

## IMPORTANT NOTICE

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

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 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 Lead Manager or any Arranger.

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## PROSPECTUS DATED 28 JANUARY 2013

### ORANGE LION 2013-8 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>                                   | €3,000,000,000              | €191,500,000     | €95,745,000      |
| <b>Issue Price</b>                                        | 100%                        | 100%             | 100%             |
| <b>Interest rate until First Optional Redemption Date</b> | Three-month EURIBOR + 1.15% | 0%               | 0%               |
| <b>Interest rate after First Optional Redemption Date</b> | Three-month EURIBOR + 2.30% | 0%               | 0%               |
| <b>Expected ratings (Fitch/ Moody's)</b>                  | AAA (sf) /<br>Aaa (sf)      | Non-rated        | Non-rated        |
| <b>First Notes Payment Date</b>                           | 17 May 2013                 | 17 May 2013      | 17 May 2013      |
| <b>First Optional Redemption Date</b>                     | 17 February 2019            | 17 February 2019 | 17 February 2019 |
| <b>Final Maturity Date</b>                                | 17 November 2044            | 17 November 2044 | 17 November 2044 |

### WestlandUtrecht Bank N.V. as Seller

*Capitalised terms used in this Prospectus have the meanings ascribed thereto in the section Glossary of Defined Terms and the principles of interpretation as set out therein 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 29 January 2013 (or such later date as may be agreed between the Issuer, the Lead Manager and the Arrangers).                                                                                                                                                                                                                                                                      |
| <b>Underlying Assets</b>      | The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and interest received from a portfolio solely comprising of mortgage loans originated by the Seller and secured over residential properties located in The Netherlands, legal title of which will be assigned to the Issuer on the Closing Date. See <i>Description of Mortgage Loans</i> in the section <i>Portfolio Information</i> for more details. |
| <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, <i>inter alia</i> , the Mortgage Receivables. See <i>Security</i> in the section <i>The Notes</i> .                                                                                                                                                                                                  |
| <b>Denomination</b>           | The Notes will have a minimum denomination of EUR 100,000 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 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 and the Class C Notes will not carry any interest. See further Condition 4 ( <i>Interest</i> ).                                                                                                                                                                                                     |
| <b>Redemption</b>             | Payments of principal on the Notes will be made quarterly in arrear on each Notes                                                                                                                                                                                                                                                                                                                                                                  |

|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>Provisions</b>                            | 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 November 2044. 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 further Condition 6 ( <i>Redemption</i> ).                                                                                                                                                                                                                                                                                         |
| <b>Subscription and Sale</b>                 | The Lead Manager has agreed to subscribe or procure subscription on the Closing Date, subject to certain conditions precedent being satisfied, for the Class A Notes. ING Bank will, subject to certain conditions precedent being satisfied, on the Closing Date purchase the Class B Notes and Class C Notes.                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Credit Rating Agencies</b>                | Each of Moody's and Fitch is established in the European Union and is 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.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Ratings</b>                               | <p>Ratings will be assigned to the Class A Notes as set out above. The ratings assigned by Moody's and Fitch address the likelihood of (a) timely payment of interest due to the Noteholders on each Notes Payment Date and (b) full payment of principal by a date that is not 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>                               | Application has been made to list the Class A Notes on NYSE Euronext in Amsterdam ( <i>Euronext Amsterdam</i> ). The other Classes of Notes will not be listed. This Prospectus has been approved by the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> ) and constitutes a prospectus for the purposes of the Prospectus Directive.                                                                                                                                                                                                                                                                                                                         |
| <b>Eurosystem Eligibility</b>                | 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 common safekeeper. It does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon, among other things, satisfaction of the Eurosystem eligibility criteria.                                                                                                                         |
| <b>Limited recourse obligations</b>          | The Notes will be limited recourse obligations of the Issuer alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Issuer will have limited sources of funds available. See <i>Risk Factors</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Subordination</b>                         | The Class B Notes and the Class C Notes are subordinated to the Class A Notes and, if applicable in reverse alphabetical order. See <i>Credit Structure</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Retention and information undertaking</b> | ING Bank has undertaken that, during the life of the Notes and in, and to the extent such retention remains in, compliance with Article 122a paragraph (1)(d) of the CRD, it shall, or shall procure that one of its wholly-owned subsidiaries qualifying as an originator (within the meaning of the CRD) shall, retain a material net economic interest in the Notes which, in any event, shall not be less than 5 per cent, comprised of an interest in the first loss tranche (held via the Class B Notes and the Class C Notes) and, if necessary,                                                                                                                                                  |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>other tranches having the same or more severe risk profile than those sold to Noteholders. To the extent that, as a result of any change to Article 122a of the CRD or the interpretation thereof, ING Bank's undertaking no longer complies with Article 122a of the CRD, the Seller shall give such undertaking to retain a material net economic interest in the Notes in compliance with Article 122a of the CRD. At the Closing Date, ING Bank shall retain such material net economic interest of not less than 5 per cent, comprised of an interest in the first loss tranche (held via the Class B Notes and the Class C Notes). Any change in the manner in which the interest is held will be notified to investors. ING Bank and the Seller have undertaken to make available materially relevant data with a view to complying with Article 122a paragraph (7) CRD, which can be obtained from ING Bank or the Seller upon request. Each prospective Noteholder should ensure that it complies with the implementing provisions of Article 122a CRD in its relevant jurisdiction. See the section <i>Regulatory &amp; Industry Compliance</i> in the section <i>The Notes</i> for more detail.</p> |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**For a discussion of some of the risks associated with an investment in the Notes, see the section *Risk Factors* herein.**

**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.**

*Arrangers:*

**J.P. MORGAN**

**WESTLANDUTRECHT BANK N.V.**

**ING BANK**

*Lead Manager:*  
**J.P. MORGAN**

## RESPONSIBILITY STATEMENTS AND IMPORTANT INFORMATION

### Responsibility Statements

The Issuer is responsible for the 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 (except for the information for which the Seller is responsible as referred to in the following paragraph) 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 CRD in section 1.4 (*Notes*), 1.6 (*Portfolio Information*), 3.4 (Seller/Originator), 3.5 (*Servicer*), 4.4 (*Regulatory & 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 disclosure in this Prospectus in respect of Article 122a of the CRD. 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 other section 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 and industry data

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 WestlandUtrecht Bank N.V., 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.

### 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 the section *General Information* below). This Prospectus shall be read and construed on the basis that such document is incorporated in and forms part of this Prospectus.

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, the Lead Manager or either of the Arrangers.

## **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 ARRANGERS AND THE LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

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, THE LEAD MANAGER OR ANY OF THE ARRANGERS MAKES 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 ARRANGERS OR THE LEAD MANAGER AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION AND THE ARRANGERS AND THE LEAD MANAGER HAVE NOT SEPARATELY VERIFIED SUCH INFORMATION. NONE OF THE ARRANGERS OR THE LEAD MANAGER MAKES 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 ARRANGERS OR LEAD MANAGER OR ON ITS BEHALF IN CONNECTION WITH THE ISSUER, THE SELLER, OR THE ISSUE AND OFFERING OF THE NOTES. EACH ARRANGER AND THE LEAD MANAGER 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.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE LEAD MANAGER, THE SELLER OR THE ARRANGERS OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING, SALE AND DELIVERY OF THE NOTES MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY NOTES COMES MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS, SALES AND DELIVERIES OF NOTES AND ON DISTRIBUTION OF THIS PROSPECTUS AND OTHER OFFERING MATERIAL RELATING TO THE NOTES, SEE SECTION 4.3 (SUBSCRIPTION AND SALE) BELOW.

THE LEAD MANAGER, THE ARRANGERS AND THE SELLER EXPRESSLY DO NOT UNDERTAKE TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE ISSUER DURING THE LIFE OF THE NOTES. INVESTORS SHOULD REVIEW THE MOST 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

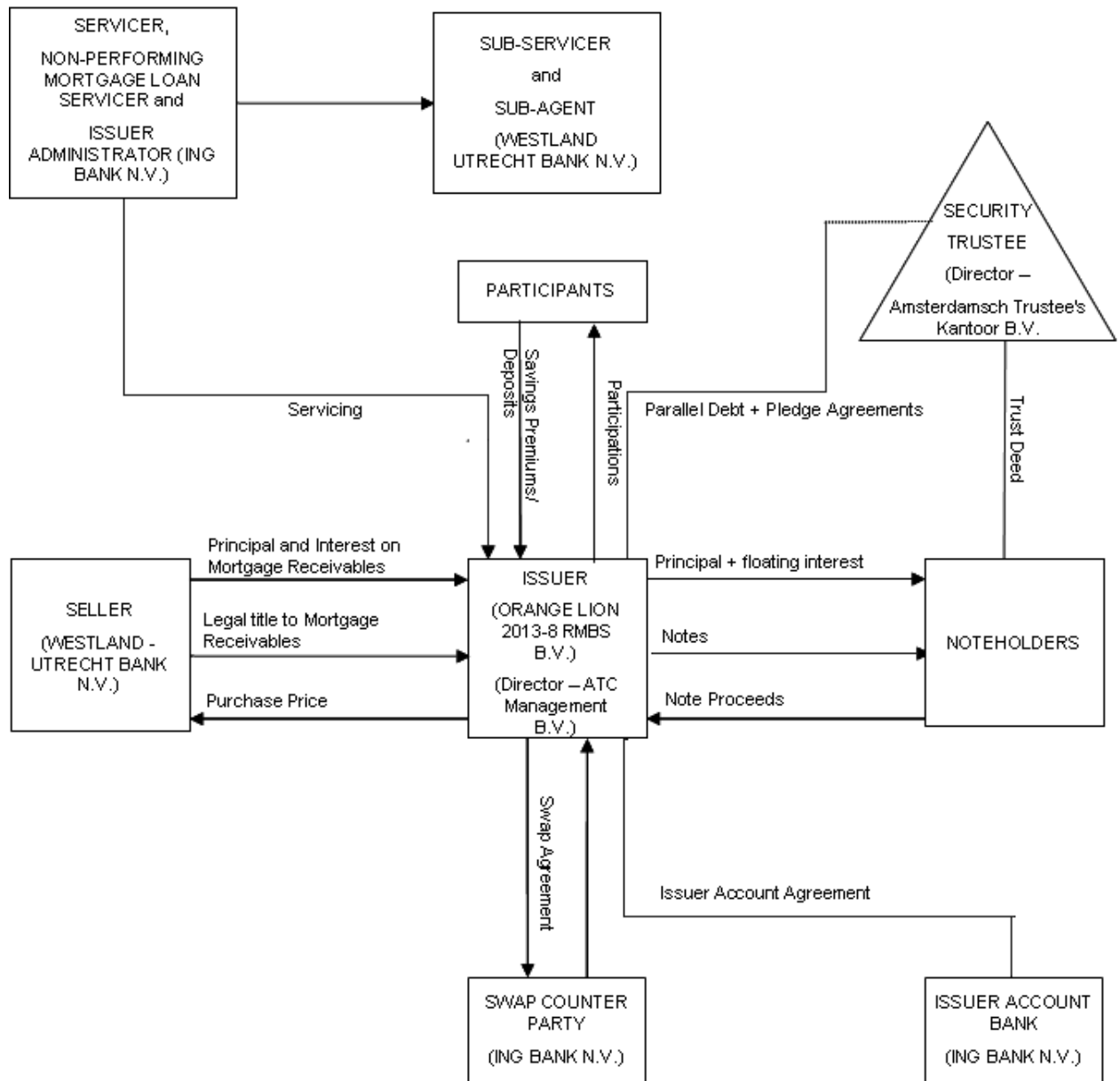
*The following is a summary of the principal features of the transaction described in this Prospectus, including the issue of the Notes. The information in this section does not purport to be complete. This summary should be read as an introduction to, and in conjunction with the detailed information 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 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 section 9 (Glossary of Defined Terms) set out in this Prospectus.*

*The principles of interpretation set out in paragraph 0 (*

*INTERPRETATION) of section 9 (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, *inter alia*, 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, *inter alia*, 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 (see section 2 (*Risk Factors*)).

