortgage Receivable increased with Accrued Interest and Arrears of Interest, all as at the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls and (ii) any costs incurred by the Issuer in effecting and completing such sale and reassignment. If such Mortgage Receivable is repurchased by and reassigned to the Seller, the Seller is entitled to all proceeds relating to such Mortgage Receivable to the extent relating to the period starting on the relevant Mortgage Collection Payment Date or, if it concerns principal proceeds, the period starting on the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls.

The Principal Funds (for the avoidance of doubt, such proceeds do not include Arrears of Interest or Accrued Interest) of such sale shall be applied by or on behalf of the Issuer as Available Principal Funds in accordance with the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be.

## 7.2 REPRESENTATIONS AND WARRANTIES

Neither the Issuer nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Receivables. Instead, each is relying entirely on the representations and warranties by the Seller contained in the Mortgage Receivables Purchase Agreement. The parties to the Mortgage Receivables Purchase Agreement may, subject to the prior written consent of the Security Trustee and after having received Credit Rating Agency Confirmation, amend the representations and warranties. The Mortgage Receivables Warranties are as follows and are given on the Closing Date by the Seller in respect of the Mortgage Receivables forming part of the Initial Portfolio to be transferred by it to the Issuer:

- (i) each Mortgage Receivable is an Eligible Mortgage Receivable;
- (ii) the particulars of the Mortgage Receivables set out in annex 1 to the relevant Deed of Assignment and Pledge, are true, complete and accurate in all material respects and the Gross Outstanding Principal Balance in respect of each Mortgage Receivable as at the Cut-Off Date relating to the Closing Date is correctly stated in annex 1 to the Deed of Assignment and Pledge relating to the Closing Date and equals an amount of EUR 805,951,441.62;
- (iii) the Seller has not created, agreed to create or permitted to subsist any limited right (*beperkt recht*) on, or right of set-off pertaining to, any Seller Collection Account or rights or receivables pertaining thereto;
- (iv) prior to (but not earlier than a person acting in accordance with the standards of a Reasonable Prudent Lender would deem acceptable) making the initial advance to the Borrower pursuant to the Mortgage Conditions, the Seller complied with its obligations under the Dutch Identification Act (*Wet Identificatie bij Dienstverlening*) and the Dutch Act on the Notification of Unusual Transactions (*Wet Melding Ongebruikelijke Transacties*) (as amended and supplemented from time to time and currently referred to as the Dutch Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*)) together with any other ancillary regulatory requirements, including but not limited to any requirements of the AFM, in connection with the origination of each Mortgage Receivable; and
- (v) the Mortgage Loans relating to the Mortgage Receivables forming part of the Initial Portfolio meet the Portfolio Condition.

### 7.3 MORTGAGE LOAN CRITERIA

A Mortgage Receivable is an "**Eligible Mortgage Receivable**" if it complies with the following criteria (the "**Eligibility Criteria**"), as at the relevant Transfer Date of such Mortgage Receivable:

(A) *General*

1. It is existing, is denominated in euro and is owed by Borrowers established or resident in The Netherlands.
2. It is governed by Dutch law and the terms and conditions of such Mortgage Receivable do not provide for the jurisdiction of any court or arbitration tribunal outside The Netherlands.
3. It is secured by a Mortgaged Asset located in The Netherlands which, as at origination of the relevant Mortgage Loan, was intended primarily for use as the primary residence of the relevant Borrower, and pursuant to the applicable Mortgage Conditions, without consent of the Seller, such Mortgaged Asset may not be the subject of any residential letting.
4. The Mortgage Loan from which it results is fully disbursed unless it is a Revolving Credit Mortgage Loan.
5. Its nominal amount remains a debt, which has not been paid or discharged by set-off or otherwise, and includes all Loan Parts granted to the relevant Borrower under the relevant Mortgage Conditions.
6. The Mortgage Loan from which it results was in all material respects granted in the ordinary course of the Seller's business (which includes the business of an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and in accordance with all applicable laws (including but not limited to applicable consumer protection legislation), 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 Seller's Lending Criteria prevailing at the time of origination which, where applicable, are generally based on the NHG requirements as applicable at that time (and which provide, among other things, that a Mortgage Loan will not be provided by the Seller if (i) there is a negative BKR registration in respect of the applicant or (ii) the applicant has provided self-certified income statements) and all required consents, approvals and authorisations have been obtained in respect of such Mortgage Loan.
7. The Mortgage Loan from which it results was not granted to an employee of ING Groep N.V. or any of its subsidiaries (*dochtermaatschappijen*).
8. The Seller has in all material respects performed all its obligations which have fallen due under or in connection with the relevant Mortgage Conditions connected to it and no Borrower has threatened in writing or, so far as the Seller is aware, commenced any legal action which has not been resolved against the Seller for any failure on the part of the Seller to perform any such obligation.
9. It can be easily segregated and identified for ownership and Related Security purposes on any day.
10. The loan files relating to it contain all material correspondence relating to it and the completed loan documentation applicable to it, including authentic copies of the notarial mortgage deeds.
11. The maximum outstanding principal amount of the Mortgage Loan from which it results, or the aggregate maximum outstanding amount of all Mortgage Receivables secured by the same Related Security together, does not exceed the maximum amount as may be set under the NHG Guarantee requirements at the time of origination or, if it does not have an NHG Guarantee connected to it, EUR 1,000,000.

12. The outstanding principal amount of the Mortgage Loan from which it results does not exceed:
  - (i) if it does not have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*):
    - (a) if it is an Interest-only Mortgage Loan, (x) 100 per cent. of the foreclosure value or (y) 50 per cent. of the market value in case of any Interest Only Mortgage Loan which is originated after 1 August 2011, in each case, of the related Mortgaged Asset at the time of origination of such Mortgage Loan; or
    - (b) 128 per cent. of the foreclosure value of the related Mortgaged Asset at the time of origination of such Mortgage Loan (other than an Interest-only Mortgage Loan); or
  - (ii) if it does have the benefit of an NHG Guarantee, the maximum amount as may be set under the NHG Guarantee requirements at the time of origination.
13. The legal maturity of the Mortgage Loan from which it results does not exceed the Notes Payment Date falling in April 2045.
14. It is related to a Mortgage Loan which is originated after 1 January 1992 and which is originated in The Netherlands.
15. It does not relate to an equity release mortgage loan where Borrowers have monetised their properties for either a lump sum of cash or regular periodic income without the obligation of the Borrower to pay interest and principal on such lump sum of cash in accordance with a pre-agreed payment schedule.
16. As at the Cut-off Date, it has a positive net present value or outstanding principal balance.
17. The Mortgage Conditions applicable to it have not been subject to any variation, amendment, modification, waiver or exclusion of time of any time which in any material way adversely affects its terms or its enforceability or collectability.
18. The Mortgage Loan from which it results does not contain confidentiality provisions which restrict the Issuer's exercise of its rights as owner of such Mortgage Receivable.
19. Each Mortgage Loan constitutes the entire mortgage loan (*hypothecaire lening*) granted to the relevant Borrower that is secured by the same Mortgage.
- (B) *Borrowers*
20. 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 Mortgage Conditions without any right of rescission, withholding, suspension, counterclaim, annulment (*vernietiging*) 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.
21. So far as the Seller 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 Mortgage Conditions;
  - (ii) the related Borrower is not in material breach or default of any obligation under the related Mortgage Conditions;
  - (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 Seller 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) the related Mortgage Conditions have not been entered into fraudulently by the relevant Borrower.
- (C) *Payments*
- 22. Payments of interest are scheduled to be made monthly in arrear by direct debit.
  - 23. It is not in arrears in relation to any payments and at least one payment in respect of such Mortgage Receivable has been made.
  - 24. It is not subject to any withholding tax.
- (D) *Unencumbered Transfer*
- 25. The Seller has full right and legal title to it and has power to transfer or encumber (*is beschikkingsbevoegd*) it and such Mortgage Receivable is not subject to any agreement to transfer or encumber it, whether or not in advance, in whole or in part, in any way whatsoever.
  - 26. It is owed to the Seller and is free and clear of any encumbrance, attachment or other right or claim in, over or on any person's assets or properties in favour of any other person.
  - 27. 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.
  - 28. Its transfer will not violate any law or any agreement by which the Seller may be bound and upon such transfer it will not be available to the creditors of the Seller on such Seller's liquidation save for applicable laws affecting the rights of creditors generally.
- (E) *Security and previous transfers*
- 29. It is secured by mortgage rights and rights of pledge governed by Dutch law which:
    - (i) constitute valid mortgage rights (*hypotheekrechten*) 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 Mortgage Loan when originated increased with interest, penalties, costs and/or insurance premiums together up to an amount equal to (at least) 140 per cent. of the principal amount of the related Mortgage 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 Mortgage Receivable, the Mortgage Receivable will following the transfer continue to be secured by the right of mortgage or pledge.
  - 30. 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.
  - 31. It:
    - (i) was originated by the Seller (which includes origination by an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and the Seller has not (nor

has any such merged originator or demerged originator (as the case may be)) transferred any receivable (including but not limited to any Other Claim) secured by the Related Security, which also secures such Mortgage Receivable, to any party other than the Issuer (or in the case of a merged originator or demerged originator (as the case may be), other than the Seller) or, if it is a Savings Mortgage Receivable, the relevant Savings Insurance Company; or

- (ii) is secured by Related Security which does not include All Moneys Security Rights and any and all present and future receivables which are secured by the Fixed Security Rights 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 Rights, have, together with all Related Security, been transferred to the Seller.

(F) *Valuation*

- 32. The related Borrower was obliged to obtain a building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*) of the Mortgaged Asset at the time the related Mortgage Loan was advanced.
- 33. Each Mortgaged Asset concerned was valued in accordance with the then prevailing valuation criteria as applied by the Seller.

(G) *Long Lease*

- 34. If it is secured by a right of mortgage on a long lease (*erfpacht*), the terms of the relevant Mortgage Conditions provide that the principal amount outstanding of the related Mortgage Loan, including interest, will become immediately due and payable if (a) the long lease terminates (whether or not as a result of (i) a material breach or cessation in the performance by the leaseholder of its payment obligations under the long lease (*canon*) or (ii) a breach by the leaseholder of any of the conditions of the long lease) and (b), if applicable, the associated right of the lender under the Mortgage Conditions to accelerate the Mortgage Loan on that basis is exercised.

(H) *No Bridge Loans or Residential Subsidy Rights*

- 35. It does not arise from bridging mortgage loans (*overbruggingshypotheken*).
- 36. It is not related to a Mortgage Loan in connection with which any 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*) dated 1984 or the Resolution Residence Related Subsidies (*Besluit woninggebonden subsidies*) dated 1991 or any replacement or substitute legislation, resolution or regulation, were purportedly transferred to the Seller.