### 1.3 Principal Parties

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer:</b>                                | Orange Lion 2013-8 RMBS B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 56660677. The entire issued share capital of the Issuer is owned by the Shareholder.                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Seller:</b>                                | WestlandUtrecht Bank N.V. ( <b>WestlandUtrecht Bank</b> ), incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Issuer Administrator:</b>                  | ING Bank N.V. ( <b>ING Bank</b> ) incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ) and registered with the Chamber of Commerce of Amsterdam under number 33031431. ING Bank has appointed WestlandUtrecht Bank as sub-agent for the administration of the Mortgage Loans.                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Servicer:</b>                              | ING Bank. ING Bank has appointed WestlandUtrecht Bank as sub-servicer for the servicing of the Mortgage Loans.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Non-performing Mortgage Loan Servicer:</b> | ING Bank. ING Bank has appointed WestlandUtrecht Bank as sub-servicer for the servicing of the Non-performing Mortgage Loans.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Security Trustee:</b>                      | Stichting Security Trustee Orange Lion 2013-8 RMBS, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ) and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Shareholder:</b>                           | Stichting Holding Orange Lion 2013-8 RMBS, established under the laws of the Netherlands as a foundation and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Insurance Savings Participants:</b>        | <p>Nationale-Nederlanden Levensverzekering Maatschappij N.V. (<b>Nationale-Nederlanden</b>) incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap</i>) and registered with the Chamber of Commerce of Rotterdam under number 24042211;</p> <p>Algemene Levensherverzekering Maatschappij N.V. (<b>Algemene Levensherverzekering Maatschappij</b>) incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap</i>) and registered with the Chamber of Commerce in Amsterdam under number 33075446;</p> <p>WestlandUtrecht Bank; and any other Savings Insurance Company with whom the Issuer enters into an insurance savings participation agreement.</p> |
| <b>Bank Savings Participant:</b>              | WestlandUtrecht Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors:</b>              | ATC 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 the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). ATC Management B.V. is registered with the Chamber of Commerce of Amsterdam under number 33226415. Amsterdamsch Trustee's Kantoor B.V. is registered with the Chamber of Commerce of Amsterdam under number 33001955. |
| <b>Swap Counterparty:</b>      | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Issuer Account Bank:</b>    | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Principal Paying Agent:</b> | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Reference Agent:</b>        | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Arrangers:</b>              | J.P. Morgan Securities plc ( <b>J.P. Morgan</b> ), ING Bank and WestlandUtrecht Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Lead Manager:</b>           | J.P. Morgan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Clearing Institution:</b>   | Euroclear Netherlands.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Listing Agent:</b>          | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Credit Rating Agencies:</b> | Moody's Investors Service Limited ( <b>Moody's</b> ) and Fitch Ratings Limited ( <b>Fitch</b> ) (or their successors) if and to the extent it has assigned a current rating to the Notes outstanding.<br><br>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.                                                                               |

## 1.4 Notes

|                                                                                                                   | Class A Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Class B Notes | Class C Notes |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Principal Amount Outstanding at Closing                                                                           | €3,000,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | €191,500,000  | €95,745,000   |
| Issue Price                                                                                                       | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 100%          | 100%          |
| Rating (Moody's/Fitch)                                                                                            | Aaa (sf)/AAA (sf)                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Not rated     | Not rated     |
| Closing Date                                                                                                      | 29 January 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |               |               |
| Listing                                                                                                           | Euronext Amsterdam                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Not listed    | Not listed    |
| Denomination                                                                                                      | € 100,000 and integral multiples of € 1,000 thereafter.                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |               |
| Form                                                                                                              | Bearer form and in case of Definitive Notes serially numbered with coupons attached.                                                                                                                                                                                                                                                                                                                                                                                                      |               |               |
| Status and ranking                                                                                                | <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 interest. Payments of principal on a Class of Notes are subordinated to, <i>inter alia</i> , payments of principal on Class(es) of Notes ranking senior to such Class, with the Classes of Notes ranking in decreasing seniority in alphabetical order. See further section 4.1 ( <i>Terms and Conditions</i> ). |               |               |
| Margin up to but excluding first Optional Redemption Date                                                         | 1.15 per cent. per annum                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | N/A           | N/A           |
| Floating rate of interest                                                                                         | The Class A Notes will accrue interest at an annual rate of Euribor for three months deposits in euros (determined in accordance with Condition 4), or in respect of the first Interest Period 0.24520 per cent. per annum, plus the relevant Margin.                                                                                                                                                                                                                                     | N/A           | N/A           |
| Margin on the Notes after first Optional Redemption Date if the Notes of any Class have not been redeemed in full | 2.30 per cent. per annum                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | N/A           | N/A           |
| Interest Periods and accrual                                                                                      | Each successive Interest Period will commence on (and include)                                                                                                                                                                                                                                                                                                                                                                                                                            | N/A           |               |



|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |
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|                                                     | 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 May 2013. The interest will be calculated on the basis of the actual days elapsed in an Interest Period divided by a year of 360 days.                                                                                                                                                      |  |
| First Optional Redemption Date                      | The Notes Payment Date falling in February 2019.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
| Optional Redemption                                 | On each Optional Redemption Date the Issuer has the option, in accordance with Condition 6(d) ( <i>Redemption – Optional Redemption</i> ), to redeem all (but not some only) of the Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(b)) plus, in respect of the Class A Notes, accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to redemption of the Notes on such date in accordance with Condition 6(d), less the relevant Principal Shortfall. |  |
| Mandatory Redemption                                | <p>The Issuer will apply the Available Principal Funds to (partially) redeem the Notes provided that no Enforcement Notice has been given, and at their respective Principal Amount Outstanding sequentially in the following order:</p> <p>(i) <i>first</i>, the Class A Notes, until fully redeemed, and</p> <p>(ii) <i>second</i>, the Class B Notes, until fully redeemed,</p>                                                                                                                                                      |  |
| Other Redemption in Full Events                     | <p>Redemption for tax reasons. See Condition 6(e) (<i>Redemption – Redemption for tax reasons</i>) and Condition 9(b) (<i>Subordination and limited recourse – Principal</i>).</p> <p>Redemption following exercise by the Seller of the Regulatory Call and / or the Clean up Call.</p> <p>See Condition 6(b) (<i>Redemption – Mandatory Redemption of the Notes</i>).</p>                                                                                                                                                             |  |
| Notes Payment Dates                                 | Quarterly in arrear on the 17th day of February, May, August and November, subject to adjustment for non-business days. See Condition 4 ( <i>Interest</i> ).                                                                                                                                                                                                                                                                                                                                                                            |  |
| Retention and disclosure requirements under the CRD | ING Bank shall at all times comply with Article 122a of the CRD. ING Bank and the Seller have undertaken to make available materially relevant data with a view to complying with Article 122a paragraph (7) CRD, which can be obtained from ING Bank or the Seller upon request (see section 4.4 ( <i>Regulatory &amp; Industry Compliance</i> )).                                                                                                                                                                                     |  |
| Final Maturity Date                                 | The Notes Payment Date falling in November 2044. The Redemption of                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | the Notes to take place at their respective Principal Amount Outstanding subject to and in accordance with the Conditions, in particular Condition 9(b) ( <i>Subordination and limited recourse – Principal</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 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 fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to redeem the Class A Notes in full, such loss will be borne, <i>pro rata</i> and <i>pari passu</i> , by the holders of the Class A Notes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Events of Default                    | <p>As fully set out in Condition 10 (<i>Events of Default</i>), which broadly, without limitation, include:</p> <ul style="list-style-type: none"> <li>(i) Default by the Issuer in the payment of any amount due and payable in respect of the Notes of the relevant Class;</li> <li>(ii) Breach of contractual obligations by the Issuer under the Transaction Documents which is materially prejudicial to the interests of the then Most Senior Class of Notes; and</li> <li>(iii) Insolvency of the Issuer.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Withholding Tax                      | All payments by the Issuer in respect of the Notes will be made without withholding of or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by the Netherlands, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive. 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 U.S. Internal Revenue Code of 1986 (the <b>Code</b> ) 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. |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                           | Netherlands, for the credit of the respective accounts of the Noteholders (see section 4.2 ( <i>Form</i> )).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Security for the Notes, limited recourse and non-petition | The Notes are limited recourse obligations of the Issuer. See Condition 9 ( <i>Subordination and limited recourse</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                           | <p>The Notes will be (indirectly) secured, through the Security Trustee, by (i) a first ranking right of pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) a first ranking right of pledge vested by the Issuer in favour of the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Participation Agreements, the Servicing Agreement, the Administration Agreement and the Issuer Account Agreement (except for any rights in respect of the Swap Collateral Account and the Sub-Participation Collateral Account) and in respect of the Issuer Transaction Accounts.</p> <p>Following delivery of an Enforcement Notice, (i) the amount payable to the Noteholders and the other Secured Creditors will be limited to the amounts available for such purpose to the Security Trustee which, <i>inter alia</i>, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables and the Beneficiary Rights and amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement and the Parallel Debt Agreement and (ii) payments to the Secured Creditors will be made in accordance with the Post-Enforcement Priority of Payments. See section 2 (<i>Risk Factors</i>) and, for a more detailed description, section 4.7 (<i>Security</i>).</p> <p>The Noteholders and the other Secured Creditors may, in principle, not institute, <i>inter alia</i>, insolvency proceedings against the Issuer. See Condition 11 (<i>Enforcement</i>).</p> |
| Parallel Debt Agreement                                   | On the Signing Date the Issuer, the Security Trustee and the Secured creditors other than the Noteholders has entered into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, 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 the 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Use of proceeds of the Notes                              | <p>On the Closing Date, the net proceeds of the issue of the Notes (other than the Class C Notes) will be applied to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.</p> <p>The net proceeds of the Class C Notes will be credited to the Reserve Account on the Closing Date.</p> <p>An amount of EUR 251,914,271.00 will be received by the Issuer as consideration for the Initial Insurance Savings Participation granted to the Savings Insurance Companies. In addition, an amount of EUR</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|                      |                                                                                                                                                                                                                                                                                                |
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|                      | 10,297,815.00 will be received by the Issuer as consideration for the Initial Bank Savings Participation granted to the Bank Savings Participant. The Issuer will apply this amount towards payment of the remaining part of the Initial Purchase Price to be paid on the Closing Date.        |
| Governing law        | The Notes, and any non-contractual obligations arising out of or in relation to the Notes, will be governed by and construed in accordance with the laws of the Netherlands.                                                                                                                   |
| Selling restrictions | There are selling restrictions in relation to the European Economic Area, the United Kingdom, the United States, Italy, France, Japan and such other restrictions as may be required in connection with the offering and sale of Notes. See the section <i>Purchase, Repurchase and Sale</i> . |

## 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 the Issuer Collection Account, to make payments of, <i>inter alia</i> , principal and interest, if any, due in respect of the Notes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Priority of Payments:</b>      | 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> ) below) and the right to payment of principal on the Class B Notes and the Class C Notes will be subordinated to the Class A Notes and limited as more fully described herein under sections 5 ( <i>Credit Structure</i> ) and 4.1 ( <i>Terms and Conditions</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Issuer Collection Account:</b> | The Issuer shall maintain with the Issuer Account Bank the Issuer Collection Account to which, <i>inter alia</i> , on a monthly basis all amounts due to the Issuer from the Seller Collection Account will be transferred by the Seller.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Seller Collection Account:</b> | The Seller shall maintain with the Seller Collection Account Bank the Seller Collection Account, to which Borrowers pay interest and scheduled principal under the Mortgage Loans on the last calendar day of the month (or the next business day if such day is not a business day). This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans sold to the Issuer and in respect of other moneys belonging to the Seller. This amount is pledged to the Seller Collection Account Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <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. 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 is 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 exceeds the aggregate amounts payable under items (a) to (f) (inclusive) in the Revenue Priority of Payments (as set forth in the section <i>Credit Structure</i>), such excess amount will be used to deposit in or, as the case may be, to replenish the Reserve Account by 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 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.</p> <p>On the Notes Payment Date on which all amounts of principal due in respect of the Notes have been or will be paid, any amount remaining to be standing to the credit of the Reserve Account will on such date form part</p> |

of the Available Revenue Funds and will be applied by the Issuer in or towards satisfaction of all items in the Redemption Priority of Payments in accordance with the priority set out therein.

**Issuer Account Agreement:**

The Issuer, the Security Trustee and the Issuer Account Bank have entered into the Issuer Account Agreement on the Signing Date, under which the Issuer Account Bank has agreed to pay a guaranteed rate of interest determined by reference to EONIA minus a margin on the balances standing from time-to-time to the credit of the Initial Issuer Accounts, provided that if such amount is a negative amount the rate of interest shall be zero. The Issuer will undertake pursuant to the Trust Deed not to withdraw or apply amounts from the Issuer Accounts other than in accordance with the Trust Deed.

**Swap Agreement:**

On the Signing Date, the Issuer has entered into the Swap Agreement with the Swap Counterparty to mitigate the risk of a difference between the rates of interest to be received by the Issuer on (a) the Mortgage Receivables and the interest received on the Issuer Collection Account and (b) the floating rates of interest payable by the Issuer on the Class A Notes (as described in *Credit Structure* under *Hedging* below).

**Financial Collateral Agreement:**

On the Signing Date, the Issuer has entered into the Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller undertakes to transfer to the Issuer on each Notes Payment Date following ING Bank being assigned a rating of less than the Requisite Credit Rating, Eligible Collateral in an amount of and having a value equal to the relevant Delivery Amount to the Financial Collateral Account. To the extent that the relevant Posted Collateral Value exceeds the relevant Potential Set-Off Required Amount on any Notes Payment Date, the relevant Return Amount shall be retransferred by the Issuer to the Seller in the form of equivalent collateral. See section 5 (*Credit Structure*).

**Financial Collateral Account:**

Any Eligible Collateral transferred by the Seller to the Issuer under the Financial Collateral Agreement shall be deposited in the Financial Collateral Account. The Issuer shall on each Notes Payment Date debit from the Financial Collateral Account an amount equal to the relevant Set-Off Amount which the Seller is due to pay to the Issuer in accordance with the Mortgage Receivables Purchase Agreement and which is unpaid on such Notes Payment Date subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

**Participation Collateral Agreement:**

On the Signing Date, the Issuer has entered into the Participation Collateral Agreement with the Seller (in its capacity as Insurance Savings Participant) and the Security Trustee pursuant to which the Seller undertakes to transfer to the Issuer on the Closing Date Eligible Participation Collateral in an amount of and having a value equal to the Participation Collateral Amount to the Sub-Participation Collateral Account. If at any time (i) SRLEV enters into an Insurance Savings Participation Agreement with the Issuer, (ii) SRLEV is dissolved (*ontbonden*), subjected to emergency regulations (*noodregeling*) or declared bankrupt (*failliet verklaard*), (iii) all Notes have been redeemed in full, (iv) any Borrower is subjected to any debt restructuring scheme (*schuldsanering natuurlijke personen*) or declared bankrupt (*failliet*

*verklaard*) or (v) payments are made from the Seller (in its capacity as Insurance Savings Participant) to the Issuer under the relevant Insurance Savings Participation Agreement, the Issuer shall transfer to the Seller Equivalent Eligible Participation Collateral having a value equal to the Participation Return Amount. (See section 5 (*Credit Structure*)).

**Sub-Participation  
Collateral Account:**

Any Eligible Participation Collateral transferred by the Seller to the Issuer under the Participation Collateral Agreement shall be deposited in the Sub-Participation Collateral Account. The Issuer shall on each Notes Payment Date debit from the Sub-Participation Collateral Account an amount equal to the amount due and payable by the Seller to the Issuer pursuant to the Insurance Savings Participation Agreement.

## 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 Loans will consist of (i) linear mortgage loans (*lineaire hypotheek*), (ii) annuity mortgage loans (*annuïteitenhypotheek*), (iii) interest-only mortgage loans (*aflossingsvrije hypotheek*), (iv) investment mortgage loans (*beleggingshypotheek*), (v) savings mortgage loans (*spaarhypotheek*), (vi) bank savings mortgage loans (*bankspaarhypotheek*), (vii) unit-linked mortgage loans (*unit-linked hypotheek*), (viii) universal life mortgage loans (*universeel levenhypotheek*), (ix) life mortgage loans with the option to choose between the Savings Element and the Unit-linked Alternative (*levenhypotheek*) and (x) traditional life and with an external insurance policy mortgage loans (*levenhypotheek op basis van traditioneel gemengde verzekering*) or combinations of any of these types of mortgage loans (*combinatiehypotheeken*).

### **NHG Guarantee:**

Some Mortgage Loans are NHG Mortgage Loans. As a result of the assignment and pledge of the relevant Mortgage 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 Mortgage Receivables.

See further *Description of the Mortgage Loans and 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. Under 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

**Mortgage Receivables Purchase Agreement:** Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase on the Signing Date and accept the assignment of the Mortgage Receivables on the Closing Date, together with the Beneficiary Rights of the Seller 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 Mortgage Receivables.

**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 Mortgage Collection Payment Date immediately following any of the following events:

- (i) any of the representations and warranties given by the Seller in respect of such Mortgage Receivable or its related Mortgage Loan, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets the Eligibility Criteria, are untrue or incorrect in any material respect and the Seller has not within 30 calendar days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee remedied the matter giving rise thereto or if such matter is not capable of being remedied on the immediately succeeding Mortgage Collection Payment Date; or
- (ii) the Seller has obtained any Other Claim(s) *vis-à-vis* any Borrower including those resulting from a Further Advance; or
- (iii) the Seller agrees with a Borrower to amend the terms of the Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, which include the condition that after such amendment the Mortgage Loan continues to meet each of the Eligibility Criteria, the Portfolio Condition and the representations and warranties of the Mortgage Receivables Purchase Agreement, unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan; or
- (iv) the Seller agrees with a Borrower to switch a Participation-Linked Mortgage Loan or a Bank Savings Mortgage Loan or an Annuity Loan into (a part of) any type of Mortgage Loan other than a Participation-Linked Mortgage Loan or a Bank Savings Mortgage Loan or an Annuity Loan on the immediately succeeding Mortgage Collection Payment Date; or
- (v) in respect of a Mortgage Loan which has the benefit of an NHG Guarantee, on the Mortgage Collection Payment Date following the date on which a formal request for payment under the NHG

Guarantee has been made and Stichting WEW refuses to pay the full amount so requested or if the Seller refrains from making a claim under the NHG Guarantee with Stichting WEW;

- (vi) in respect of a Mortgage Loan which has the benefit of an NHG Guarantee, if a Mortgage Loan no longer has the benefit of such NHG Guarantee, as a result of an action taken or omitted to be taken by the Originator, the Seller, the Issuer Administrator or the Servicer; or
- (vii) the Servicer receives notice from a regulatory agency, the Seller, a Borrower or any other party indicating that the Seller has not originated and/or administered the NHG Mortgage Loans, including the foreclosure thereof, in accordance with the terms and conditions (*voorwaarden en normen*) of Stichting Waarborgfonds Eigen Woningen.

Under the Mortgage Receivables Purchase Agreement the Seller has furthermore undertaken to, if at any time after the Closing Date it becomes apparent that the Mortgage Loans did not meet the Portfolio Condition (for the avoidance of doubt, as at the Cut-Off Date), on the immediately succeeding Mortgage Collection Payment repurchase and accept re-assignment of (legal title to) such Mortgage Receivables as selected by or on behalf of the Issuer that as a result the Mortgage Loans meet the Portfolio Condition.

The repurchase price will be calculated as described in the paragraph *Sale of Mortgage Receivables* in the section *Credit Structure* below.

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

Under the terms of the Trust Deed, 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 (see Condition 6(d) (*Redemption – Optional Redemption*) in section 4.1 (*Terms and Conditions*)).

The Issuer may only sell and assign all but not some of the Mortgage Receivables, provided that in accordance with Condition 6(d) (*Redemption – Optional Redemption*) the price of such Mortgage Receivables shall be (1) sufficient to redeem all (but not some only) of the Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(b)) plus, in respect of the Class A Notes, accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to redemption of the Notes on such date in accordance with Condition 6(d), less the relevant Principal Shortfall, (2) sufficient to make any payment due by the Issuer to the Swap Counterparty in connection with the termination of the Swap Agreement unless the Issuer has other available funds to make such payment to the Swap Counterparty and (3) equal to at least the Outstanding Principal Amount of the relevant Mortgage Receivable, together with accrued interest due but unpaid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar days or in respect of which an instruction

has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of such sale or repurchase and (b) an amount equal to the Foreclosure Value or, if no valuation report of less than 12 months old is available, the indexed foreclosure value plus any other collateral, including the relevant Participation, if any.

If the Mortgage Receivables are purchased by a third party, any costs incurred by the Issuer in effecting and completing the sale and assignment of the Mortgage Receivables, if any, will be for the account of such party, to the extent acceptable to such party.

**Sale of Mortgage Receivables:**

The Issuer may not dispose of any Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed and in connection with a repurchase obligation of the Seller as provided in the Mortgage Receivables Purchase Agreement. If the Issuer decides to offer for sale (part of) the Mortgage Receivables 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. See the section *Credit Structure* for a description of the calculation of the purchase price of the Mortgage Receivables in the case of a sale of Mortgage Receivables.

**Sale of Mortgage Receivables if the Regulatory Call Option is exercised:**

On each Notes Payment Date following a Regulatory Change, the Seller has the option to exercise the Regulatory Call Option. The purchase price of the Mortgage Receivables will be calculated 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 6(g) (*Redemption following Regulatory Call*) and subject to Condition 9(b) (*Subordination and limited recourse – Principal*).

**Sale of Mortgage Receivables for tax reasons:**

If the Issuer exercises its option to redeem the Notes on a Notes Payment Date upon the occurrence of a Tax Change for tax reasons in accordance with Condition 6(e) (*Redemption – Redemption for tax reasons*), 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 6(e) (*Redemption – Redemption for tax reasons*) and subject to Condition 9(b) (*Subordination and limited recourse – Principal*).

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

On each Notes Payment Date, the Seller has the option to exercise the Clean-Up Call Option. The purchase price of the Mortgage Receivables will be calculated 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 6(b) (*Redemption – Mandatory Redemption of the Notes*) and subject to Condition 9(b) (*Subordination and limited recourse – Principal*).

**Clean-Up Call Option** On each Notes Payment Date, the Seller may, but is not obliged to, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables if on the Notes Calculation Date immediately preceding such Notes Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables then outstanding is less than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date.

**Participation Agreements:** Under the Insurance Savings Participation Agreements, each Insurance Savings Participant undertakes to pay to the Issuer the Savings Participation in respect of the associated Participation-Linked Mortgage Loan which participation equals, in short, the aggregate Savings Premiums on-paid to the Issuer increased with a *pro rata* part of the interest paid by the Borrower in respect of the associated Mortgage Loan. Each Insurance Savings Participant undertakes to pay to the Issuer all amounts received by it as Savings Premiums.

In exchange, the Insurance Savings Participant will be entitled to receive from the Issuer the Participation Redemption Available Amount (as defined in *Sub-Participation* below).

The Savings Participation calculated as per the Cut-Off Date amounts to EUR 251,914,271.00. See further the section *Sub-Participation*.

Under the Bank Savings Participation Agreement, the Bank Savings Participant undertakes to pay to the Issuer the Bank Savings Participation in respect of the Bank Savings Mortgage Loan which participation equals, in short, the aggregate Bank Savings Deposits on-paid to the Issuer increased with a *pro rata* part of the interest paid by the Borrower in respect of the associated Mortgage Loan. Each Bank Savings Participant undertakes to pay to the Issuer all amounts received by it as Bank Savings Deposits.

In exchange, the Bank Savings Participant will be entitled to receive from the Issuer the Bank Savings Participation Redemption Available Amount (as defined in the section *Sub-Participation* below).

The Bank Savings Participation calculated as per the Cut-Off Date amounts to EUR 10,297,815.00. See further the section *Sub-Participation*.

## 1.8 General

**Servicing Agreement:** Under the Servicing Agreement (i) the Servicer has agreed to (a) provide mortgage payment transactions and other services as agreed in the Servicing Agreement in relation to the Mortgage Receivables and (b) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer and/or the Mortgage Receivables as required by law for submission to the relevant governmental authorities on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Receivables and (ii) the Non-performing Mortgage Loan Servicer has agreed to implement arrears procedures including, if applicable, the enforcement of mortgages. ING Bank as Servicer has appointed WestlandUtrecht Bank as sub-servicer for the servicing of the Mortgage Loans and the Non-performing Mortgage Loans at the Signing Date.

See further sections 6.3 (*Origination and Servicing*) and 7.5 (*Servicing Agreement*).

**Administration Agreement:**

Under the Administration Agreement the Issuer Administrator has agreed (a) to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions and (b) to submit certain statistical information regarding the Issuer and/or the Mortgage Receivables as required by law for submission to the relevant governmental authorities if and when requested. ING Bank as Issuer Administrator has appointed WestlandUtrecht Bank as sub-agent for the administration of the Mortgage Loans at the Signing Date.

See further sections 6.3 (*Origination and Servicing*) and 5.7 (*Administration Agreement*).

**Management Agreements:**

Each of the Issuer, the Shareholder and the Security Trustee have entered into Management Agreements 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.

## 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 enough 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

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.

**The Classes of Notes other than the Class A Notes bear greater risk than the Class A Notes**

The Classes of Notes, other than the Class A Notes, are subordinated, meaning that Noteholders 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 9 (*Subordination and limited recourse*), 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*) and 5 (*Credit Structure*). There is no assurance that these subordination arrangements will protect the holders of the Class A 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* with one another and as to payment of interest and principal, will rank behind the obligations of the Issuer in respect of certain items set out in the relevant 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 are insufficient to redeem the Class A Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a) (*Events of Default*). If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully 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.

**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-Linked Mortgage Receivables and Bank Savings 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-Linked Mortgage Receivables and Bank Savings 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, 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) that are 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 that are 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.

## 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. These parties include borrowers under loans, trading counterparties, counterparties under swaps and credit and other derivative contracts, agents and other financial intermediaries, including the Seller, the Swap Counterparty, the Issuer Account Bank 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 Principal 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 Mortgage 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.

## The Dutch Intervention Act could affect the Noteholders

On 13 June 2012 the Dutch Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*; the **SMFI**) came into force, with retroactive application as from 20 January 2012, giving DNB and the Dutch Minister of Finance additional powers to deal with ailing financial institutions. On 6 June 2012, the European Commission proposed a new Directive on a comprehensive framework for dealing with ailing credit institutions and investment firms (the **Crisis Management Directive**) which contains a number of legislative proposals similar to the SMFI. Pursuant to the SMFI, substantial new powers are granted to DNB and the Dutch 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 Dutch 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 SMFI 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) if a



counterparty attempts to invoke or enforce those contractual rights because of (contemplated or actual) action undertaken by DNB or the Dutch Minister of Finance under the SMFI 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 not in principle be affected by the SMFI if the exercise of those Issuer's rights is based on grounds other than the intervention by DNB or the Dutch Minister of Finance under the SMFI (for example, on the basis of a payment default or a credit ratings downgrade not related to or resulting from intervention pursuant to the SMFI).