(I) *Specific Products*

- 37. It is related to an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, an Investment Mortgage Loan, a Life Mortgage Loan, a Savings Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, or any combination of the foregoing.
- 38. If it is an NHG Mortgage Loan Receivable, (i) the NHG Guarantee is granted for its full amount outstanding at origination, and constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with such NHG Guarantee's terms, (ii) all terms and conditions (*Voorwaarden en Normen*) applicable to the NHG Guarantee at the time of origination of the related NHG Mortgage Loans were complied with and (iii) the Seller 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 customary manner.
- 39. If it relates to a Life Mortgage Loan or a Savings Mortgage Loan, then it has the benefit of the applicable Mixed Insurance Policy and (i) the Seller (or an originator (A) which has merged

(*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) has either been validly appointed as beneficiary (*begunstigde*) under such Mixed Insurance Policy upon the terms of the relevant Mortgage Conditions and Mixed Insurance Policy 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 Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)), 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 Seller, (b) a transfer of the Beneficiary Rights by the Seller to the Issuer, (c) an appointment by the Seller of the Issuer as new beneficiary under such Mixed Insurance Policy or (d) a waiver of the Beneficiary Rights by the Seller.

40. The Mortgage Conditions applicable to it provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the Seller on behalf of the relevant Borrower and any other amounts due by such Borrower to such Seller will become due and payable, among other things, if (a) a Mixed Insurance Policy attached to it is invalid and/or payment of premium under the Mixed Insurance Policy is suspended (*premievrij*); and (b) if applicable, the associated right of the lender under the Mortgage Conditions to accelerate the Mortgage Loan on that basis is exercised.
41. If it is related to an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan, a Bank Savings Mortgage Loan or a Revolving Credit Mortgage Loan, it does not relate to a Mixed Insurance Policy and does not have an investment part.
42. If it is related to an Interest-only Mortgage Loan, it does not exceed the Original Foreclosure Value.
43. If it is related to an Investment Mortgage Loan:
  - (a) the relevant securities account maintained in the name of the relevant Borrower has been validly pledged to the Seller (or any originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and is maintained with:
    - (i) 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 (*beleggersgiro*); or
    - (ii) a bank (which is by law obliged to administer the securities through a separate depositary vehicle unless the transfer of any such securities is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*), in which case the bank can administer such securities itself);
  - (b) any relevant savings account connected to the relevant securities account is maintained in the name of the relevant Borrower and has been validly pledged to the Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) and is maintained with ING; and
  - (c) it does not relate to a Mixed Insurance Policy.
44. If it is related to a Life Mortgage Loan (i) the relevant Mixed Insurance Policy and the relevant Life Mortgage Loan (other than a Life Mortgage Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with the relevant Savings Insurance Company) are in the relevant Insurance Company's and Seller's promotional materials not offered as one product, and (ii) (a) if it falls under category 3 of the Deduction Risk description, the relevant

Borrowers are not obliged to enter into a Mixed Insurance Policy with an Insurance Company which is a group company of the Seller and are free to choose the relevant insurer (subject to prior approval of the Seller) or (b) if it falls under category 4 of the Deduction Risk description, the guaranteed yield of the capital/investment under the Mixed Insurance Policy is not linked to the interest base applicable to the relevant Mortgage Loan.

45. If it is related to an Investment Mortgage Loan and the related investment product is offered by the Seller itself (and not by a third party investment firm or bank), such investment product has been offered in accordance with all applicable laws and legal requirements prevailing at the time of origination, including those on the information that is to be provided to prospective investors.
46. If it is related to a Bank Savings Mortgage Loan (i) the relevant Bank Savings Account maintained in the name of the relevant Borrower has been validly pledged to the Seller (or an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)), (ii) at maturity of the Bank Savings Mortgage Loan the related Bank Savings Deposit can be applied to repay such Bank Savings Mortgage Loan and (iii) the general conditions applicable to it provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the Seller on behalf of the relevant Borrower and any other amounts due by such to the Seller will become due and payable, among other things, if (a) such Borrower does not timely make the relevant monthly payments into the related Bank Savings Account; and (b), if applicable, the associated right of the lender under the Mortgage Conditions to accelerate the Mortgage Loan on that basis is exercised.
47. Pursuant to the Mortgage Conditions applicable to the relevant Mortgage Loan, the Seller will only pay out monies under a Construction Deposit to or on behalf of a Borrower after having received relevant receipts from the relevant Borrower relating to the construction.
48. If it is related to a Savings Mortgage Receivable, the related Mixed Insurance Policy constitutes legal, valid and binding obligations of the relevant policyholders (*verzekeringnemers*) and the relevant Savings Insurance Company, subject to (i) any limitations arising from bankruptcy, insolvency and any other laws of general application relating to or affecting the rights of creditors and (ii) the limitation that the binding effect and enforceability of the obligations of a Borrower may be affected by rules of Dutch law which generally apply to contractual arrangements, including (without limitation) the requirements of reasonableness and fairness (*redelijkheid en billijkheid*) and rules relating to *force majeure*.

#### **7.4 PORTFOLIO CONDITIONS**

In the Mortgage Receivables Purchase Agreement, the Seller gives the following representation and warranty on the Closing Date in respect of the Initial Portfolio: The weighted average current loan to original market value of the Mortgage Loans comprising the Initial Portfolio as at the Cut-Off Date relating to the Closing Date was not greater than 110 per cent.

## 7.5 SERVICING AGREEMENT

Pursuant to the terms of the Servicing Agreement the Servicer has agreed to service on behalf of the Issuer the Mortgage Receivables. The Servicer will be required to, among other things:

- (i) act as a prudent assignee (*goed opdrachtnemer*) in connection with the provision of the services specified in the Servicing Agreement;
- (ii) service and administer the relevant Mortgage Receivables in accordance with the Seller's servicing and administration manuals;
- (iii) use all reasonable endeavours to collect all payments due under or in connection with the Mortgage Receivables and to enforce all covenants and obligations of each Borrower in accordance with the standard enforcement and collection procedures of the Servicer from time to time and take such action as is not materially prejudicial to the interests of the Issuer and in accordance with such actions as a person acting in accordance with the standards of a Reasonable Prudent Lender would undertake;
- (iv) if required in connection with the Mortgage Receivables and/or performance of services under the Servicing Agreement, maintain all approvals, authorisations and consents in connection with its business and the business of the Issuer; and
- (v) if required in connection with the Mortgage Receivables and/or performance of services under the Servicing Agreement, comply with all applicable regulations and shall procure that (in so far as the Servicer having used its best endeavours is able to do so) the Issuer shall comply with all applicable regulations.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Issuer in relation to the Mortgage Receivables, and to do anything which it reasonably considers necessary or convenient or incidental to the servicing and administration of those Mortgage Receivables. In addition, subject to the provisions of applicable law and regulations, the Issuer revocably authorises in the Servicing Agreement the Servicer to amend or waive or agree to such amendment or waiver of the terms and conditions of any Mortgage Receivable that would be reasonably expected from a Reasonable Prudent Lender.

The Servicer has undertaken to, among other things, perform the services listed below in relation to the Mortgage Receivables, and to:

- (i) on each Mortgage Calculation Date prepare a report (which includes information in respect of arrears) in respect of (i) the Mortgage Receivables and (ii) the Mortgage Calculation Period immediately preceding the Mortgage Calculation Period in which such Notes Calculation Date falls, and to deliver the same to the Issuer, the Security Trustee, the Credit Rating Agencies and each Participant;
- (ii) following an Assignment Notification Event and upon the Servicer being required to do so by the Issuer or the Security Trustee pursuant to the Mortgage Receivables Purchase Agreement, do or use its best efforts to procure the doing all or any of the acts, matters or things in order to enable the notification of the transfer of Mortgage Receivables and any Related Security to the relevant Borrowers and Insurers as described in the Mortgage Receivables Purchase Agreement;
- (iii) keep records and books of account on behalf of the Issuer in relation to the Mortgage Receivables;
- (iv) assist the Issuer Administrator and the auditors of the Issuer and provide information to them upon reasonable request;
- (v) subject to the provisions of the Servicing Agreement take all reasonable steps to recover all sums due to the Issuer including by the institution of proceedings and/or the enforcement of any Mortgage Receivable;

- (vi) to the extent permitted under applicable data protection and other laws, provide on a timely basis to the Credit Rating Agencies all information which is reasonably required in order for the Credit Rating Agencies to be able to establish their credit estimates at all reasonable times upon reasonable notice subject to the Servicer being reasonably capable of providing such information without significant additional cost;
- (vii) make all calculations and render all other services required for compliance with any Participation Agreement;
- (viii) take all other action and do all other things which would be reasonable to expect a person acting in accordance with the standards of a Reasonable Prudent Lender to do in servicing and administering the Mortgage Receivables and the Related Security;
- (ix) act as collection agent on behalf of the Issuer and, following the occurrence of an Event of Default, the Security Trustee in accordance with the provisions of the Servicing Agreement;
- (x) make all preparations and recordings and ancillary activities necessary to effect any (re) transfer of Mortgage Receivables to or by the Issuer and/or any pledge or release of pledge of such Mortgage Receivables; and
- (xi) not knowingly or negligently fail to comply with any legal requirements in the performance of the services specified in the Servicing Agreement.

The 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 the Wft. Furthermore, the Servicer will covenant that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft.

The Issuer and the Security Trustee may, upon written notice to the Servicer, terminate the Servicer's rights and obligations immediately if an event of default (which includes, subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Servicer) occurs in respect of the Servicer under the Servicing Agreement.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' notice to the Security Trustee and the Issuer provided that a substitute servicer who meets certain agreed criteria (which include, among other things, that such person (i) has all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Mortgage Loan Services, and is duly licensed under the Wft to act as consumer credit provider or intermediary and (ii) has experience with and is capable of servicing and administering portfolios of residential mortgage loans in The Netherlands and is approved by the Issuer and the Security Trustee) has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement, prior to such resignation becoming effective. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Notes unless the Noteholders agree otherwise by an Extraordinary Resolution.

If the appointment of the Servicer is terminated, the Servicer must deliver all files and other documentation relating to each Mortgage Receivable serviced and administered by it to, or at the direction of, the Issuer.