Although the exercise of powers by DNB or the Dutch Minister of Finance under the SMFI could not affect the transfer to the Issuer of the legal title to the Mortgage Receivables by the Seller, there is a risk that if at any time any resolution powers would be used by DNB or, as applicable, the Dutch Minister of Finance or any other relevant authority in relation to a counterparty of the Issuer pursuant to the SMFI, the Crisis Management Directive (if and when adopted in its current form) 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 Arrangers, the Lead Manager, ING in its capacity as purchaser of the Class B Notes and the Class C Notes, the Servicer, the Issuer Administrator, the Directors, the Swap Counterparty, the Security Trustee 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 Arrangers, the Lead Manager, ING in its capacity as purchaser of the Class B Notes and the Class C Notes, the Servicer, the Issuer Administrator, the Directors, the Swap Counterparty 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 exercise its right to 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 6(d) (*Redemption – Optional Redemption*) 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 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*) below. However, there is no guarantee that such a purchase of the 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 Clean-Up Call Option, Regulatory Call Option and Redemption upon a Tax Change**

Should the Seller exercise its Clean-Up Call Option or its Regulatory Call Option on any Notes Payment Date, the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Conditions 6(f) (*Redemption –*

*Redemption following Clean-up Call*) and 6(g) (*Redemption – Redemption following Regulatory Call*) and subject to Condition 9(b) (*Subordination and limited recourse – Principal*) on such Notes Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(e) (*Redemption – Redemption for tax reasons*) and subject to Condition 9(b) (*Subordination and limited recourse – Principal*). If the Issuer exercises any of such options, the Notes will be redeemed prior to the Final Maturity Date. 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.

**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 on the first possible occasion in accordance with the Conditions. 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 prepayments**

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) 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) 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.

**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 10 (*Events of Default*) and 11 (*Enforcement*)), and is bound to do so if so requested by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes or 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 Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

**The Security Trustee may agree to modifications without the Noteholders' prior consent**

Pursuant to the terms of the Trust Deed, the Security Trustee may agree without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, (except if prohibited in the Transaction Documents) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Transaction Documents and any consent, to the transfer of rights and obligations under a Transaction Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders provided the Security Trustee (i) has notified the Credit Rating

Agencies and (ii) the Credit Rating Agencies have provided a Credit Rating Agency Confirmation in connection with such modification, authorisation, waiver or consent. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, such modification, authorisation, waiver or consent shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, such modification, authorisation, waiver or consent shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

**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 or 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) if 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 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 the waiver of Conditions 3(b), (c) or (d) related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeem 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, the Swap Counterparty effectively can veto certain proposed modifications, amendments or consents or waivers in respect of the Conditions and the Transaction Documents.

**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 Pledge Agreements 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.

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 credit 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.

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a AAA(sf) credit rating from Fitch and a 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 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 Notes and the ability of the Issuer to make payments under the 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 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 Notes, and therefore the Issuer may be adversely affected, the market value of the 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 Notes may be adversely affected.

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

### **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 towards 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 lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests.

ATC 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 ATC 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 Bank and / or the Seller as Noteholders**

For so long as any Notes are held by any of the Seller or ING Bank (a **Relevant Entity**), such Relevant Entity 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 such Relevant Entity, with respect to the holding of such Notes, may in certain circumstances be different from that of the Class A Noteholders to the extent there are any Class A Noteholders. So long as a Relevant Entity 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 such Relevant Entity may conflict with the interests of the Class A Noteholders.

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

Application has been made to NYSE 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 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 Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. Any investor in the Notes must be prepared to hold the Notes for an indefinite period of time or until redemption of the Notes. If any person begins making a market for the 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 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. 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 Arrangers, the Lead Manager, the Security Trustee or the Seller makes 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.

In particular, investors should be aware of Article 122a and any implementing rules in relation to a relevant jurisdiction, which applies in general to newly issued securitisations after 31 December, 2010, and to notes issued under securitisations established on or before that date from the beginning of 2015 to the extent that new underlying exposures are added or substituted after 31 December 2014. Article 122a restricts an EU-regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU-regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a. Article 122a also requires an EU-regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, among other things, the securitisation notes it has acquired and the underlying exposures and that procedures are established for such due diligence activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant investor.

Article 122a applies in respect of the Notes. Investors should therefore make themselves aware of the requirements of Article 122a (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to (a) their investment in the Notes. With respect to the commitment of ING Bank to retain or to procure that one of its wholly-owned subsidiaries qualifying as an originator (within the meaning of Directive 2006/48/EC) shall retain a material net economic interest in the Notes, which in any event shall not be less than 5 per cent, comprised of an interest in the first loss tranche (held via the Class B Notes and the Class C Notes) and, if necessary other tranches having the same or more severe risk profile than those sold to investors, and (b) to the extent that, as a result of any change to Article 122a of the CRD or the interpretation thereof, ING Bank's undertaking no longer complies with Article 122a of the CRD, the Seller shall give such undertaking to retain a material net economic interest in the Notes in compliance with Article 122a of the CRD and (c) with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the Seller or the Issuer Administrator on the Issuer's behalf) in relation to the due diligence requirements under Article 122a, see section 4.4 (*Regulatory & Industry Compliance*). Relevant investors are required independently to assess and determine the sufficiency of the information described in this Prospectus, in any investor report and otherwise for the purposes of complying with Article 122a (and any corresponding implementing rules of their regulator) and none of the Issuer, ING Bank, the Seller, the Issuer Administrator, the Arrangers, the Security Trustee nor the Lead Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

Considerable uncertainty remains with respect to Article 122a and its implementation in European Economic Area states and it is not clear what will be required to demonstrate compliance to national regulators. It should be noted that European Economic Area states may implement Article 122a (and related provisions) differently. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with Article 122a should seek guidance from their regulator. Similar requirements to those set out in Article 122a are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

Article 122a 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.

In addition, article 135 of the Solvency II Framework Directive 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. 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% 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**

The secondary mortgage markets are currently experiencing severe disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage loans and mortgage-backed securities is experiencing extremely limited liquidity. These conditions may continue or worsen in the future. This may, among other things, 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.

Limited liquidity in the secondary market for mortgage-backed securities has had a severe adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have a severe 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.

#### **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 2010, 2011 and 2012 by market perceptions regarding the ability of certain EU member states to service their sovereign debt obligations, including in Greece, Spain, Ireland, Italy and Portugal. The continued uncertainty over the outcome of the EU governments' financial support programs and the possibility that other EU member states may experience similar financial troubles could further disrupt global financial markets. In particular, it has disrupted and could in the future disrupt, equity markets and result in volatile bond yields on the sovereign debt of EU members.

These developments could have material adverse impacts on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the business, financial condition and liquidity of the Seller, the Insurance Company, the Issuer Account Bank, the Swap Counterparty. 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 Insurance Company, the Issuer Account Bank and the Swap Counterparty 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 Transaction Documents. Failure to perform obligations under the 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.

**Risk related to unsolicited credit ratings on the Notes**

Other credit rating agencies that have not been engaged by (or on behalf of) the Issuer to rate the Notes may issue unsolicited credit ratings on the Notes at any time. Any unsolicited credit ratings in respect of the 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 ratings assigned by Fitch or Moody's in respect of the Notes may adversely affect the market value and/or the liquidity of the Notes.

**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 intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the



Eurosystem eligibility criteria as amended from time to time. 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.

The Governing Council of the European Central Bank decided in December 2010 to implement loan-level data reporting requirements for asset-backed securities as part of the Eurosystem's collateral framework. For residential mortgage-backed securities, this will be mandatory from 3 January 2013. Accordingly, if loan-level data reporting requirements are not complied with, Eurosystem eligibility of the Class A Notes may not, or may not continue to be recognised.

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

An investor's total return on an investment in 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.

### **No Gross-up for taxes**

As provided in Condition 7 (*Taxation*), if withholding of, or deduction for, or an account of any present or future taxes, duties, assessments or charges of whatsoever nature are imposed by the Netherlands or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, the Issuer or the Principal Paying Agent (as applicable) will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to compensate the Noteholders for such withholding or deduction.

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

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or, certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

## Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become (i) a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or (ii) is not otherwise exempt from or in deemed compliance with FATCA. The Issuer may be classified as an FFI, and may enter into such an agreement with the IRS. Under its agreement with the IRS, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold on certain payments treated as **foreign passthru payments** (a term not yet defined) to (i) any FFI through or to which payment on such Notes is made which is not a Participating FFI or otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **Recalcitrant Holder**).

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to foreign passthru payments no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are materially modified on or after the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payments are filed in the Federal Register and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have entered into various intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a reporting foreign financial institution (a **Reporting FFI**) not subject to withholding under FATCA on any payments it receives. Further, under the terms of the Model 1 IGA, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FFI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FFI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. Although the United States and The Netherlands are currently in negotiations regarding an IGA based largely on the Model 1 IGA, such agreement has not yet been signed.

If the Issuer does not become a Participating FFI, Reporting FFI, or is not treated as exempt from or in deemed compliance with FATCA, the Issuer may be subject to FATCA Withholding on payments received from U.S. sources and Participating FFIs. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Notes.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

**FATCA is particularly complex. The above description is based in part on final regulations, official guidance and model IGAs, however, a substantial portion of this legislation is still**

**uncertain and its application in practice is not known at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

### **Changes in law**

The structure of the issue of the Notes and the credit ratings which may be assigned to them are based on the laws of The Netherlands or 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 the laws of The Netherlands or 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 Principal 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.

**Implementation of and/or changes to the Basel II framework and Solvency II may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors**

In 1988, the Basel Committee on Banking Supervision (the Basel Committee) adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006, the Basel Committee finalised and published new risk-adjusted capital guidelines (Basel II). Basel II includes the application of risk-weighting which depends upon, among other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

Basel II has not been fully implemented in all participating jurisdictions. 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 CRD. Certain amendments have been made to the CRD, 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 introduces (among 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 guidance, which 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 a maximum 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"). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. 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 20 July 2011, the European Commission adopted a legislative package of proposals (known as CRD IV) to implement the changes through the replacement of the existing CRD with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however, the proposals allow individual Member States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

In general, investors should consult their own advisers as to the regulatory capital 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 the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Furthermore, pursuant to the proposed Solvency II rules, more stringent rules will apply for European insurance companies from January 2014 in respect of instruments such as the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures as well as the application of Solvency II, to their holding of any Notes. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## 2.2 Security

### Pledges to Security Trustee

#### *General*

Under or pursuant to the Pledge Agreements, various Netherlands 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 Netherlands Civil Code (*Burgerlijk Wetboek*) and the Netherlands 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. 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 Transaction Parties even if such petition was presented in breach of a non-petition covenant applying to the relevant transaction party. Secondly, recourse by the transaction parties to the Issuer has been limited to the Mortgage Receivables and any other assets the Issuer may have. It is therefore unlikely that the Issuer becomes subject to an insolvency proceeding. Should the Issuer be subjected to a Netherlands insolvency proceeding nevertheless, the Security Trustee as pledgee can exercise the rights afforded by Netherlands law to pledgees as if there were no Netherlands insolvency proceedings. However, Netherlands insolvency proceedings involving the Issuer would affect the position of the Security Trustee as pledgee in some respects under Netherlands 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 Netherlands insolvency proceedings take effect (i.e. at 0:00 hours on the date Netherlands 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 Netherlands insolvency proceedings taking effect. As such crediting of the account would not yet have occurred when the Netherlands 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 Netherlands insolvency proceedings taking effect, amounts are due to be paid under receivables that have been pledged to the Security Trustee prior to such Netherlands 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 Accounts 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 without

limitation Netherlands 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 A.3 (Mortgage Receivables – Transfer of legal title to Mortgage Receivables – commingling risk) of this Prospectus, the position of the Issuer is described in respect of payments so made to the Seller prior to or after the Seller's possible Netherlands 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 Netherlands 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 Netherlands 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 Netherlands 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 Netherlands 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 Netherlands insolvency proceedings.

In the unlikely event that the Issuer is subject to insolvency proceedings other than Netherlands insolvency proceedings, similar or different restrictions may apply.

#### **Noteholders may have exposure on the Security Trustee**

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Creditors therefore have a credit risk on the Security Trustee. This credit risk has been mitigated by setting the Security Trustee up as a bankruptcy remote entity, however there remains a risk that the Security Trustee is declared bankrupt or is subjected to emergency regulations and as a consequence the Noteholders may not receive (full) payment from the Security Trustee in respect of the Parallel Debt or otherwise.