The Servicer may sub-contract the performance of its duties under the Servicing Agreement provided that the proposed sub-contractor meets conditions as set out in the Servicing Agreement. No sub-contracting shall release or discharge the Servicer from any liability under the Servicing Agreement or any responsibility for the performance of its obligations under the Servicing Agreement or shall create any right or entitlement of the relevant sub-contractor under the Servicing Agreement.

The Servicer also undertakes that it will immediately inform the Issuer and the Security Trustee when it ceases to be rated at least the Requisite Credit Rating and, upon request of the Security Trustee, the Servicer shall, upon request of the Security Trustee, use reasonable efforts to procure that the parties to the Servicing Agreement enter into a servicing agreement with a third party in such form as the Issuer and the Security Trustee shall reasonably require, within 60 calendar days after receipt of such request from the Security Trustee.

The Issuer will pay to the Servicer a servicing fee (plus any applicable value added tax) as agreed in the Servicing Agreement.

The initial Servicer is ING. See section 3.4 (*Seller/Originator*).

## 7.6 SUB-PARTICIPATION

Under each Participation Agreement, the Issuer grants the relevant Participant a Participation in each relevant Savings Mortgage Receivable or Bank Savings Mortgage Receivable, as the case may be, in return for the payment by the Participant of the relevant Initial Settlement Amount and, Further Settlement Amounts, as follows.

### Participation

First, the Participant undertakes to pay to the Issuer for each Participation Mortgage Receivable:

- (a) on the Transfer Date relating to such Participation Mortgage Receivable: an amount equal to the Initial Settlement Amount as at such Transfer Date for such Participation Mortgage Receivable; and
- (b) on each subsequent Mortgage Collection Payment Date an amount equal to: a Further Settlement Amount for such Participation Mortgage Receivable, unless as a result of such payment the Participation in respect of such Participation Mortgage Receivable would exceed the Gross Outstanding Principal Balance of such Participation Mortgage Receivable at such time or, if lower and if such Participation Mortgage Receivable is a Bank Savings Mortgage Receivable, the related Bank Savings Deposit at such time, in which case only such amount shall be paid as is necessary for such Participation (which includes Accrued Savings Increases) to reach such Gross Outstanding Principal Balance or the related Bank Savings Deposit, as the case may be.

In return, in relation to each Participation Mortgage Receivable, the Issuer undertakes to pay to the relevant Participant on each Mortgage Collection Payment Date the Participation Redemption Available Amount, if any, received by the Issuer in respect of such Participation Mortgage Receivable since the preceding Mortgage Collection Payment Date.

If a Borrower with respect to:

- (i) a Savings Mortgage Receivable invokes any defence purporting to establish that he may deduct an amount from the Participation Mortgage Receivable based on any default by the relevant Participant in the performance of any of its obligations under the relevant Mixed Insurance Policy; or
- (ii) a Bank Savings Mortgage Receivable invokes a right of set-off, set-off is applied by operation of law or for any other reason set-off is applied in respect of any part of the related Bank Savings Deposit against the Participation Mortgage Receivable,

and, in each case, as a consequence thereof, the Issuer does not receive such amount in respect of such Participation Mortgage Receivable, then such amount will be deducted from the relevant Participation.

### Enforcement Notice

If an Enforcement Notice is delivered by the Security Trustee on the Issuer, then the Security Trustee may and, if so directed by the relevant Participant, shall on behalf of such Participant by notice to the Issuer:

- (a) terminate the obligations of the relevant Participant under the relevant Participation Agreement; and
- (b) declare the relevant Participations to be immediately due and payable, provided that such payment obligation shall for each Participation Mortgage Receivable be limited to the relevant Participation Redemption Available Amount received by or on behalf of the Issuer or the Security Trustee under the relevant Participation Mortgage Receivable.

### Sale of relevant Participation Mortgage Receivable

If a Participation Mortgage Receivable is sold by or on behalf of the Issuer to the Seller or a third party, then the Issuer will (apart from, for the avoidance of doubt, paying the Participation Redemption Available Amount in respect of such Participation Mortgage Receivable), if so requested by the relevant Participant use reasonable endeavours to ensure that the acquirer of the relevant Participation Mortgage Receivable will (a) enter into a participation agreement with the relevant Participant in a form similar to

the relevant Participation Agreement or (b) by way of partial take-over of contract (*partiële contractsoverneming*) take over the contractual relationship (*rechtsverhouding*) under the relevant Participation Agreement to the extent relating to the Participation associated to the relevant Participation Mortgage Receivable (in which case the relevant Participation Redemption Available Amount will be zero).

### **Priorities of Payments**

The Revenue Priority of Payments and the Redemption Priority of Payments will be funded by Available Revenue Funds and Available Principal Funds. When calculating the relevant Principal Funds, certain deductions will be made by reference to the relevant Participation Redemption Available Amounts, which deducted amounts will not be applied in accordance with the Redemption Priority of Payments, but will be credited to the Participation Ledger and be paid to the relevant Participants in accordance with the Administration Agreement and the relevant Participation Agreement. When calculating the relevant Revenue Funds, 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 Fund, for application in accordance with the Redemption Priority of Payments.

Likewise, the Post-Enforcement Priority of Payments will not be funded by amounts which have been received by or on behalf of the Issuer and which are required to be credited to the Participation Ledger and paid to Participants on account of Participation Redemption Available Amounts.

For this purpose:

**"Bank Savings Participation Redemption Available Amount"** means (i) if the full Gross Outstanding Principal Balance has been repaid or prepaid since the preceding Mortgage Collection Payment Date: an amount equal to the Bank Savings Participation, (ii) in the case of partial (p)repayment of the Gross Outstanding Principal Balance since the preceding Mortgage Collection Payment Date: the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the Bank Savings Participation or (iii) in the case of (a) a sale of the relevant Bank Savings Mortgage Receivable pursuant to the Mortgage Receivables Purchase Agreement: an amount received pursuant to such sale of such Bank Savings Mortgage Receivable up to the Bank Savings Participation, unless the corresponding rights and obligations under or pursuant to the Bank Savings Participation Agreement are transferred in connection therewith or (b) a foreclosure on any Related Security to the extent relating to the relevant Bank Savings Mortgage Receivable: an amount up to the Bank Savings Participation received pursuant to such foreclosure, the Net Foreclosure Proceeds to the extent relating to the Gross Outstanding Principal Balance of such Bank Savings Mortgage Receivable.

**"Insurance Savings Participation Redemption Available Amount"** means (i) if the full Gross Outstanding Principal Balance has been repaid or prepaid since the preceding Mortgage Collection Payment Date: an amount equal to the relevant Insurance Savings Participation, (ii) in the case of partial (p)repayment of the Gross Outstanding Principal Balance since the preceding Mortgage Collection Payment Date: the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the relevant Insurance Savings Participation or (iii) in the case of (a) a sale of the relevant Mortgage Receivable pursuant to the Mortgage Receivables Purchase Agreement: an amount received pursuant to such sale of such Mortgage Receivable up to the relevant Insurance Savings Participation, unless the corresponding rights and obligations under or pursuant to the relevant Insurance Savings Participation Agreement are transferred in connection therewith or (b) a foreclosure on any Related Security to the extent relating to the relevant Mortgage Receivable: an amount up to the relevant Insurance Savings Participation received pursuant to such foreclosure, the Net Foreclosure Proceeds to the extent relating to the Gross Outstanding Principal Balance of such Mortgage Receivable.

**"Participation Redemption Available Amount"** means a Bank Savings Participation Redemption Available Amount and an Insurance Savings Participation Redemption Available Amount.

## 8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 5 June 2015.
2. Application has been made to list the Class A Notes on Euronext Amsterdam on the Closing Date. The estimated total costs involved with such admission amount to EUR 5,000 and, on an annual basis, EUR 1,000.
3. The Class A Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 123034589 and ISIN Code NL0011275425.
4. The Class B Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 123034627 and ISIN Code NL0011275433.
5. The Class C Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 123034651 and ISIN Code NL0011275441.
6. The address of Euroclear Netherlands is Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., Herengracht 459-469, 1017 BS Amsterdam, The Netherlands.
7. Since its establishment, there have been no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer. Since the date of its establishment there has been no material change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer.
8. Physical copies of the following documents (together with, where applicable, English translations thereof) may be inspected at the specified offices of the Security Trustee or, if so elected by the Security Trustee, at any office of an affiliate company of the Director of the Security Trustee free of charge during normal business hours as long as any Notes are outstanding:
  - a. the Administration Agreement;
  - b. each Beneficiary Waiver Agreement and any additional beneficiary waiver agreement from time to time the entered into with an Insurance Company;
  - c. the Cash Advance Facility Agreement;
  - d. the deed of incorporation (*oprichtingsakte*) including the articles of association (*statuten*) of the Issuer;
  - e. the Incorporated Terms Memorandum;
  - f. the Issuer Account Agreement;
  - g. the letter of undertaking to be dated on or about the date hereof by, among others, the Issuer, the Director and the Security Trustee;
  - h. the Management Agreements;
  - i. the Mortgage Receivables Purchase Agreement;
  - j. the Participation Agreements;
  - k. the Paying Agency Agreement;
  - l. the Reporting Services Agreement;
  - m. the Security Documents;
  - n. the Servicing Agreement;

- o. the Swap Agreement; and
  - p. the Trust Deed.
9. The articles of association of the Issuer are incorporated herein by reference. The Issuer's articles of association will be available free of charge at the registered office of the Issuer, the Security Trustee and the Principal Paying Agent as long as any Notes are outstanding or can be obtained at the external website of, among others, the Issuer: [www.intertrustgroup.com](http://www.intertrustgroup.com).
  10. A copy of this Prospectus will be available, free of charge, at the registered offices of the Issuer, the Security Trustee and the Principal Paying Agent as long as any Notes are outstanding or can be obtained at the external website of, among others, the Issuer: [www.intertrustgroup.com](http://www.intertrustgroup.com).
  11. U.S. taxes:
    - 11.1 The Notes 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'.
    - 11.2 The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
  12. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer. The auditors of the Issuer are Ernst & Young Accountants LLP, Amsterdam, The Netherlands of Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands. The individual auditors of Ernst & Young Accountants LLP are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*).
  13. All loan level data reports and investor reports required to be published by the Issuer can be obtained through the external website of the Dutch Securitisation Association: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl), until the redemption in full of the Class A Notes.
  14. The Issuer is responsible for all information contained in this Prospectus. To the best of the Issuer's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

In addition to the Issuer, the Seller is responsible for the information referred hereafter. The Seller is responsible solely for the information contained in the following sections of this Prospectus: Retention and disclosure requirements under the CRR in section 1.4 (*Notes*), 1.6 (*Portfolio Information*), 3.4 (*Seller/Originator*), 3.5 (*Servicer*), 4.4 (*Regulatory and Industry Compliance*), 6.1 (*Stratification Tables*), 6.2 (*Description of Mortgage Loans*), 6.3 (*Origination and Servicing*), 6.4 (*Dutch Residential Mortgage Market*) and 6.5 (*NHG Guarantee Programme*) and any other disclosure in this Prospectus in respect of Article 405 up to and including Article 409 of the CRR and Article 51 and 52 of the AIFMR. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly. The Seller is not responsible for information contained in any section other than the sections mentioned above, and consequently does not assume any liability with respect to the information contained in any other section. Any information from third parties contained and specified as such in the aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case). The Seller accepts responsibility accordingly.

Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an "**Independent Source**").

The most recent available information from Independent Sources has been included in this Prospectus. Some data are based on good faith estimates, which are derived in part from a review of internal surveys of ING, as well as the Independent Sources. Although these Independent Sources are believed to be reliable, the information has not independently been verified and its accuracy and completeness cannot be guaranteed.

The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as this could be ascertained from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure such is the case).

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, any Lead Manager or the Arranger.

## 9. GLOSSARY OF DEFINED TERMS

### 9.1 DEFINITIONS

The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the draft RMBS Standard as at the date of this Prospectus. However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term;
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term;
- if the defined term is between square brackets in the RMBS Standard definitions list or contains wording between square brackets in the RMBS Standard definitions list, by completing the defined term and removing the square brackets if the defined term is used in this Prospectus; or
- if the defined term contains a [•], by completing the defined term and removing the [•].

Except where the context requires otherwise, the following defined terms used in the Transaction Documents, the Conditions, the Notes and this Prospectus have the meanings set out below (as may be amended from time to time):

- + "**Accrued Interest**" means in relation to any Mortgage Receivable and as at any date (the "**Receivable Interest Determination Date**") on or after the relevant Transfer Date, interest on such Mortgage Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Mortgage Conditions immediately prior to the Receivable Interest Determination Date up to and including the Receivable Interest Determination Date;
- + "**Accrued Savings Increases**" in relation to a Participation means the sum of the Increases for all months from the Transfer Date relating to the relevant Participation Mortgage Receivable;
- + "**Accrued Savings Interest**" in relation to a Participation means the sum of the Monthly Interest for all months from the date on which the first Savings were received;
- + "**Additional Purchase Conditions**" has the meaning given thereto in section 7.1 (*Purchase, Repurchase and Sale*);
- "**Administration Agreement**" means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;
- "**AFM**" means the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);
- "**AIFMR**" means the Commission Delegated Regulation No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
- "**All Moneys Mortgage**" means any mortgage right (*hypotheekrecht*) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;
- "**All Moneys Pledge**" means any right of pledge (*pandrecht*) which secures not only the loan

granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

"**All Moneys Security Rights**" means any All Moneys Mortgages and All Moneys Pledges collectively;

"**Annuity Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity;

"**Annuity Mortgage Receivable**" means the Mortgage Receivable resulting from an Annuity Mortgage Loan;

"**Arranger**" means ING;

+ "Arrears of Interest" means in relation to any Mortgage 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;

\* "Assignment Notification Event" means the earliest to occur of the following unless the Security Trustee, having obtained Credit Rating Agency Confirmation to that effect, has confirmed in writing to the Seller and the Issuer that, subject to any condition imposed by the Security Trustee, any such event shall not (or not immediately) constitute an Assignment Notification Event:

- (i) a default is made by the Seller 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 Security Trustee to the Seller;
- (ii) the Seller fails duly to perform or comply with any of its obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (iii) the Seller takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (a) its dissolution (*ontbinding*), (b) its liquidation (*vereffening*), (c) a merger (*fusie*) involving the Seller as disappearing entity unless Credit Rating Agency Confirmation has been obtained in respect of such merger, (d) a demerger or split-off (*splitsing of afsplitsing*) involving the Seller as disappearing entity or split-off entity (*splitsende entiteit*) unless Credit Rating Agency Confirmation has been obtained in respect of such demerger or split-off, (e) its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft, (f) its bankruptcy, (g) any analogous insolvency proceedings under any applicable law or (h) the appointment of a liquidator (*curator*), administrator (*bewindvoerder*) or a similar officer in respect of it or of any or all of its assets;
- (iv) the Seller's assets are placed under administration (*onder bewind gesteld*);
- (v) any credit rating of the Seller's long-term debt obligations falls below the Requisite Credit Rating, or any such credit rating is withdrawn; or
- (vi) an Event of Default occurs which is continuing;

"**Available Principal Funds**" has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

**"Available Revenue Funds"** has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

**"Bank Savings Account"** means, in respect of a Bank Savings Mortgage Loan, a blocked savings account held in the name of a Borrower with the Bank Savings Participant;

**"Bank Savings Deposit"** means, in respect of a Bank Savings Mortgage Loan, the balance standing to the credit of the relevant Bank Savings Account;

**"Bank Savings Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis;

**"Bank Savings Mortgage Receivable"** means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan;

**"Bank Savings Participant"** means ING;

\* **"Bank Savings Participation"** means, in relation to a Bank Savings Mortgage Receivable, an amount equal to the sum of (i) the Initial Bank Savings Participation as at the Transfer Date relating to the relevant Bank Savings Mortgage Receivable plus (ii) Bank Savings Participation Increases up to the Gross Outstanding Principal Balance or, if lower, the related Bank Savings Deposit, minus (iii) any Bank Savings Participation Redemption Available Amount paid by the Issuer to the Bank Savings Participant;

**"Bank Savings Participation Agreement"** means the bank savings participation agreement between the Issuer and ING as Bank Savings Participant and the Security Trustee dated the Signing Date;

\* **"Bank Savings Participation Increase"** means, in relation to a Bank Savings Mortgage Receivable, each Accrued Savings Increase;

**"Bank Savings Participation Redemption Available Amount"** has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of this Prospectus;

**"Beneficiary Rights"** means all rights which the Seller has *vis-à-vis* the relevant Insurance Company in respect of an Insurance Policy, under which the Seller has been appointed by the Borrower / insured as beneficiary (*begunstigde*) in connection with the relevant Mortgage Receivable;

**"Beneficiary Waiver Agreement"** means each beneficiary waiver agreement between, among others, the Seller, the Security Trustee and the Issuer dated the Closing Date;

**"BKR"** means National Credit Register (*Bureau Krediet Registratie*);

**"Borrower"** means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

\* **"Borrower Insurance Pledge"** means a right of pledge (*pandrecht*) created in favour of the Seller (which includes any originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplijting*)) on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;

**"Borrower Insurance Proceeds Instruction"** means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;

**"Borrower Investment Account"** means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;

- "Borrower Pledge"** means a right of pledge (*pandrecht*) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge;
- + **"Breach of Portfolio Condition"** means a breach of the portfolio condition set forth in section 7.4 (*Portfolio Conditions*);
- + **"BRRD"** has the meaning ascribed thereto in section 2.1 (*The Notes*);
- "Business Day"** means (i) when used in the definition of Notes Payment Date and in Condition 7.4 (*Euribor*), a TARGET 2 Settlement Day and (ii) in any other case, a day on which banks are generally open for business in Amsterdam and London;
- + **"Calculation Amount"** means EUR 1,000;
- "Cash Advance Facility Agreement"** means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;
- + **"Cash Advance Facility Available Amount"** means, at any time, the Cash Advance Facility Maximum Amount minus the amount of each then outstanding Cash Advance Revolving Drawing and plus the amount of each outstanding Cash Advance Revolving Drawing due to be repaid or prepaid on or before the proposed date for the making of any relevant Cash Advance Revolving Drawing or, if a Cash Advance Stand-by Drawing is outstanding, zero;
- "Cash Advance Facility Drawing"** means a drawing under the Cash Advance Facility;
- \* **"Cash Advance Facility Maximum Amount"** means, at any time, an amount equal to (a) 1.50 per cent. of the Principal Amount Outstanding of the Class A Notes on such date or (b) any other amount agreed with the Credit Rating Agencies and the Cash Advance Facility Provider;
- "Cash Advance Facility Provider"** means ING;
- + **"Cash Advance Facility Revenue Shortfall"** means as at any Notes Payment Date, the amount by which:
- (a) the Available Revenue Funds available to meet the payment obligations of the Issuer specified in the Revenue Priority of Payments and not constituting proceeds from any Cash Advance Revolving Drawing or any Cash Advance Facility Stand-by Ledger Drawing for such purpose; falls short of
  - (b) the aggregate of the amounts required by the Issuer to pay or to provide in full on such Notes Payment Date for the items falling in paragraph (a) up to and including (e) of the Revenue Priority of Payments;
- \* **"Cash Advance Facility Stand-by Drawing"** means a drawing made by the Issuer in accordance with the terms of the Cash Advance Facility Agreement following the delivery by the Issuer of a notice substantially in the form set out in Schedule 4 (*Cash Advance Standby Drawing Notice*) of the Cash Advance Facility Agreement or, as the case may be, an advance made by the Cash Advance Facility Provider pursuant to Clause 7.4 (*New Cash Advance Facility Availability Period*) of the Cash Advance Facility Agreement or, as the case may be, the principal amount thereof for the time being outstanding;
- \* **"Cash Advance Facility Stand-by Drawing Period"** means, in respect of the Cash Advance Stand-by Drawing, where a Cash Advance Stand-by Drawing is advanced to the Issuer on:
- (a) a Notes Payment Date, the period from and including such Notes Payment Date to but excluding the first following Notes Payment Date; or
  - (b) a day which is not a Notes Payment Date, the period from and including the date on which the Cash Advance Facility Stand-by Drawing is advanced to the Issuer to but

excluding the second following Notes Payment Date,

and in respect of which the then current (i) interest rate when the Cash Advance Facility Stand-by Drawing is advanced and (ii) period that is the Cash Advance Revolving Drawing Period when the Cash Advance Facility Stand-by Drawing is advanced shall continue to apply to the portion of the Cash Advance Facility Stand-by Drawing which is converted from an outstanding Cash Advance Revolving Drawing on the date of the advance of the relevant Cash Advance Facility Stand-by Drawing until the end of such Cash Advance Revolving Drawing Period;

\* **"Cash Advance Facility Stand-by Ledger"** means the ledger of the Issuer Collection Account designated as such;

+ **"Cash Advance Facility Stand-by Ledger Drawing"** means a drawing from the Cash Advance Facility Stand-by Ledger made pursuant to Clause 4 (*Utilisation of Cash Advance Facility Stand-by Ledger*) of the Cash Advance Facility Agreement or, as the case may be, the principal amount thereof for the time being outstanding;

+ **"Cash Advance Facility Stand-by Ledger Drawing Period"** means, in respect of a Cash Advance Facility Stand-by Ledger Drawing, the period from and including the date on which the Cash Advance Facility Stand-by Ledger Drawing was credited to the Income Ledger to but excluding the first following Notes Payment Date;

+ **"Cash Advance Facility Termination Date"** means the date falling 364 days after the Closing Date or such other date as may be agreed between the Issuer and the Cash Advance Facility Provider in accordance with the terms of the Cash Advance Facility Agreement;

+ **"Cash Advance Revolving Drawing"** means a drawing made by the Issuer in accordance with the terms of the Cash Advance Facility Agreement following the delivery by the Issuer of a notice substantially in the form set out in Schedule 4 (*Cash Advance Facility Standby Drawing Notice*) of the Cash Advance Facility Agreement or, as the case may be, the principal amount thereof for the time being outstanding;

+ **"Cash Advance Revolving Drawing Period"** means, in respect of a Cash Advance Revolving Drawing, the period from and including a Notes Payment Date to but excluding the first following Notes Payment Date;

**"Class A Notes"** means the EUR 750,000,000 senior class A mortgage-backed notes due 2047;

**"Class B Notes"** means the EUR 37,200,000 class B mortgage-backed notes due 2047;

**"Class C Notes"** means the EUR 7,900,000 class C notes due 2047;

\* **"Clean-Up Call Option"** means the right of the Seller to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables which are outstanding which right may be exercised on any Notes Payment Date if on the preceding Mortgage Calculation Date the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables is not more than 10 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables comprising the Initial Portfolio on the Cut-Off Date relating to the Transfer Date of the Initial Portfolio;

**"Closing Date"** means 11 June 2015 or such later date as may be agreed between the Issuer, the Seller and the Arranger;

+ **"Code"** has the meaning ascribed thereto in Condition 11.2 (*No payment of additional amounts*);

**"Code of Conduct"** means the Mortgage Code of Conduct (*Gedragscode Hypothecaire Financieringen*) introduced in January 2007 by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*);

**"Conditions"** means the terms and conditions of the Notes set out in Schedule 4 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;

**"Construction Deposit"** means in respect of a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the relevant Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

**"Construction Deposit Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**"Coupons"** means the interest coupons appertaining to the Notes;

NA **"CPR"** means Constant Prepayment Rate;

**"CRA Regulation"** means Regulation (EC) No. 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 462/2013 of 21 May 2013;

**"CRD"** means directive 2006/48/EC of the European Parliament and of the Council (as amended by directive 2009/111/EC);

**"Credit Rating Agency"** means any credit rating agency (including any successor to its rating business) who, at the request of the Seller, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes Fitch and Moody's;

**"Credit Rating Agency Confirmation"** means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

- (i) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a **"confirmation"**);
- (ii) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an **"indication"**); or
- (iii) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:
  - (a) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or
  - (b) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency.

+ **"Crisis Management Directive"** has the meaning ascribed thereto in section 2.1 (*The Notes*);

- + **"CRR"** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;
- "Current Loan to Original Foreclosure Value Ratio"** means the ratio calculated by dividing the outstanding principal amount of a Mortgage Receivable by the Original Foreclosure Value of the Mortgaged Asset;
- "Cut-Off Date"** means in relation to a Transfer Date, a Mortgage Calculation Date or a Notes Calculation Date, the final day of the calendar month preceding the calendar month in which such Transfer Date, Mortgage Calculation Date or Notes Calculation Date falls, and in relation to the Transfer Date falling on the Closing Date means 31 March 2015;
- + **"Deduction Risk"** is as defined in section 2.5 (*Mortgage Receivables and Mortgaged Assets*);
- "Deed of Assignment and Pledge"** means a deed of assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement;
- "Deferred Purchase Price"** means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;
- "Deferred Purchase Price Instalment"** means, after application of the relevant available amounts in accordance with the relevant Priority of Payments, any amount remaining after all items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;
- "Definitive Notes"** means Notes in definitive bearer form in respect of any Class of Notes;
- + **"Deposit Ledger"** means the ledger of the Issuer Collection Account designated as such;
- + **"Deposit Required Amount"** means, in the event of a downgrade of the credit rating of the Seller as described in the Mortgage Receivables Purchase Agreement, for as long as it is continuing, on any Mortgage Calculation Date an amount equal to the sum of all cash deposits (other than Bank Savings Deposits and Construction Deposits) made by Borrowers with the Seller in relation to any Mortgage Receivable as at the Cut-Off Date relating to such Mortgage Calculation Date;
- "Directors"** means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;
- "DNB"** means the Dutch central bank (*De Nederlandsche Bank N.V.*);
- "DSA"** means the Dutch Securitisation Association;
- + **"Dutch Civil Code"** means the Dutch Civil Code (*Burgerlijk Wetboek*);
- + **"Dutch Insolvency Proceedings"** means a (provisional) suspension of payments ((*voorlopige*) *surseance van betaling*), bankruptcy (*faillissement*), or, if applicable, emergency regulations (*noodregeling*) in the interests of all creditors as referred to in Chapter 3 of the Wft;
- + **"Eligibility Criteria"** means the criteria as set out in section 7.3 (*Mortgage Loan Criteria*);
- + **"Eligible Mortgage Receivable"** means a Mortgage Receivable that complies with the Eligibility Criteria as at the relevant Transfer Date of such Mortgage Receivable;
- "EMIR"** means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;
- "Enforcement Notice"** means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 12 (*Events of Default*);
- "ESMA"** means the European Securities and Markets Authority;

"**EUR**", "**euro**" or "**€**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;

"**Euribor**" has the meaning ascribed thereto in Condition 7 (*Interest*);

"**Euroclear Netherlands**" means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.;

\* "**Euronext Amsterdam**" means Euronext in Amsterdam;

"**Events of Default**" means any of the events specified as such in Condition 12 (*Events of Default*);

"**Exchange Date**" means the date, not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;

+ "**Exchange Event**" has the meaning ascribed to such term in the Permanent Global Notes;

"**Extraordinary Resolution**" has the meaning ascribed thereto in Condition 2 (*Definitions*);

"**FATCA**" means the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010;

+ "**FIEA**" has the meaning ascribed thereto in section 4.3 (*Subscription and sale*);

"**Final Maturity Date**" means the Notes Payment Date falling in April 2047;

"**First Optional Redemption Date**" means the Notes Payment Date falling in July 2022;

"**Fitch**" means Fitch Ratings Ltd., and includes any successor to its rating business;

+ "**Fixed Security Rights**" means 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;

"**Foreclosure Value**" means the foreclosure value of the Mortgaged Asset;

+ "**FSMA**" has the meaning ascribed thereto in section 4.3 (*Subscription and sale*);

+ "**FTT**" has the meaning ascribed thereto in section 2.1 (*The Notes*);

"**Further Advance**" means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;

"**Further Advance Receivable**" means the Mortgage Receivable resulting from a Further Advance;

+ "**Further Settlement Amount**" in relation to a Bank Savings Participation and Insurance Savings Participation, means an amount equal to the Savings received by the relevant Participant in the preceding month;

"**Global Note**" means any Temporary Global Note or Permanent Global Note;

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

- (i) the aggregate principal balance of such Mortgage Receivable (which includes, for the avoidance of doubt, the aggregate amounts standing to the credit of the Construction Deposit in respect of such Mortgage Receivable), as at the Cut-

Off Date relating to its Transfer Date; and

- (ii) any increase in the principal amount due under such Mortgage Receivable due to any Further Advance,

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

+ **"Income Ledger"** means the ledger of the Issuer Collection Account designated as such;

**"Incorporated Terms Memorandum"** means the incorporated terms memorandum, signed for identification purposes on or around the Signing Date between all parties to the Transaction Documents;

+ **"Increase"** in relation to a Participation means for any month:

(the Participation Fraction x I) + FSA,

where (i) "I" means the amount of interest actually received by or on behalf of the Issuer from the relevant Borrower for such month and (ii) "FSA" means the Further Settlement Amount for such month actually received by or on behalf of the Issuer from the relevant Participant;

**"Indexed Foreclosure Value"** means the value of the Mortgaged Asset calculated by indexing the Original Foreclosure Value with a property price index (weighted average of houses and apartments prices), as provided by the Land Registry for the province where the Mortgaged Asset is located;

+ **"ING"** means ING Bank N.V., a public company (*naamloze vennootschap*) having its corporate seat (*statutaire zetel*) in Amsterdam and its registered offices at Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands and being registered at the Chamber of Commerce in Amsterdam under number 33031431;

**"Initial Bank Savings Participation"** means, in relation to a Bank Savings Mortgage Receivable, an amount equal to the sum of all Savings plus Accrued Savings Interest;

\* **"Initial Insurance Savings Participation"** means, in relation to a Savings Mortgage Receivable, an amount equal to the sum of all Savings plus Accrued Savings Interest;

+ **"Initial Portfolio"** means the Mortgage Receivables particulars of which are set out in the Deed of Assignment and Pledge executed on the Closing Date;

\* **"Initial Purchase Price"** in relation to a Mortgage Receivable means the Gross Outstanding Principal Balance of such Mortgage Receivable as at the relevant Cut-Off Date;

+ **"Initial Settlement Amount"** means, in relation to a Participation in:

- (i) a Bank Savings Mortgage Receivable, the Initial Bank Savings Participation; and/or

- (ii) a Savings Mortgage Receivable, the Initial Insurance Savings Participation;

+ **"Insolvency Proceedings"** means any Dutch Insolvency Proceeding or any equivalent or analogous proceeding under the laws of any other jurisdiction;

**"Insurance Company"** means any insurer that issued an insurance policy to a Borrower connected to the Mortgage Conditions and relating to a Mortgage Receivable;

\* **"Insurance Policy"** means a Mixed Insurance Policy or a Risk Insurance Policy;

**"Insurance Savings Participant"** means Nationale-Nederlanden Levensverzekering Maatschappij N.V. and Algemene Levensherv verzekering Maatschappij N.V. and, in each case where applicable, any of its predecessors;