## 2.3 Hedging

### 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 be terminable by one party if *inter alia* (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement, or (iii) an Early Redemption Event (as defined therein) occurs. Events of default in relation to the Issuer in the Swap Agreement will be limited to (i) non-payment under the Swap Agreement, and (ii) insolvency events. The Swap Agreement will terminate automatically (i) if an Enforcement Notice is served, or (ii) on the earlier of the Final Maturity Date and the date on which the Class A Notes have been redeemed or written-off in full in accordance with the Conditions, other than pursuant to the service of an Enforcement Notice or pursuant to Condition 6(d) (*Optional Redemption*), Condition 6(e) (*Redemption for tax reasons*), 6(f) (*Redemption following Clean-up Call*) or 6(g) (*Redemption following Regulatory Call*). If the Swap Agreement terminates in whole or in part, then the Issuer may be obliged to make a termination payment to the Swap Counterparty. There can be no assurance that the Issuer will have sufficient funds available to make such a termination payment, nor can there be any assurance that the Issuer will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current credit ratings of the Notes by the Credit Rating Agencies.

If the Issuer is obliged to pay a termination payment under the Swap Agreement, such termination payment will rank ahead of amounts due on the Notes except where default by, or downgrade of, the Swap Counterparty has caused the Swap Agreement to terminate. The obligation to make a termination payment other than arising from default by, or downgrading of, the Swap Counterparty, may adversely affect the ability of the Issuer to meet its obligations under 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 Class A Notes, and the Issuer may have insufficient funds to make payments due on the Class A Notes on an ongoing basis.

## **Termination payments under the Swap Agreement**

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 Swap Counterparty Default 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 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.

## **Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Swap Counterparty Default Payments.

The English Supreme Court has held that a flip clause as described above is valid under English law. The Issuer has been advised that such a flip clause would be valid under Netherlands law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or the Netherlands (including, but not limited to, the United States), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English and Netherlands law governed Transaction Documents (such as a provision of each of the Revenue Priority of Payments and the Post-Enforcement Priority of Payments which refers to the ranking of the Swap Counterparty's payment rights in respect of Swap Counterparty Default Payments). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Swap Counterparty given that the Swap Counterparty has assets and/or operations in the U.S. and notwithstanding that the Swap Counterparty is a non-U.S. established entity (and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or the Netherlands and any relevant foreign judgment or order was recognised by the English or Dutch courts, there can be no assurance that



such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Swap Counterparty Default Payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English or Dutch courts) may result in negative credit rating pressure in respect of the Notes. If any credit rating assigned to the Notes is lowered, the market value of the Notes may reduce.

## **2.4 Mortgage Receivables and Mortgaged Assets**

### **Transfer of legal title to Mortgage Receivables - commingling risk**

Assignment of legal title to the Mortgage Receivables will be effected by means of a deed of assignment and registration thereof with the Division Enterprises of the Tax Department, without notification of the assignment to the debtors being required (*stille cessie*). The assignment will only be notified to the Borrowers upon the occurrence of an Assignment Notification Event.

Until notification of the assignment, the Borrowers under the Mortgage Loans can validly pay (*bevrijdend betalen*) to the Seller amounts in respect of the Mortgage Receivables and the Seller has undertaken to on-pay to the Issuer amounts so received by it. The Issuer thus has a credit risk against the Seller in respect of such amounts. In case of the Seller's bankruptcy or it becoming subject to emergency regulations prior to making such payments, the Issuer has no proprietary right or right of preference in respect of such amounts. The Issuer will have a non-preferred claim (*concurrente vordering*) against the Seller's estate in respect of amounts received by the Seller from a Borrower prior to its bankruptcy or (preliminary) suspension of payments (emergency regulations). In respect of amounts received after bankruptcy or (preliminary) suspension of payments (emergency regulations) but prior to notification of assignment of Mortgage Receivables, the Issuer would be a creditor of the estate (*boedelschuldeiser*) and would receive payments prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate. There is thus a risk that in such case the Issuer will not receive the proceeds under the Mortgage Receivables timely and in full, which could affect its ability to meet its obligations under the Notes.

### **Risk that the Issuer does not have the benefit of the Security Rights**

Under Netherlands law, as a rule mortgages and pledges are "accessory rights" (*afhankelijke rechten*) and as such automatically follow the receivables they secure. This means that upon assignment of a receivable, the assignee automatically gets the benefit of any security right which secures such receivable, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law.

The Mortgages and Borrower Pledges securing the Mortgage Receivables qualify as so-called "all-moneys" securities, securing all present and future receivables of the Seller (collectively **All Moneys Security Rights**).

In the past, uncertainty existed in Dutch legal literature as to whether a transfer or pledge of a receivable secured by All Moneys Security Rights results in a transfer of the All Moneys Security Rights, or a share therein, to the assignee.

However, like any other mortgage or pledge, an All Moneys Security Right is in principle an accessory right and in principle, the assignee will also become entitled to such All Moneys Security Right by operation of law. This principle is confirmed by the Supreme Court (HR 16 September

1988, NJ 1989, 10). In this decision, the Supreme Court ruled that the main rule is that a mortgage as an accessory right transfers together with the receivable it secures.

The exception to this rule is when the mortgage was stipulated as a strictly personal right. The Supreme Court held that it is a question of interpreting the relevant clause in the mortgage deed whether the definition of the secured receivable means that it exclusively vests in the original mortgagee as a strictly personal right, in deviation of the main rule. The wording of the relevant mortgage deed constitutes *prima facie* evidence of whether the intention of the parties was to create the relevant mortgage as a personal right, although it is not inconceivable that evidence to the contrary is brought forward.

The Seller represents and warrants in the Mortgage Receivables Purchase Agreement that the relevant mortgage or pledge contain either (a) no specific wording regarding the transfer of any right of mortgage or pledge securing the Mortgage Receivable or (b) an explicit confirmation that upon assignment and pledge of the relevant Mortgage Receivable, the All Moneys Security Rights will (partially *pro rata*) follow such Mortgage Receivable.

The Issuer has been advised that in the absence of circumstances giving an indication to the contrary, the All Moneys Security Rights (partially) follow the Mortgage Receivables as an accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice. Furthermore, it is noted that if the Issuer does not have the benefit of the mortgage right, it also will not be entitled to claim under any Municipality Guarantee (*Gemeentegarantie*) or NHG Guarantee (*Nationale Hypotheek Garantie*). If an All Moneys Security Right has not (partially) followed the Mortgage Receivable upon its assignment, the Issuer and/or the Security Trustee will not have the benefit of such security right. This could materially affect the recourse ability of the Issuer under the Mortgage Loans and its ability of the Issuer to meet its payment obligations under the Notes if the Borrowers were to default.

#### **Risk related to co-owned All Moneys Security Rights by the Seller, the Issuer and the Security Trustee**

If the All Moneys Security Rights have indeed (partially) followed the Mortgage Receivables upon their assignment, the Security Rights would be co-owned by the Issuer and the Seller and would secure both the Mortgage Receivables held by the Issuer (and pledged to the Security Trustee) and any claims (in respect of e.g. other loans to the same borrower) held by the Seller (the **Other Claims**) and certain risks relating to the enforcement and distribution of foreclosure proceeds apply. The Seller has represented that it has no Other Claims.

#### *Ability to enforce*

If the All Moneys Security Rights are co-owned, the rules applicable to co-ownership (*gemeenschap*) apply. In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such co-owned rights. Certain acts, including acts concerning the day-to-day management (*beheer*) of the co-owned rights, may under Netherlands law be transacted by each of the participants (*deelgenoten*) in the co-owned rights (without consent of the others). It is, however uncertain whether the foreclosure of the security rights will be considered as day-to-day management, and, consequently, whether the consent of the Seller, or the Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure. The Issuer has been advised that, if the Seller has no Other Claims, there is no reason to assume such consent would be withheld.

The Seller will represent and warrant that on the Cut-Off Date it had no Other Claims and it will undertake in the Mortgage Receivables Purchase Agreement that, until the Notes have been

redeemed in accordance with the Conditions and the Issuer has no further obligation under any of the other Transaction Documents, it will not accept any deposits from a Borrower (other than in respect of Bank Savings Mortgage Receivables), it will not provide a further advance to the Borrower and it will not enter into a current account relationship with a Borrower and that it will repurchase and accept re-assignment of a Mortgage Receivable, if it obtains an Other Claim which is secured by the same All Moneys Security Right as the Mortgage Receivable, including resulting from a Further Advance. There is a risk that the Seller will not comply with its repurchase obligation, so that its consent may be required for foreclosure of the relevant All Moneys Security Right.

#### *Allocation of foreclosure proceeds*

If the Seller has no Other Claim at the time of foreclosure of the All Moneys Security Rights, the full foreclosure proceeds will *de facto* be available to satisfy the Mortgage Receivable. Should the Seller have any Other Claim against the Borrower at the time of foreclosure, the following applies.

The Seller, the Issuer and/or the Security Trustee (as applicable) have agreed in the Mortgage Receivables Purchase Agreement that in case of foreclosure the share (*aandeel*) in each co-owned security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the Mortgage Receivables, increased with interest and costs, if any, and the Seller's share will be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable against the Seller or, in case of bankruptcy or emergency regulations, the Seller's bankruptcy trustee or administrator. The arrangement may also not be effective against the Borrower. There is a risk that the Seller is not able to make such payment which would affect the ability of the Issuer to perform its payment obligations under the Notes.

#### *Compensation for breach*

The Seller, the Issuer and the Security Trustee have also agreed that the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result of a breach by the Seller of its obligations in respect of this arrangement (including enforcing the All Moneys Security Rights notwithstanding the above arrangement) or if such arrangement is dissolved, declared void, nullified or ineffective for any reason in respect of the Seller. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments. Furthermore it is noted that this arrangement may not be effective against the Borrower.

If (a trustee or administrator of) the Seller would, notwithstanding the arrangement set out above, enforce the co-owned All Moneys Security Rights securing the Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred.

To secure the obligations of the Seller under this arrangement, if an Assignment Notification Event occurs then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Seller otherwise, within a period of 14 calendar days, the Seller has an obligation to pledge its Other Claims (if any) in favour of the Issuer and the Security Trustee respectively. The Seller will grant an irrevocable power of attorney to each of the Issuer and the Security Trustee to, among other things, vest such right of pledge at such time and in such manner as it may think fit provided that and to the extent that the Seller fails to do so. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created which for this purpose is equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. If, after

the pledge on the Other Claims, no Assignment Notification Event is continuing, 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 undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount of the relevant Mortgage Receivable has been repaid in full.

### **Loan to Foreclosure Value Ratio**

The Mortgage Receivables have an original loan to foreclosure value ratio (**LTFV**) of up to and including 130 per cent. The appraisal foreclosure value (*executiewaarde*) of the Mortgaged Assets on which a mortgage right is vested is normally lower than the market value (*vrije verkoopwaarde*) of the relevant Mortgaged Assets. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Mortgage Receivable can be recovered from the proceeds of the foreclosure on the relevant Mortgaged Asset or that the proceeds upon foreclosure will be at least equal to the estimated foreclosure value of such Mortgaged Asset.

### **Risks related to Insurance Policies**

The Life Mortgage Loans and the Life Mortgage Loans with a Savings Element have the benefit of Life Insurance Policies and Savings Insurance Policies respectively. Investors should be aware that the Issuer may not (i) benefit from the Insurance Policies and/or (ii) be able to recover any amounts from the Borrower in case the relevant Insurance Company defaults in its obligations as further described in the paragraphs below. As a consequence thereof the Issuer may not have a claim on the Borrower and may, therefore, not have the benefit of the mortgage right. In such case the rights of the Security Trustee will be similarly affected.

#### *Risk that the Borrower Pledges will not be effective*

All rights of a Borrower under the Insurance Policies have been pledged to the Seller under the Borrower Insurance Pledge. Under Netherlands law there is no general rule to determine whether a claim arising from an insurance policy is an existing claim or a future claim. A distinction can be made between capital insurances (*kapitaalverzekeringen*) and risk insurances (*schadeverzekeringen*). In respect of risk insurances it is noted that the Issuer has been advised that it is probable that the right to receive payment, including the commutation payment (*afkoopsom*) under the Insurance Policies before the insured event occurs will be regarded by a Dutch court as a future right. Under Netherlands law the pledge of a future right is not effective if the pledgor is declared bankrupt or is granted a suspension of payments or been made subject to a debt restructuring scheme pursuant to the Dutch Bankruptcy Act (*Faillissementswet*), prior to the moment of such right coming into existence. Consequently, it is uncertain whether such right of pledge will be effective. As a result, it is uncertain whether and to what extent the pledges of receivables under said risk insurance policies by the Borrowers are effective. In respect of capital insurances 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 same uncertainty applies to any rights of pledge on the rights of the relevant Borrower in connection with the Borrower Investment Accounts to the extent the rights of the Borrower qualify as future claims, such as options (*opties*) (the **Borrower Investment Pledge**) and any rights of pledge on the rights of the relevant Borrower in connection with the Bank Savings Accounts (the **Borrower Bank Savings Deposit Pledge** and together with the Borrower Insurance Pledge and the Borrower Investment Pledge, the **Borrower Pledges**). See further the paragraphs *Risk of set-off or defences in respect of investments under Investment Mortgage Loans* and *Risk of set-off or defences in case of Mortgage Receivables resulting from Bank Savings Mortgage Loans* below.

In addition to the Borrower Insurance Pledge, the Seller has either the Beneficiary Rights or the Borrower Insurance Proceeds Instruction, as discussed below.

#### *Beneficiary Rights*

It is uncertain whether the Issuer will have the benefit of the Beneficiary Rights. In respect of the Beneficiary Rights of the Seller, under Netherlands law it is uncertain whether the Beneficiary Rights will follow the Mortgage Receivables upon assignment thereof. Therefore, the Beneficiary Rights will themselves be assigned by the Seller to the Issuer and pledged by the Issuer to the Security Trustee. However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

In view of the risk that the transfer of the Beneficiary Rights is ineffective, the Issuer and the Security Trustee has entered into a Beneficiary Waiver Agreement with the Seller under which the Seller will:

- (a) subject to the condition precedent (*opshortende voorwaarde*) of the occurrence of an Assignment Notification Event, (1) appoint in its place as first beneficiary (i) the Issuer subject to the dissolving condition (*ontbindende voorwaarde*) of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event and (2) to the extent such appointment is ineffective, waive its rights as beneficiary under the Insurance Policies with the relevant Savings Insurance Company. It is, however, uncertain whether such appointment and/or waiver will be effective; and
- (b) to cover against the risk that the conditional appointment and waiver are (indeed) not effective the Seller and each of the Savings Insurance Companies (other than SRLEV) will in the Beneficiary Waiver Agreement undertake that they will use their best efforts upon the occurrence of an Assignment Notification Event to obtain the co-operation from all relevant parties, in particular the Borrowers, (a) to terminate the appointment of the Seller as beneficiary under the Insurance Policies and (b) to appoint as first beneficiary under the Insurance Policies up to the relevant Outstanding Principal Amount of the relevant Mortgage Receivable (i) the Issuer subject to the dissolving condition of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event.

It is noted that all receivables under the relevant Insurance Policies have been pledged and notification thereof has been made to the relevant Insurance Company. To the extent the waiver is effective but the appointment is not and the Borrower consequently will have become the beneficiary, the Borrower's rights will in principle (see above) be covered by the Borrower Insurance Pledge.

#### *Borrower Insurance Proceeds Instruction*

In the scenario in which a Borrower Insurance Proceeds Instruction has been given, the Seller and the Savings Insurance Companies (other than SRLEV) will in the relevant Beneficiary Waiver Agreement undertake to use their best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction up to the relevant Outstanding Principal Amount of the relevant Mortgage Receivable in favour of (i) the Issuer subject to the dissolving condition of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event, and to obtain the co-operation from all relevant Borrowers and the relevant beneficiary where required.

The appointment and termination of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all

relevant parties involved, including the relevant Life Insurance Company and the Borrowers. It is uncertain whether such co-operation will be forthcoming.

If all of the above measures are ineffective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be, up to the amount of any claims the Seller may have on the relevant Borrower. If the proceeds are paid to the Seller, it will, pursuant to the Mortgage Receivables Purchase Agreement, be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. There is a risk that the Seller is not able to make such payment which would affect the ability of the Issuer to perform its payment obligations under the Notes. If the proceeds are paid to the Seller and the Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the Seller or it becomes subject to emergency regulations, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the Seller or another beneficiary, as the case may be. See risk factor *Risk of set-off and defences by Borrowers in case of insolvency of any of the Insurance Companies*, which may adversely affect the payment of the Notes.

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

The Issuer is exposed to the risk of receiving reduced amounts due to set-off rights of the Borrowers. As a result of a successful invocation of a right of set-off, the Mortgage Receivable would, partially or fully, be extinguished (*gaat teniet*) without the Issuer actually having received a cash payment in respect thereof which it could use towards satisfaction of its obligations under the Notes. Set-off by Borrowers could thus lead to losses under the Notes.

Under Netherlands law a debtor has a right of set-off if it has a claim which corresponds to its debt to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Parties may contractually limit such statutory set-off right. The conditions applicable to the Mortgage Loans contractually prohibit set-off by the Borrowers. However, under Netherlands law it is uncertain whether such prohibition (or waiver) included in general conditions will be enforceable. Should such prohibition (or waiver) be unenforceable, the Borrowers will have the statutory set-off rights described below in this paragraph.

A distinction should be made between (statutory) set-off prior to notification of assignment and set-off thereafter. Prior to notification, subject to the statutory requirements being met, each Borrower will be entitled to set-off amounts it owes in respect of the Mortgage Loan with amounts the Seller owes to such Borrower. Amounts due by the Seller could, *inter alia*, result from current account balances held or deposits made with the Seller or from (investment) services, including in connection with Investment Mortgage Loans, for which the Seller is responsible or held liable. After notification of assignment to a Borrower, the Borrower will still have the same set-off rights despite the assignment to the Issuer, provided that (i) the legal requirements for set-off are met (see above) and (ii) either (a) the counterclaim of the Borrower against the Seller results from the same legal relationship as the relevant Mortgage Loan or (b) the counterclaim of the Borrower does not result from the same legal relationship but has been originated (*opgekomen*) and become due and payable (*opeisbaar*) prior to notification to the relevant Borrower of the assignment. The question whether a court will conclude that the Mortgage Loan and the claim of the Borrower on the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable,

the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To secure the payment obligations of the Seller in this respect, the Issuer has entered into the Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller, upon loss of the Requisite Credit Rating, shall have an obligation to transfer Eligible Collateral in an amount of and having a value equal to the Delivery Amount (see section 5 (*Credit Structure*)). Notwithstanding the above, if the Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement or the Financial Collateral Agreement or if the set-off amount would exceed the balance standing to the credit of the Financial Collateral Account, set-off by Borrowers could lead to losses under the Notes.

In case notification of the assignment of the Mortgage Receivables is made after the bankruptcy or emergency regulations in respect of the Seller having become effective, it is defended in Dutch legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it under the Dutch Bankruptcy Act. Under the Dutch Bankruptcy Act a person who is both debtor and creditor of the bankrupt entity can set off its debt with its claim, if each claim (i) came into existence prior to the moment that the bankruptcy becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of emergency regulations.

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. There is a risk that the Seller will not be able to make such payment to the Issuer, for example in case of an insolvency of the Seller. This may result in the Issuer not having sufficient funds to meet its payment obligations under the Notes. Furthermore, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that no deposits have been and will be accepted by it from any of its Borrowers (except for deposits under Bank Savings Mortgage Loans), and that it currently does not have any current account relationship with its Borrowers.

Affiliate WestlandUtrecht Effectenbank N.V. does accept deposits from customers which may include Borrowers. The Issuer has been advised that a Borrower would not be entitled to set off any claims against WestlandUtrecht Effectenbank N.V. against the Mortgage Loans because (i) there is no mutuality, (ii) the Seller has represented that the deposit-taking activity was not marketed as if it was offered by the Seller, (iii) it is clearly stated in the relevant contracts that WestlandUtrecht Effectenbank N.V. is the counterparty under the deposit taking relationship and (iv) there is no connection other than the fact that the offerors form part of the same group,

Specific set-off issues relating to Investment Mortgage Loans and Bank Savings Mortgage Loans, and the Insurance Policies connected to the Mortgage Loans are discussed elsewhere below.

### **Set-off risks and defences relating to counterclaims under Insurance Policies, Investment Mortgage Loans and Bank Savings Mortgage Loans**

#### *General*

As described above in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*, in order for a Borrower to have a successful claim on the grounds of set-off, a Borrower would (i) first need to successfully argue that the waiver of its set-off right is invalid and (ii) would then need to successfully argue that the Dutch statutory requirements for set-off have been met. As described above, one of these requirements is that the Borrower should have a claim against the same counterparty. However, the Insurance Policies are contracts between any of the Insurance Companies and the Borrowers on the one hand and the Mortgage Receivables are claims of the

Seller on the relevant Borrower on the other hand. Therefore, in order to invoke a right of set-off the Borrower would have to establish that the Borrower was led to believe that he was not entering into two separate relationships but one interrelated relationship. The Borrower's defence in such case is likely to focus on information provided by or on behalf of the Seller which may have led the Borrower to (erroneously) believe that he was not entering into two relationships.

*Risk of set-off and defences by Borrowers in case of insolvency of any of the Insurance Companies*

In respect of Participation-Linked Mortgage Loans and Life Mortgage Loans, the intention is that at maturity the principal proceeds of the Insurance Policy can be used to repay the Mortgage Loan in whole or in part following pay out by the Insurance Company. It is possible that any of the Insurance Companies does not (fully) pay out the proceeds (e.g. in case it is declared bankrupt or has become subject to emergency regulations). If the Borrower is then requested to repay the Mortgage Loan in full, the Borrower may try to invoke set-off rights and defences purporting to establish that an amount equal to the lost proceeds is deducted from the Mortgage Receivable it owes to the Issuer. A successful claim could lead to losses under the Notes.

The Mortgage Conditions provide for a waiver by the Borrowers of their set-off rights. It is uncertain whether such waiver is effective. If the waiver is not effective, the Borrowers will need to comply with the applicable legal requirements in order to invoke a right of set-off. One of these requirements is that the Borrower should have a claim against the same counterparty. The Insurance Policies are contracts between any of the Insurance Companies and the Borrowers on the one hand and the Mortgage Receivables are claims of the Seller on the relevant Borrower on the other hand. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Borrower was led to believe that he was not entering into two separate relationships but one interrelated relationship. The Borrower's defence in such case is likely to focus on information provided by or on behalf of the Seller which may have led the Borrower to (erroneously) believe that he was not entering into two relationships.

Even if a Borrower cannot invoke a right of set-off, he may invoke defences *vis-à-vis* the Seller, the Issuer and/or the Security Trustee, as the case may be. Each Borrower will naturally have all defences afforded by Netherlands law to debtors in general. A specific defence one could think of would also be based upon interpretation of the mortgage documentation and the promotional materials. A Borrower could argue that the Mortgage Loan and the relevant Insurance Policy are to be regarded as one interrelated legal relationship and could, on this basis, claim a right of annulment (*vernietiging*) or dissolution (*ontbinding*) of the relevant Mortgage Loan or possibly suspension of their obligations thereunder. The Borrower could also argue that it was the intention of the parties involved or that they could at least rightfully interpret the mortgage documentation and the promotional materials in such manner that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a Borrower could argue that it is contrary to principles of reasonableness and fairness (*redelijkheid en billijkheid*) for the Borrower to be obliged to repay the Mortgage Receivable to the extent that it has failed to receive the proceeds of the Insurance Policy. The Borrower could also base a defence on "error" (*dwaling*), i.e. that the Mortgage Loan and the Insurance Policies would be entered into as a result of "error". Should this defence be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the Issuer no longer holds the Mortgage Receivable. In such case, the Borrower would still be obliged to repay the Mortgage Loan, but would probably argue that losses incurred should be deducted from the Outstanding Principal Amount of the relevant Mortgage Loan.



### *Set-off or defences regarding Life Mortgage Loans*

In respect of Life Mortgage Loans with Life Insurance Policies taken out by a Borrower with an Insurance Company, the Issuer has been advised that if (i) there is no connection, whether from a legal or a commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than a Borrower Insurance Pledge granted on the rights under such policy in favour of the Seller and (ii) the Mortgage Loan and the Life Insurance Policy are not offered as one product or under one name and (iii) the Borrowers are free to enter into a life insurance policy with any insurance company and (iv) none of the Life Insurance Companies is a group entity (within the meaning of article 2:24b of the Netherlands Civil Code) of the Seller, it is unlikely that a court would honour set-off defences of the Borrowers. However, should any of the aforementioned elements under (i) up to and including (iv) not be met, the Issuer has been advised that the risk will be higher.

In respect of Life Mortgage Loans between the Seller and a Borrower with a Life Insurance Policy between a Savings Insurance Company and such Borrower, whereby the other elements set out above are met, the Issuer has been advised that the possibility cannot be disregarded (*kan niet worden uitgesloten*) that the courts will honour set-off or defences of Borrowers if the Borrowers will not be able to recover their claims under their Life Insurance Policies. However, it should be noted that this will depend on the factual circumstances at the time of origination of such Life Mortgage Loans (excluding the Life Mortgage Loans with the option of a Savings Element). If the Life Mortgage Loans to which Life Insurance Policies with a Savings Element is marketed as a package offered as one product under one name and without clear distinction being made between the Seller as provider of the Life Mortgage Loans and the relevant Savings Insurance Company as insurer under the Insurance Policies, which may, as the Issuer has been informed, be the case, the Issuer has been advised that the possibility can certainly not be disregarded (*kan zeker niet worden uitgesloten*) that the courts will honour set-off or defences by Borrowers, as described above, if in case of bankruptcy or emergency regulations of such Savings Insurance Company the Borrowers will not be able to recover their claims under their Life Insurance Policies, however, this will depend on the factual circumstances at the time of origination of such Life Mortgage Loans.