- \* **"Insurance Savings Participation"** means, in relation to a Savings Mortgage Receivable, an amount equal to the sum of (i) the Initial Insurance Savings Participation as at the Transfer Date relating to the relevant Participation Mortgage Receivable plus (ii) Insurance Savings Participation Increases up to the Gross Outstanding Principal Balance, minus (iii) any Insurance Savings Participation Redemption Available Amount paid by the Issuer to the relevant Insurance Savings Participant;
- "Insurance Savings Participation Agreement"** means each insurance savings participation agreement between the Issuer and an Insurance Savings Participant and the Security Trustee dated the Signing Date;
- \* **"Insurance Savings Participation Increase"** means relating to a Savings Mortgage Receivable, each Accrued Savings Increase;
- "Insurance Savings Participation Redemption Available Amount"** has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of this Prospectus;
- "Interest-only Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;
- "Interest-only Mortgage Receivable"** means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;
- "Interest Period"** means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in October 2015 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;
- "Interest Rate"** means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 7 (*Interest*);
- "Investment Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;
- "Investment Mortgage Receivable"** means the Mortgage Receivable resulting from an Investment Mortgage Loan;
- "ISDA"** means the International Swaps and Derivatives Association, Inc.;
- "Issue Price"** means 100 per cent. of the nominal amount of each Note;
- "Issuer"** means Orange Lion 2015-11 RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and established in Amsterdam, The Netherlands;
- "Issuer Account Agreement"** means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;
- "Issuer Account Bank"** means ING;
- \* **"Issuer Account Pledge Agreement"** means the issuer account pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) relating to the Issuer Accounts dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Account Rights;
- + **"Issuer Account Rights"** means any and all rights of the Issuer in respect of the Issuer Transaction Accounts, against any Issuer Account Bank;
- \* **"Issuer Accounts"** means any of the Issuer Collection Account, Reserve Account, Construction Deposit Account and any Swap Collateral Account;
- + **"Issuer Actual Income"** means:

- (i) interest received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than prepayment penalties, (b) net of any relevant foreclosure costs and (c) less, with respect to each Participation Mortgage Receivable, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction;
- (ii) prepayment penalties received or recovered by the Issuer in respect of the Mortgage Receivables; and
- (iii) interest received on the Issuer Collection Account;

**"Issuer Administrator"** means ING;

**"Issuer Collection Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

+ **"Issuer Covenants"** means the covenants of the Issuer set out in Schedule 7 (*Issuer Covenants*) of the Trust Deed;

**"Issuer Director"** means Intertrust Management B.V.;

**"Issuer Management Agreement"** means the issuer management agreement between the Issuer, Intertrust Management B.V. and the Security Trustee dated the Signing Date;

**"Issuer Mortgage Receivables Pledge Agreement"** means the mortgage receivables pledge agreement between the Issuer and the Security Trustee dated the Signing Date;

**"Issuer Rights"** means any and all rights of the Issuer under and in connection with the Transaction Documents;

\* **"Issuer Rights Pledge Agreement"** means the issuer rights pledge agreement between, amongst others, the Issuer and the Security Trustee dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;

+ **"Issuer Scheduled Income"** means:

- (i) interest scheduled to be received by the Issuer in respect of the Mortgage Receivables (a) other than prepayment penalties, (b) net of any relevant foreclosure costs and (c) less, with respect to each Participation Mortgage Receivable, an amount equal to the net amount scheduled to be received multiplied by the applicable Participation Fraction;
- (ii) prepayment penalties received or recovered by the Issuer in respect of the Mortgage Receivables; and
- (iii) interest received on the Issuer Collection Account;

**"Issuer Transaction Account"** means any of the Issuer Collection Account and the Reserve Account;

**"Land Registry"** means the Dutch land registry (*het Kadaster*);

**"Lead Managers"** means Barclays Bank PLC, ING, Lloyds Bank plc and UniCredit Bank AG;

+ **"Lending Criteria"** means such criteria applicable to the granting of a Mortgage Loan to a Borrower as the Seller (which includes any originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*) may from time to time apply and which would be acceptable to a person acting in accordance with the standards of a Reasonable Prudent Lender;

- + **"Liabilities"** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;
- "Life Insurance Policy"** means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;
- "Life Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company;
- "Life Mortgage Receivable"** means the Mortgage Receivable resulting from a Life Mortgage Loan;
- "Linear Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;
- "Linear Mortgage Receivable"** means the Mortgage Receivable resulting from a Linear Mortgage Loan;
- "Listing Agent"** means ING or any other listing agent appointed by the Issuer from time to time for the purposes of liaising with Euronext Amsterdam and/or any other stock exchange from time to time;
- "Loan Parts"** means one or more of the loan parts (*leningdelen*) of which a mortgage loan consists;
- "Management Agreement"** means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;
- NA **"Manager"** means [•];
- NA **"Market Value"** means (i) the market value (*marktwaaarde*) of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset [plus the purchase price of the relevant building lot];
- + **"Mixed Insurance Policy"** means any insurance policy under which premium is paid consisting of a risk element and a capital element consisting of a savings part and/or an investment part, as the case may be, including a Life Insurance Policy and a Savings Insurance Policy;
- + **"Monthly Interest"** in relation to a Participation means for any month:
- $MIR \times (S + AI)$ ,
- where (i) **"MIR"** means the monthly interest rate applicable in such month (a) in the case of a Savings Mortgage Receivable, to the Participation Mortgage Receivable or (b) in the case of a Bank Savings Mortgage Receivable, to the related Bank Savings Account, (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;
- "Moody's"** means Moody's Investors Service Ltd., and includes any successor to its rating business;

**"Mortgage"** means a mortgage right (*hypotheekrecht*) securing the relevant Mortgage Receivables;

**"Mortgage Calculation Date"** means, in respect of a Mortgage Collection Payment Date, the third Business Day prior to such Mortgage Collection Payment Date;

**"Mortgage Calculation Period"** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period, which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of June 2015;

\* **"Mortgage Collection Payment Date"** means the 20<sup>th</sup> day of each calendar month, provided that if any such day is not a Business Day, that Mortgage Collection Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day;

**"Mortgage Conditions"** means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;

**"Mortgage Loan Services"** means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;

\* **"Mortgage Loans"** means the mortgage loans granted by the Seller (which includes an originator (A) which has merged (*gefuseerd*) into the Seller or (B) whose relevant assets and liabilities have been acquired by the Seller pursuant to a demerger (*afsplitsing*)) to the relevant borrowers which may consist of one or more Loan Parts as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant Further Advances, to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;

**"Mortgage Receivable"** means any and all rights of the Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Seller (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

**"Mortgage Receivables Purchase Agreement"** means the mortgage receivables purchase agreement between the Seller, the Issuer and the Security Trustee dated the Signing Date;

+ **"Mortgage Receivables Warranty"** means the representations and warranties given by the Seller in respect of the Mortgage Receivables as set out in Part 3 of Schedule 1 (*Representations and Warranties*) to the Mortgage Receivables Purchase Agreement;

**"Mortgaged Asset"** means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpachtsrecht*) situated in The Netherlands on which a Mortgage is vested;

**"Most Senior Class of Notes"** means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes;

\* **"Net Foreclosure Proceeds"** means, in respect of a Mortgage Receivable, (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy, (iv) the proceeds of any NHG Guarantee and any other guarantees or

sureties and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;

+ **"Net Outstanding Principal Balance"** means in relation to a Mortgage Receivable, at any date, the Gross Outstanding Principal Balance of such Mortgage Receivable less, if it is a Participation Mortgage Receivable, an amount equal to the relevant Participation on such date;

**"NHG Conditions"** means the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;

**"NHG Guarantee"** means a guarantee (*borgtocht*) under the NHG Conditions granted by Stichting WEW;

**"NHG Mortgage Loan"** means a Mortgage Loan that has the benefit of an NHG Guarantee;

**"NHG Mortgage Loan Receivable"** means the Mortgage Receivable resulting from an NHG Mortgage Loan;

+ **"Note Interest Amount"** means:

- (i) in respect of a Note for the Notes Calculation Period commencing on the Closing Date, the Quarterly Note Interest calculated on the related Notes Calculation Date; or
- (ii) in respect of a Note for any subsequent Notes Calculation Period, the Quarterly Note Interest calculated on the related Notes Calculation Date;

+ **"Note Principal Payment"** means in respect of any Note on any Notes Payment Date, the principal amount redeemable in respect of such a Note, which shall be a proportion of the amount of Available Principal Funds or Available Revenue Funds, as the case may be, required as at that Notes Payment Date pursuant to the Redemption Priority of Payments or the Revenue Priority of Payments, as the case may be, to be applied in redemption of the relevant Class of Notes on such date equal to the proportion that the Notional Principal Amount Outstanding of the relevant Note bears to the aggregate Notional Principal Amount Outstanding of such Class rounded down to the nearest Calculation Amount provided that no such Note Principal Payment may exceed the Notional Principal Amount Outstanding of the relevant Note;

**"Noteholders"** means the persons who for the time being are the holders of the Notes;

**"Notes"** means the Class A Notes, the Class B Notes and the Class C Notes;

**"Notes Calculation Date"** means, in respect of a Notes Payment Date, the third Business Day prior to such Notes Payment Date;

\* **"Notes Calculation Period"** means each period from (and including) a Notes Payment Date (or the Closing Date) to (but excluding) the first following Notes Payment Date and, in respect of a Notes Calculation Date, the **"related Notes Calculation Period"** means the Notes Calculation Period in which such Notes Calculation Date falls, except for the first Notes Calculation Period which will commence on the Closing Date and end on (and exclude) the Notes Payment Date falling in October 2015;

**"Notes Payment Date"** means the 25th day of January, April, July and October of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;

+ **"Notice"** means (i) in respect of notice to be given to Noteholders, a notice validly given pursuant to Condition 20 (*Notices*) and (ii) in respect of a notice to be given to a party to a Transaction Document, a notice validly given pursuant to Clause 15 (*Notices*) of Schedule 2

(Common Terms) to the Incorporated Terms Memorandum;

+ **"Notional Principal Amount Outstanding"** means on any day, in relation to a Note of any Class, the Principal Amount Outstanding of such Note minus an amount equal to that portion of the negative balance of the relevant Principal Deficiency Ledger for such Class on that day as calculated by the Issuer (or the Issuer Administrator on its behalf) divided by the number of outstanding Notes in such Class;

**"NVM"** means the Dutch Association of Real Estate Brokers and Immovable Property Experts (*Nederlandse Vereniging van Makelaars en vastgoeddeskundigen*);

**"Optional Redemption Date"** means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;

**"Original Foreclosure Value"** means the Foreclosure Value of the Mortgaged Asset as assessed by the Originator at the time of granting the Mortgage Loan;

**"Originator"** means the Seller;

**"Other Claim"** means any claim the Seller has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

+ **"outstanding"** means, in relation to the Notes, all the Notes other than:

- (i) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (ii) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Security Trustee or the Principal Paying Agent in the manner provided for in the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
- (iii) those which have been purchased and surrendered for cancellation as provided in Condition 8 (*Final Redemption, Mandatory Redemption, Optional Redemption, Early Redemption, Purchase and Cancellation*) and notice of the cancellation of which has been given to the Security Trustee;
- (iv) those which have become void under the Conditions;
- (v) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and
- (vi) any Temporary Global Note, to the extent that it shall have been exchanged for a Permanent Global Note of the same class or any Permanent Global Note, to the extent that it shall have been exchanged for the related Definitive Notes of the same class pursuant to the provisions contained therein and the Conditions;

NA **"Outstanding Principal Amount"** means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss, zero;

**"Parallel Debt"** has the meaning ascribed thereto in section 2.2 (*Security*) of this Prospectus;

\* **"Participant"** means with respect to (i) a Savings Mortgage Receivable, each Insurance Savings Participant and (ii) a Bank Savings Mortgage Receivable, the Bank Savings Participant;

**"Participation"** means in respect of each Savings Mortgage Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank

Savings Participation;

**"Participation Agreement"** means any of the Bank Savings Participation Agreement or any Insurance Savings Participation Agreement;

\* **"Participation Fraction"** means, with respect to a Participation Mortgage Receivable, the Relevant Savings Interest Correction multiplied by the figure representing the division of the relevant Participation by the Gross Outstanding Principal Balance of such Participation Mortgage Receivable;

+ **"Participation Ledger"** means the ledger of the Issuer Collection Account designated as such;

+ **"Participation Mortgage Receivable"** means a Savings Mortgage Receivable or Bank Savings Mortgage Receivable, as the case may be, to which a Participation applies;

**"Participation Redemption Available Amount"** has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of this Prospectus;

**"Paying Agency Agreement"** means the paying agency agreement between the Issuer, the Paying Agent and the Security Trustee dated the Signing Date;

**"Paying Agent"** means the Principal Paying Agent;

**"PCS"** means Prime Collateralised Securities (PCS) UK Limited;

+ **"PCS Label"** means the Prime Collateralised Securities label;

**"Permanent Global Note"** means a permanent global note in respect of a Class of Notes;

\* **"Pledge Agreements"** means the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and the Issuer Accounts Pledge Agreement;

**"Pledge Notification Event"** means any of the events specified in Clause 2.2 of the Issuer Mortgage Receivables Pledge Agreement;

**"Post-Enforcement Priority of Payments"** means the priority of payments set out as such in section 5.2 (*Priorities of Payments*) of this Prospectus;

**"Prepayment Penalties"** means any prepayment penalties (*boeterente*) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;

**"Principal Amount Outstanding"** has the meaning ascribed thereto in Condition 7.1 (*Accrual of Interest*);

**"Principal Deficiency"** means the debit balance, if any, of the relevant Principal Deficiency Ledger;

**"Principal Deficiency Ledger"** means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;

+ **"Principal Funds"** means:

- (i) any amount, sales proceeds, refinancing proceeds, arrears and other amount relating to principal, received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than any prepayment penalties, (b) net of any relevant foreclosure costs, and (c) less, with respect to each Participation Mortgage Receivable, an amount equal to the relevant Participation Redemption Available Amount;

- (ii) any Initial Settlement Amount received from any Participant under the relevant Participation Agreement; and
  - (iii) an amount equal to any Increase which applies to any Participation pursuant to the relevant Participation Agreement;
- + **"Principal Liabilities"** means any amounts the Issuer owes to the Noteholders and the other Secured Creditors as and when the same fall due for payment and whether or not any such obligations have arisen as at the Closing Date under or pursuant to the Notes and the Transaction Documents, respectively, but excluding the Parallel Debt;
- "Principal Paying Agent"** means ING;
- NA **"Principal Shortfall"** means an amount equal to (i) the balance of the Principal Deficiency Ledger of the relevant Class divided by (ii) the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date;
- "Priority of Payments"** means any of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments;
- "Prospectus"** means this prospectus;
- "Prospectus Directive"** means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;
- + **"Prospectus Regulation"** means the EU Commission regulation 809/2004, as amended;
- + **"Quarterly Note Interest"** means the amount of interest determined in respect of such Note for such Notes Calculation Period:
  - (i) applying the relevant Interest Rate for such Notes Calculation Period to the Calculation Amount;
  - (ii) then multiplying the amount so calculated under (i) by the amount so calculated by the relevant day count fraction (being the actual number of days in such period divided by 360) and rounding the resultant figure to the nearest EUR 0.01; and
  - (iii) multiplying such (rounded) figure by a fraction equal to the Principal Amount Outstanding of such Note on the Notes Payment Date first following such Notes Calculation Date divided by the Calculation Amount;
- \* **"Realised Loss"** means on any Notes Calculation Date, an amount equal to the sum of:
  - (i) the amount of the difference between (x) the aggregate principal amount outstanding of all Mortgage Receivables, which the Seller, the Servicer, the Issuer or the Security Trustee (as the case may be) has foreclosed during the related Notes Calculation Period *less* the Participations, and (y) the sum of the Net Foreclosure Proceeds applied to reduce the principal amounts under such Mortgage Receivables *less* the Participations;
  - (ii) the aggregate principal amount outstanding of all Mortgage Receivables sold by or on behalf of the Issuer or the Security Trustee pursuant to the Mortgage Receivables Purchase Agreement and/or the Trust Deed, *less* the Participations, and *less* the net purchase price (to the extent relating to principal) received by or on behalf of the Issuer in respect of such sold Mortgage Receivables during the related Notes Calculation Period, *less* the Participations ; and
  - (iii) with respect to Mortgage Receivables which have been extinguished (*teniet gegaan*), in part or in full, during the related Notes Calculation Period as a result of a set-off right having been invoked by the relevant Borrower or the

Seller, as the case may be, the positive difference, if any, between the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) and the amount paid by the Seller pursuant to the Mortgage Receivables Purchase Agreement in connection with such set-off;

- + "Reasonable Prudent Lender" means a 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 Interest Determination Date" is as defined in the definition "Accrued Interest";
- NA "Redemption Amount" means the principal amount redeemable in respect of [each integral multiple of] a Note as described in Condition [•] (•);
- + "Redemption Ledger" means the ledger of the Issuer Collection Account designated as such;
- "Redemption Priority of Payments" means the priority of payments set out as such in section 5.2 (*Priorities of Payments*) of this Prospectus;
- NA "Reference Agent" means [•];
- "Regulation S" means Regulation S of the Securities Act;
- + "Reference Banks" means, the principal office of four major banks in the Eurozone interbank market selected by the Paying Agent at the relevant time;
- + "Reference Rate" means the rate of Euribor as calculated in accordance with Condition 7.4 (*Euribor*);
- + "Related Security" means, with respect to any Mortgage 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 (*hypotheekrechten*), rights of pledge (*pandrechten*), suretyships (*borgtochten*), guarantees, rights to receive interest and penalties and, to the extent transferable, Beneficiary Rights and interest reset rights;
- "Relevant Implementation Date" means the date on which the Prospectus Directive is implemented in the Relevant Member State;
- + "Relevant Margin" means, up until (but excluding) the First Optional Redemption Date for the Class A Notes 0.29 per cent. per annum and from (and including) the First Optional Redemption Date for the Class A Notes 0.58 per cent. per annum;
- "Relevant Member State" means each member state of the European Economic Area which has implemented the Prospectus Directive;
- + "Relevant Savings Interest Correction" in relation to a Participation means for any month (i) one (1) in the case of a Savings Mortgage Receivable and (ii) in the case of a Bank Savings Mortgage Receivable the lower of (a) one (1) and (b) the interest rate applicable to the related Bank Savings Account divided by the interest rate applicable to such Bank Savings Mortgage Receivable for such month, both expressed as a percentage per annum;
- + "Relevant Screen" means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with the Condition 20 (*Notices*);
- + "Reporting Services Agreement" means the delegated reporting service agreement between ING Bank N.V. and the Issuer dated as of the Closing Date;
- "Requisite Credit Rating" means in respect of any entity's debt obligations, the minimum credit ratings, including any issuer default rating, determined to be applicable by or

acceptable to a Credit Rating Agency from time to time, being as at the Closing Date in respect of:

- (i) the Issuer Account Bank: 'F1' (short-term) and 'A' (long-term) by Fitch, and 'P-1' (short-term) by Moody's;
- (ii) the Seller for the purpose of:
  - (A) an Assignment Notification Event: 'BBB+' (long-term) by Fitch and 'Baa1' (long-term) by Moody's;
  - (B) mitigating commingling risk: 'F1' (short-term) and 'A' (long-term) by Fitch and 'P-1' (short-term) by Moody's;
  - (C) mitigating joint security risk: 'F1' (short-term) or 'BBB+' (long-term) by Fitch and 'A3' (long-term) by Moody's; and
  - (D) mitigating set-off risk: 'F1' (short-term) and 'A' (long-term) by Fitch and 'P-1' (short-term) by Moody's;
- (iii) the Servicer: 'BBB' (long-term) by Fitch and 'Baa3' (long-term) by Moody's;
- (iv) the Swap Counterparty (or its related credit support provider): 'A' (long-term) and 'F1' (short-term) by Fitch, 'A3' (long-term) and 'P-1' (short-term) by Moody's or, if such entity does not have a Moody's short-term credit rating, 'A2' (long-term) by Moody's;
- (v) the Cash Advance Facility Provider: 'F1' (short-term) and 'A' (long-term) by Fitch and 'P-1' (short-term) by Moody's;

**"Reserve Account"** means the bank account of the Issuer, designated as such in the Issuer Account Agreement;

\* **"Reserve Account Target Level"** means on any Notes Calculation Date a level equal to an amount equal to EUR 7,900,000 or zero, on the Notes Payment Date on which the Notes (other than the Class C Notes) have been or are to be redeemed in full;

**"Reserved Matter"** has the meaning ascribed thereto in Condition 16 (*Modification and Waiver*);

**"Retained Notes"** means the Class B Notes and the Class C Notes initially purchased by the Seller;

+ **"Revenue Funds"** means:

- (i) interest, fees and other amounts, including any Accrued Interest and Arrears of Interest as at the Transfer Date of the relevant Mortgage Receivable, received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than the Principal Funds and any prepayment penalties, (b) net of any relevant foreclosure costs and (c) less, with respect to interest in respect of each Participation Mortgage Receivable, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction; and
- (ii) prepayment penalties received or recovered by the Issuer in respect of the Mortgage Receivables;

**"Revenue Priority of Payments"** means the priority of payments set out in section 5.2 (*Priorities of Payments*) of this Prospectus;