### *Set-off or defences regarding Participation-Linked Mortgage Loans*

In respect of Participation-Linked Mortgage Loans between the Seller and a Borrower with a Participation-Linked Insurance Policy the Issuer has been advised that in view, *inter alia*, of the close connection between the Participation-Linked Mortgage Loan and the Savings Insurance Policy, there is a considerable risk (*een aanmerkelijk risico*) that such a set off or defence would be successful. To mitigate this risk, the Participation Agreements provide that in case of set-off or defences by Borrowers, including but not limited to a right of set-off or defence based upon a default in the performance by the relevant Savings Insurance Company of its payment obligations under the relevant Savings Insurance Policy or if the Seller has not forwarded any amounts received by it under the Savings Insurance Policy as a consequence of which the Issuer has not received any amount due and outstanding, the relevant Savings Participation of such Insurance Savings Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Insurance Savings Participation with respect to a Mortgage Loan is equal to the amount of Savings Premiums received by the Issuer plus the accrued interest on such amount (see section 7.6 (*Participation Agreements*)), provided that an Insurance Savings Participant will have paid all amounts due under the relevant Participation Agreement to the Issuer as were required to be assigned pursuant to such Participation Agreement. Therefore, normally the Issuer would not suffer any loss if the Borrower was to invoke any such right of set-off or defence, if and to the extent that the amount for which the Borrower was to invoke set-off or defences did not exceed the amount of the Insurance Savings Participation.

Moreover, initially WestlandUtrecht Bank, instead of SRLEV, will act as Insurance Savings Participant in respect of the Participation-Linked Mortgage Receivables which have an insurance policy connected to it from SRLEV. WestlandUtrecht Bank has agreed to pay all amounts scheduled to be received by SRLEV as Savings Premiums to the Issuer under the relevant Insurance Savings Participation Agreement. The Issuer has been advised that if WestlandUtrecht Bank no longer pays these Savings Premiums to the Issuer (for instance, in case it is declared bankrupt or subject to emergency regulations), whereas the Borrowers continue to pay under the relevant Savings Insurance Policies for such Savings Premiums, the protection afforded by the Insurance Savings Participation Agreement against the risk of set-off or defences (as described above) no longer applies. To mitigate this risk the Issuer has entered into a Participation Collateral Agreement with WestlandUtrecht Bank (see section 5 (*Credit Structure*)).

#### *Risk of set-off or defences in case of Mortgage Receivables resulting from Bank Savings Mortgage Loans*

Each Bank Savings Mortgage Loan has the benefit of the balance standing to the credit of the relevant Bank Savings Account which is held with the Seller, i.e. the Bank Savings Participant. In respect of the balances standing to the credit of the Bank Savings Account, it is the intention that at the maturity of the relevant Bank Savings Mortgage Loan, such balances will be used to repay the relevant Bank Savings Mortgage Loan, whether in full or in part. If the Bank Savings Participant is no longer able to meet its obligations in respect of the relevant Bank Savings Account, for example as a result of bankruptcy, this could result in the balance standing to the credit of the relevant Bank Savings Account either not, or only partly, being available for application in reduction of the Mortgage Receivable resulting from the relevant Bank Savings Mortgage Loan. This may lead to the Borrower trying to invoke set-off rights and defences against the Seller, the Issuer or the Security Trustee, as the case may be, which may result in the Mortgage Receivables being, fully or partially, extinguished (*tenietgaan*) or not being recovered for other reasons, which could lead to losses under the Notes.

The deposit relationship in respect of the Bank Savings Account is an integral part of the Mortgage Loan. There is mutuality (*wederkerigheid*) of the opposing claims with the Seller being both debtor and creditor. A Borrower will have the right to set-off amounts owed by such Borrower under the Mortgage Loan against amounts owed to the Borrower in connection with the Bank Savings Account. In view hereof, on the Closing Date, the Bank Savings Participation Agreement will be entered into between the Issuer, the Security Trustee and the Bank Savings Participant (see also the section Participation Agreements below). Normally the Issuer should not suffer any damages if the Borrower would invoke any such right of set-off (or defence) if and to the extent that the amount for which the Borrower was to invoke set-off or defences did not exceed the amount of the relevant Bank Savings Participation. The amount of the Bank Savings Participation of the Bank Savings Participant will be reduced to zero in such case the Borrower would invoke set-off (or defences) for an amount equal to the Bank Savings Participation. The Issuer has been advised that such set-off should be economically neutral to the Issuer because it will only have an economic interest in the Principal Outstanding Amount of the Mortgage Receivables minus the Bank Savings Participation.

#### *Risks related to Investment Mortgage Loans*

The Investment Mortgage Loans are secured by a Borrower Investment Pledge on an investment portfolio held in an investment account (the **Borrower Investment Account**) (*effectenrekening*) held with WestlandUtrecht Effectenbank N.V. (or another bank or investment firm) (*beleggingsonderneming*) in the Netherlands other than the Seller (the **Investment Firm**). The Seller has represented to the Issuer in the Mortgage Receivables Purchase Agreement that the investment portfolios will be either (i) in the form of *Wge-effecten* (securities regulated under the Netherlands Securities Giro Transfer Act, *Wet giraal effectenverkeer*) or (ii) securities held by (a) an independent custodian (*bewaarder*) or (b) a *beleggersgiro*.

The Issuer has been advised that this means that the relevant Borrower is expected to be investing through a bankruptcy remote securities account in which case the set-off risk should not become an issue. Should, however, the custodian or the *beleggersgiro* not be able to meet its obligations towards the relevant Borrowers or should the Investment Firms not comply with the regulations regarding the separation of assets, more specifically in relation to securities held for the benefit of the Borrowers under investment-based mortgage loans (*beleggingshypotheken*), this could lead to set-off or defences by the relevant Borrowers similar to those described under *Risk of set-off and defences by Borrowers in case of insolvency of any of the Insurance Companies* above.

*Risk that Borrower Investment Pledges will not be effective*

The Seller has the benefit of the Borrower Investment Pledges. To the extent that a Borrower Investment Pledge is vested on rights of a Borrower that qualify as future claims, such as options, such Borrower Investment Pledge can not be invoked against the estate (*boedel*) of the relevant Borrower if these claims become due and payable after or on the date on which the Borrower has been declared bankrupt, been made subject to suspension of payments or been made subject to a debt restructuring scheme pursuant to the Dutch Bankruptcy Act. This means that it is uncertain whether such pledge will be effective.

**Risk related to the value of investments under Life Insurance Policies and Investment Mortgage Loans**

The value of investments made under the Investment Mortgage Loan in connection with the Life Insurance Policies may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

**Risks related to offering of Investment Mortgage Loans and Life Insurance Policies**

Apart from the general obligation of contracting parties to provide information, there are several provisions of Netherlands law applicable to offerors of financial products, such as Investment Mortgage Loans and Life Mortgage Loans. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Investment Mortgage Loans and Life Mortgage Loans is not sufficient to redeem the Mortgage Loans.

If Investment Mortgage Loans and Life Mortgage Loans with a Savings Element would for the reasons described in this paragraph be dissolved or terminated, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the particular circumstances involved, in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will be different depending on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. In this respect it is noted that no actions have been announced against offerors of mortgage loans to which such investment insurance policies are connected. The analysis in that situation is similar to the situation in case of insolvency of the insurer, except if the Seller is itself liable, whether jointly

with the insurer or separately, *vis-à-vis* the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower. Any such set-off or defences may lead to losses under the Notes.

### **Risk that interest rate reset rights will not follow Mortgage Receivables**

The interest rate of the fixed rate Mortgage Loans resets from time to time. The Issuer has been advised that the right to reset the interest rate on the Mortgage Loans should probably be considered as an ancillary right which follows the Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the absence of case law or Dutch legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Seller, in the case of the bankruptcy or emergency regulations of the Seller, the co-operation of the bankruptcy trustee or the administrator would be required to reset the interest rates.

### **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 the section *Description of the Mortgage Loans*.

A long lease will, *inter alia*, 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, *inter alia*, 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.

When granting a Mortgage Loan to be secured by a mortgage right on a long lease the Seller will take into consideration the conditions, including the term, of the long lease. The acceptance conditions used by the Seller provide that the Mortgage Loan may have a maturity that is longer than the term of the long lease, provided that certain conditions are met. The general terms and conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the remuneration for the long lease, (ii) the conditions of the long lease are changed, (iii) the leaseholder breaches any obligation under the long lease or (iv) the long lease is dissolved or terminated.

### **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. Currently the Dutch housing market is experiencing declining values of Mortgaged Assets. 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. 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.

Other than as described in the following paragraph, 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 any representation or warranty relating to the Mortgage Loans/Mortgage Receivables proves to have been untrue or incorrect in any material respect, the Seller shall promptly notify the Issuer and the Security Trustee thereof and within 30 calendar days of having knowledge of such breach, or upon receipt of written notice thereof from the Issuer (i) remedy the matter giving rise thereto and (ii) if such matter is not capable of being remedied or is not remedied within the aforementioned period of 30 calendar days, the Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivable and any Beneficiary Rights relating thereto on the next Mortgage Payment Date following expiry of the 30 calendar days notice period.

#### **Changes to tax treatment of interest may impose various risks**

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

The 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.

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 complying with a statutory formula.

In addition to these changes further restrictions on the interest deductibility are proposed. On 29 October 2012 the coalition agreement (Regeerakkoord) was published, in which it is proposed to gradually reduce the income tax rate against which the mortgage interest may be deducted as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest tax rate) the interest deductibility would be reduced from 52% to 42% in 20 years, so a 0.5%-point reduction per year.

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 *Yield and prepayment risk*. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets and/ or Mortgage Receivables*.

### **Risks related to the NHG Guarantee**

All NHG Mortgage Loan Receivables will have the benefit of an NHG Guarantee. Pursuant to the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee the *Stichting Waarborgfonds Eigen Woningen (Stichting WEW)* has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. The Seller will on the Closing Date represent and warrant that (i) each NHG Guarantee connected to a Mortgage Loan constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with its terms, (ii) all terms and conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with, and (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee should not be met in full and in a timely matter. Furthermore, it will covenant that if a Mortgage Loan no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller or any of the Servicer and the Non-performing Mortgage Loan Servicer, the Seller shall purchase and accept re-assignment of the relevant NHG Mortgage Loan Receivable on the Mortgage Collection Payment Date immediately following the date on which the Seller or any of the Servicer and the Non-performing Mortgage Loan Servicer has become aware or has been notified hereof.

The terms and conditions of the 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 30 year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see section 6.2 (*Description of Mortgage Loans*)). This may result in the Issuer not being able to fully recover any loss incurred with Stichting WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such Mortgage Receivable and consequently in the Issuer not being able to fully repay the Notes.

See for a more detailed description of the NHG Guarantees section 6.5 (*NHG Guarantee Programme*).

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

The 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 and are backed by the State of The Netherlands (see section 6.5 NHG Guarantee Programme) of this Prospectus. In the event that (i) the rating assigned to the State of The Netherlands is lowered by a Credit Rating Agency, or (ii) 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**

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.

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 Principal Loss which may adversely affect the Notes.

## **No entitlement to post-foreclosure proceeds**

Following foreclosure of a Mortgage Loan, such foreclosed Mortgage Loan (*restschuld*) will be repurchased by the Seller for an amount of EUR 1.00. Any post-foreclosure payments made by a Borrower in respect of such Mortgage Loan (if any) will subsequently not form part of the Available Revenue Funds or the Available Principal Funds and any such amounts will be paid out to the Seller.

## **403-Declaration ING Bank**

ING Bank has deposited a statement pursuant to Section 2:403 of the Netherlands Civil Code (the **403-Declaration**) with the Commercial Register of the Chamber of Commerce in Amsterdam,. On the basis of the 403-Declaration, ING Bank will be jointly and severally liable with WestlandUtrecht Bank for the debts resulting from legal acts of WestlandUtrecht Bank.

ING Bank will have the right to withdraw the 403-Declaration at any time by depositing a declaration to this effect with the Commercial Register of the Chamber of Commerce in Amsterdam. The Issuer has been advised that irrespective of such withdrawal, ING Bank will continue to be jointly and severally liable for all debts resulting from legal acts of WestlandUtrecht Bank prior to such date.

ING Bank can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403- Declaration. Such remaining liability will terminate if certain conditions are met, inter alia, that (i) WestlandUtrecht Bank no longer belongs to the same group of companies as ING Bank and (ii) a two month notice period has expired and the relevant creditor has not opposed the intention to terminate in time or such opposition was dismissed by the court. The Seller has undertaken that if it becomes aware that ING Bank intends to terminate its remaining liability under the 403- Declaration, it will promptly inform the Issuer, the Security Trustee and the Issuer Administrator of such intention.

## **2.5 Administration and Servicing**

### **Risk relating to servicing**

If the appointment of ING Bank as Servicer is terminated following a Servicer Termination Event, it would be necessary for a back-up servicer to assume the relevant servicing functions. There is a risk that such back-up servicer will default in the proper and timely performance of such servicing functions. There may be losses and/or delays in processing payments or losses on the Mortgage Receivables due to a disruption in servicing during a transfer to the back-up servicer or due to the back-up servicer defaulting or being less experienced than ING Bank. Any such delay or losses during such transfer period could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes. The ability of the back-up servicer to fully perform the required services would also depend on the information, software and records available at the time of its appointment.