+ **"Revolving Credit Mortgage Loan"** has the meaning ascribed thereto in section 6.2 (*Description of Mortgage Loans*) of this Prospectus;

**"Risk Insurance Policy"** means the risk insurance (*risicoverzekering*) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;

**"RMBS Standard"** means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;

+ **"Savings"** in relation to a Participation means with respect to (i) a Savings Mortgage Receivable, all Savings Premiums received by the relevant Insurance Savings Participant from the relevant Borrower under or pursuant to the relevant Mixed Insurance Policy, and (ii) a Bank Savings Mortgage Receivable, all payments made by the relevant Borrower to the related Bank Savings Account;

**"Savings Insurance Company"** means Nationale-Nederlanden Levensverzekering Maatschappij N.V. and Algemene Levensherv verzekering Maatschappij N.V. and, in each case, any of its predecessors;

**"Savings Insurance Policy"** means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

NA **"Savings Investment Insurance Policy"** means an insurance policy taken out by any Borrower, in connection with a Hybrid Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

+ **"Savings/Investment Proceeds"** has the meaning ascribed thereto in section 2.5 (*Mortgage Receivables and Mortgaged Assets*);

**"Savings Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Savings Insurance Company;

**"Savings Mortgage Receivable"** means the Mortgage Receivable resulting from a Savings Mortgage Loan;

**"Savings Premium"** means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the relevant Savings Insurance Company on the basis of the Savings Insurance Policy;

+ **"Screen"** means the display as quoted on the Reuters Screen EURIBOR01; or

(i) such other page as may replace Reuters Screen EURIBOR01 on that service for the purpose of displaying such information; or

(ii) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Security Trustee) as may replace such screen;

+ **"Screen Rate"** means, in relation to a date falling two Business Days prior to the Notes Payment Date, the offered quotations for euro deposits for the length in months of the related Notes Calculation Period (or, in the case of the first Notes Calculation Period from the Closing Date to but excluding the Notes Payment Date falling in October 2015, the linear interpolation of the offered quotations for 3 and 6 months euro deposits, rounded to five decimal places with the mid-point rounded up) in the Amsterdam interbank market determined by reference to the Screen as at or about 11:00 a.m. (Amsterdam time) on that date;

+ **"Second Beneficiary"** has the meaning ascribed thereto in section 2.5 (*Mortgage Receivables and Mortgaged Assets*);

- "**Secured Creditors**" means the Security Trustee (in its own capacity and on behalf of the Noteholders), the Seller, the Servicer, the Issuer Administrator, the Swap Counterparty, the Directors, the Paying Agent(s), any Participant, the Listing Agent, the Issuer Account Bank and all other creditors for whom the Security is expressed to be granted subject to and in accordance with the Trust Deed;
- + "Secured Obligations" means all present and future obligations owed by the Issuer to the Security Trustee pursuant to the Parallel Debt and, if and to the extent that at the time of the creation of the relevant right of pledge, or at any time thereafter, a Principal Liability owed to the Security Trustee cannot be validly secured through the Parallel Debt, such Principal Liability itself;
- "Securities Act" means the United States Securities Act of 1933 (as amended);
- "Security" means any and all security interest created pursuant to the Security Documents;
- "Security Documents" means the Pledge Agreements and the Deeds of Assignment and Pledge;
- "Security Trustee" means Stichting Trustee Orange Lion 2015-11 RMBS, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, The Netherlands;
- "Security Trustee Director" means Amsterdamsch Trustee's Kantoor B.V.;
- "Security Trustee Management Agreement" means the security trustee management agreement between the Security Trustee, Amsterdamsch Trustee's Kantoor B.V., and the Issuer dated the Signing Date;
- "Seller" means ING;
- \* "Seller Collection Account" means any bank account in the name of the Seller with the Seller Collection Account Bank into which, among other things, payments under the Mortgage Receivables are collected;
- "Seller Collection Account Bank" means ING;
- "Servicing Agreement" means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;
- "Servicer" means ING;
- "Shareholder" means Stichting Holding Orange Lion 2015-11 RMBS, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, The Netherlands;
- "Shareholder Director" means Intertrust Management B.V.;
- "Shareholder Management Agreement" means the shareholder management agreement between the Shareholder, Intertrust Management B.V. and the Security Trustee dated the Signing Date;
- "Signing Date" means 9 June 2015 or such later date as may be agreed between the Issuer and the Lead Managers;
- + "Specified Office" means, in relation to any Paying Agent, either the office identified with its name in the Conditions or any other office notified to any relevant parties pursuant to the Paying Agency Agreement;
- + "SRM" has the meaning ascribed thereto in section 2.1 (*The Notes*);
- "Stichting WEW" means Stichting Waarborgfonds Eigen Woningen;
- + "Subordinated Swap Payment" means in relation to the Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Counterparty

as a result of an Event of Default or an Additional Termination Event pursuant to Part 5(c)(i) (as the case may be) (each as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or the sole Affected Party (as the case may be) (each as defined in the Swap Agreement);

\* **"Subscription Agreement"** means the subscription agreement between the Lead Managers relating to the Notes, the Issuer and the Seller dated the Signing Date;

NA **"Sub-servicer"** means [•] or any subsequent sub-agent of the Servicer;

**"Swap Agreement"** means the swap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) between the Issuer, the Swap Counterparty and the Security Trustee dated the Closing Date;

**"Swap Collateral"** means, at any time, any asset (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;

**"Swap Collateral Account"** means any bank account or securities account opened by the Issuer in respect of any Swap Collateral;

**"Swap Counterparty"** means ING;

+ **"Swap Replacement Ledger"** means the ledger of the Issuer Collection Account designated as such;

**"Swap Transaction"** means the swap transaction entered into under the Swap Agreement;

+ **"Talon"** and **"Talons"** means the talons for further Coupons attached to the Definitive Notes on issue;

**"TARGET 2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

**"TARGET 2 Settlement Day"** means any day on which TARGET 2 is open for the settlement of payments in euro;

+ **"Tax"** shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of The Netherlands or any political subdivision or authority thereof or therein;

**"Temporary Global Note"** means a temporary global note in respect of a Class of Notes;

+ **"Traditional Alternative"** has the meaning ascribed thereto in section 6.2 (*Description of Mortgage Loans*);

**"Transaction Documents"** means:

- (i) the Administration Agreement;
- (ii) the Cash Advance Facility Agreement;
- (iii) the Beneficiary Waiver Agreements;
- (iv) each Deed of Assignment and Pledge;
- (v) the deposit agreement dated on or about the Signing Date between the Seller, the Issuer, the Security Trustee and a civil law notary as escrow agent;

- (vi) the Issuer Account Agreement;
  - (vii) the Issuer Account Pledge Agreement;
  - (viii) the Issuer Rights Pledge Agreement;
  - (ix) the Issuer Management Agreement;
  - (x) the Issuer Mortgage Receivables Pledge Agreement;
  - (xi) the letter of undertaking to be dated on or about the date hereof by, among others, the Issuer, the Director and the Security Trustee;
  - (xii) the Mortgage Receivables Purchase Agreement;
  - (xiii) the Participation Agreements;
  - (xiv) the Paying Agency Agreement;
  - (xv) the Reporting Services Agreement;
  - (xvi) the Security Trustee Management Agreement;
  - (xvii) the Servicing Agreement;
  - (xviii) the Shareholder Management Agreement;
  - (xix) the Subscription Agreement;
  - (xx) the Swap Agreement; and
  - (xxi) the Trust Deed;
  - (xxii) and any agreements entered into in connection therewith from time to time;
- + **"Transfer Date"** means the Closing Date or the date of transfer of any Further Advance Receivables to the Issuer in accordance with the Mortgage Receivables Purchase Agreement;
- "Trust Deed"** means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Signing Date;
- "Unit-Linked Alternative"** has the meaning ascribed thereto in section 6.2 (*Description of Mortgage Loans*) of this Prospectus;
- + **"United States person"** (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised in or under the laws of the United States or any State of the United States, (iii) a trust subject to the primary supervision of a U.S. court and the control of United States persons and (iv) an estate of which the income is subject to U.S. Federal income tax regardless of its source;
- + **"U.S. person"** has the meaning given to it by Regulation S under the Securities Act;
- + **"Weighted Average Loan to Foreclosure Value"** means the Current Loan to Original Foreclosure Value Ratio of all Mortgage Receivables weighted by the respective loan current balance, determined as the difference of the Net Outstanding Principal Balance minus the aggregate amounts standing to the credit of any Construction Deposit in relation to such Mortgage Receivables;
- "Wft"** means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations as amended from time to time; and
- "WOZ"** means the Valuation of Immovable Property Act (*Wet waardering onroerende*

*zaken*) as amended from time to time.

## 9.2 INTERPRETATION

2.1 The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed thereto under applicable law.

2.2 Any reference in this Prospectus to:

a "**Class**" of Notes shall be construed as a reference to the Class A Notes, the Class B Notes or the Class C Notes, as applicable;

a "**Class A**", "**Class B**" or "**Class C**" Noteholder, Principal Deficiency, Principal Deficiency Ledger or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger or a Redemption pertaining to, as applicable, the relevant Class of Notes;

a "**Code**" shall be construed as a reference to such code as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" or "**directive**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

a "**month**" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "**months**" and "**monthly**" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, 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, restated, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a reference to "**preliminary suspension of payments**", "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments (*(voorlopige) surseance van betaling*) as meant in the Dutch Bankruptcy Act (*Faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

"**principal**" shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "**pro resto hoofdsom**" and, where applicable, shall include premium;

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**statute**" or "**treaty**" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "**successor**" of any party shall be construed so as to include an assignee, transferee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party or otherwise replaced such party (by way of novation or otherwise), under or in connection with a Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

any "**Transaction Party**" or "**party**" or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and any subsequent successors in accordance with their respective interests.

2.3 In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

2.4 Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

## **10. REGISTERED OFFICES**

### **ISSUER**

Orange Lion 2015-11 RMBS B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLER**

ING Bank N.V.  
Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

### **SERVICER**

ING Bank N.V.  
Amstelveenseweg 500  
1081 KL Amsterdam  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Trustee Orange Lion 2015-11 RMBS  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **ARRANGER**

ING Bank N.V.  
Treasury Center  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

### **LEAD MANAGERS**

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

Lloyds Bank plc  
10 Gresham Street  
London EC2V 7AE  
United Kingdom

ING Bank N.V.  
Treasury Center  
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1102 BD Amsterdam  
The Netherlands

UniCredit Bank AG  
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Germany

### **LEGAL ADVISERS TO THE SELLER**

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