### **Licence requirement under the Wft**

Under the Wft, as a general rule a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers such as the Issuer, must have a licence under the Wft. As the Mortgage Loans are granted to consumers, the Issuer must also have a licence under the Wft. However, an exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the Servicer. ING Bank as the Servicer and the Non-performing Mortgage Loan Servicer holds a licence as a bank under the Wft and the Issuer thus benefits from the exemption to the licence requirement. However, if the appointment of ING Bank as the Servicer and/or the Nonperforming Mortgage Loan Servicer under the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Receivables to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If such appointment(s) under the Servicing Agreement is (are) terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and does not hold a licence itself, the Issuer will have to terminate its activities and settle (*afwikkelen*) its existing agreements. This may result, among others, in early redemption of the Notes.

## **2.6 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.



### 3. PRINCIPAL PARTIES

#### 3.1 Issuer

Orange Lion 2013-8 RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) was incorporated under the laws of the Netherlands on 13 December 2012. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 56660677. The Issuer operates on a cross border basis when offering the Notes in certain countries.

The issued and paid up capital of the Issuer is EUR 100, divided in 10 shares of EUR 10 each. All shares of the Issuer are held by the Shareholder.

The Issuer is a special purpose vehicle, whose objects are (a) to acquire, purchase, administer, sell and encumber registered receivables arising from or in connection with loans granted by a third person or third persons and to exercise all rights attaching to such receivables; (b) to acquire funds to finance the acquisition of the receivables mentioned under (a) by way of issuing bonds or by way of entering into loan agreements; (c) to invest, including to lend, any funds held by the Company; (d) to limit interest rate and other financial risks, among others by entering into derivatives agreements, such as swaps and options; (e) in connection with the foregoing, (i) to borrow funds against the issue of bonds or by entering into loan agreements, inter alia to repay the obligations under the securities mentioned under (b), (ii) to grant security rights and (iii) to enter into agreements relating to bank accounts, administration, custody, asset management and sub participation; and (f) to perform all activities which are, in the widest sense of the word, incidental to or which may be conducive to the attainment of these objects.

Since its incorporation the Issuer operates under the laws of the Netherlands and there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Prospectus nor (ii) prepared any financial statements. There have been no legal, arbitration or governmental proceedings during the last 12 months 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.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Transaction Documents (see section 4.1 (*Terms and Conditions*)).

The sole managing director of the Issuer is ATC Management B.V. The managing directors of ATC Management B.V. are R. Rosenboom, R. Posthumus, R. Langelaar, R. Arendsen and A.R. van der Veen. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam.

ATC Management B.V. belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the director of the Security Trustee. The sole shareholder of ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V. is ATC Group B.V.

The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) finance company and (c) management of legal entities.

There are no potential conflicts of interest between any duties to the Issuer of its managing director and private interests or other duties of the managing director. The Seller does not hold an interest in any group company of the Director.

The financial year of the Issuer coincides with the calendar year.

ATC Management B.V., in its capacity as managing director of the Issuer has entered into a management agreement pursuant to which it agrees and undertakes that, inter alia, (i) it shall manage the affairs of the Issuer in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and Netherlands accounting practice and with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties, (ii) it shall refrain from taking any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents, (iii) it shall comply with its obligations under the Transaction Documents and refrain from any action detrimental to any of its obligations under the Transaction Documents and (iv) it shall exercise all of its rights and/or powers by virtue of being director of the Issuer in compliance with the Transaction Documents. In addition, the Issuer's director agrees in the management agreement that it shall not agree to any alteration of any agreement including, but not limited to, the Transaction Documents, except in accordance with the Trust Deed.

### 3.2 Shareholder

Stichting Holding Orange Lion 2013-8 RMBS (the **Shareholder**) is a foundation (*stichting*) incorporated under the laws of the Netherlands on 10 December 2012. The objects of Stichting Holding Orange Lion 2013-8 RMBS are, *inter alia*, 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 alienate such shares. The sole managing director of Stichting Holding Orange Lion 2013-8 RMBS is ATC Management B.V. having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

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

ATC Management B.V. in its capacity as managing director of Stichting Holding Orange Lion 2013-8 RMBS has entered into a management agreement with the Shareholder pursuant to which it agrees and undertakes to, *inter alia*, (i) manage the affairs of the Shareholder in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and Netherlands accounting practice and with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties, (ii) refrain from taking any action detrimental to the Shareholder's ability to meet its obligations under any of the Transaction Documents (iii) comply with its obligations under the Transaction Documents and refrain from any action detrimental to any of its obligations under the Transaction Documents and (iv) exercise all of its rights and/or powers by virtue of being director of the Shareholder in compliance with the Transaction Documents. In addition ATC Management B.V. agrees in the relevant management agreement that it will not enter into any agreement in relation to the Shareholder other than the Transaction Documents to which it is a party, without the prior written consent of the Security Trustee.

### 3.3 Security Trustee

Stichting Security Trustee Orange Lion 2013-8 RMBS (the **Security Trustee**) is a foundation (*stichting*) incorporated under the laws of the Netherlands on 10 December 2012. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee for the benefit of the Noteholders and any other creditor of the Issuer under the Transaction Documents; (b) to acquire, keep and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the Noteholders to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from, *inter alia*, the Issuer, which are conducive to the holding of the abovementioned security rights; (c) to borrow money; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and F.E.M. Kuypers.

The Security Trustee has agreed to act as security trustee for the Noteholders and to pay any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to the Noteholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed and subject to and in accordance with the Post-Enforcement Priority of Payments.

In addition, the Security Trustee has agreed to act as security trustee *vis-à-vis* the other Secured Creditors and to pay to such Secured Creditors any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to which the relevant Secured Creditor is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed and, except in respect to the Insurance Savings Participants and the Bank Savings Participant, subject to and in accordance with the Post-Enforcement Priority of Payments and in respect of the Insurance Savings Participants and the Bank Savings Participant, the relevant Participation Agreements.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Transaction Document to which it is a party, except in the event of its wilful misconduct (*opzet*) or negligence (*nalatigheid*), and it shall not be responsible for any act or negligence of persons or institutions selected by it in good faith and with due care.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, lead 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 Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Creditors have been paid in full.

However, the Noteholders of the Class that is the most senior pursuant to the Trust Deed can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by an

Extraordinary Resolution, on the basis of the Trust Deed and the articles of incorporation of the Security Trustee. Moreover, each of the Director and the Security Trustee may terminate the appointment as managing director upon giving 90 calendar days' written notice. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer, after having consulted the Secured Creditors, other than the Noteholders, and provided that the Security Trustee has notified the Credit Rating Agencies.

The Security Trustee may agree, without the consent of the Noteholders and the other Secured Creditors, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Transaction Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Transaction Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee has notified the Credit Rating Agencies (see section 4.1 (*Terms and Conditions*)).

### 3.4 Seller/Originator

#### **WESTLANDUTRECHT BANK N.V.**

WestlandUtrecht Bank N.V. (**WestlandUtrecht Bank**) is part of ING Groep N.V., also called ING Group (**ING Group**), as described below. However, WestlandUtrecht Bank was to be carved out of ING Group in order to be sold (subject to: EC Decision Document of 18.11.2009 No C 10/2009 (ex N 138/2009)). This plan has been significantly amended (subject to the, yet unpublished, EC decision of 19 November 2012). For further information please refer to <http://www.ing.com/Our-Company/Press-room/Press-release-archive/PressRelease/ING-reaches-agreement-on-amended-EC-Restructuring-Plan.htm>.

#### **Amended carve-out**

ING Group will still have to create a new company for divestment in the Netherlands, which is being carved out from its current Dutch retail banking business. The result will be that this carved-out new company is a viable and competitive business, which is stand alone and separate from the business retained by ING Group. This new company will now comprise of Nationale-Nederlanden Bank N.V. (**NN Bank** which is a part of Nationale-Nederlanden) and the business of some of the current subsidiaries of WestlandUtrecht Bank: WestlandUtrecht Effectenbank N.V. and Nationale-Nederlanden Financiële Diensten B.V. (**NNFD**), and auxiliary companies and foundations (stichtingen). The divestment business will be placed under ING Insurance/IM Europe which has a long-term strategic commitment to the Dutch retail market and will operate under the "Nationale Nederlanden" brand.

WestlandUtrecht Bank will remain part of ING Group and retain its mortgage loan portfolio. This portfolio will be augmented with the commercial real-estate mortgage loan portfolio of NNFD. The last mentioned portfolio consists of loans to acquire real estate to be held as an investment or loans for real estate held for the exploitation of the lenders business. ING Group will transfer economic benefits of the retained portfolio as an upfront capital injection to NN Bank. Hence, ING Group will bear all expenses and risks of the retained mortgage loan portfolio (until maturity) and will transfer the profits to NN Bank. WestlandUtrecht Bank has stopped offering new loans as of 1 December 2012. After that date clients of WestlandUtrecht Bank will, on their request, be allowed to raise their principal if the acceptance criteria are met.

The creation of NN Bank will be carried out under the supervision of the currently appointed Monitoring Trustee.

#### **Profile**

WestlandUtrecht Bank and its subsidiaries to be retained by ING Group offered mortgage loans, mortgage related insurances, and mortgage related savings accounts on the Dutch market.

WestlandUtrecht Bank was established in 1969 as a public limited company in The Netherlands under the name WestlandUtrecht Hypotheekbank N.V. as a result of merger between “Westlandsche Bank N.V.” and “Utrechtsche Hypotheekbank N.V.”. Both banks were founded at the end of the 19th century.

The registered office of WestlandUtrecht Bank is at Mr. Treublaan 7, 1097 DP Amsterdam, The Netherlands. WestlandUtrecht Bank is registered at the Chamber of Commerce of Amsterdam under no. 33126857.

## **Supervisory Board and Executive Board**

WestlandUtrecht Bank has a two-tier board system, consisting of a Supervisory Board and an Executive Board. The task of the Supervisory Board is to supervise the policy of the Executive Board and the general course of events in the company and to assist the Executive Board by providing advice. The Executive Board is responsible for the daily management of the company.

The composition of the Executive Board and the Supervisory Board of WestlandUtrecht Bank is as follows:

Executive Board: Jacobus de Graaf (CEO), Laura Louise Pool (CFO).

Supervisory Board: Hans van der Noordaa (chairman), Hendrikus Gijsbertus Maria Blocks, Dirk Coenraad Meerburg.

The business address of all members of the Supervisory Board and the Executive Board is: Mr. Treublaan 7, 1097 DP Amsterdam, The Netherlands.

## **Licences**

WestlandUtrecht Bank holds a banking licence including providing of investment services (*volledige bankvergunning*) from the Dutch Central Bank (*De Nederlandsche Bank N.V.*)

Noteholders are advised that it is currently uncertain if WestlandUtrecht Bank will want to retain its banking licence or if it will apply for a less comprehensive but apt licence for her operations with the appropriate supervisor of the financial system.

### 3.5 Servicer

ING Bank has been appointed as the Servicer and as the Non-performing Mortgage Loan Servicer. ING Bank has appointed WestlandUtrecht Bank as sub-servicer for the servicing of the Mortgage Loans and the Non-performing Mortgage Loans at the Signing Date.

#### *Profile*

ING Bank is part of ING Group. ING Group. is the holding company for a broad spectrum of companies, offering banking, investments, life insurance and retirement services to meet the needs of a broad customer base. Originating from The Netherlands, ING has a workforce of about 93,000 people worldwide. ING Group holds all shares of ING Bank, which is a non-listed 100% subsidiary of ING Group. On 26 October 2009 ING announced a new strategic direction. It will separate its banking operations and insurance operations (including investment management operations) and develop towards a mid-sized international bank, anchored in The Netherlands and Belgium, and predominantly focused on the European retail market with selected growth options elsewhere. On the same date, ING Group announced that all insurance operations (including investment management operations) would be divested over the following four years. ING Group conducts its banking operations principally through ING and its insurance operations (including investment management operations) principally through ING Verzekeringen N.V. and its subsidiaries (ING Insurance).

ING Bank is a large international player with an extensive global network in over 40 countries. It has leading banking positions in its home markets of The Netherlands, Belgium and Luxembourg Germany and Poland. Furthermore, ING Bank has key positions in other Western, Central and Eastern European countries and Turkey. This is coupled with options outside Europe which will give ING Bank interesting growth potential in the long term. Since 1 January 2011, ING Bank has been operating as a stand-alone business.

With about 68,000 employees, ING Bank is active through the following business lines: Retail Banking including ING Direct, and Commercial Banking.

Retail Banking provides retail and private banking services to individuals and small and medium-sized enterprises in The Netherlands, Belgium, Luxembourg, Poland, Romania, Turkey, India, Thailand and China (through a stake in Bank of Beijing) and to customers in the ING Direct countries Spain, Australia, France Italy, Germany, the UK\* and Austria. Retail Banking is converging to one retail model. It offers a limited number of easy and transparent products at low costs, focussing on the business model “direct if possible, advice when needed”.

Commercial Banking is a leading commercial bank in the Benelux with a strong position in Central & Eastern Europe, supporting the domestic economy. It is a leader in specialised finance and financial markets and has an extensive global network – with special focus in Europe – spanning over 40 countries to support its clients. Commercial Banking supports the banking needs of its corporate and institutional clients. Its clients are mid-sized enterprises, large corporations, multinationals, financial institutions, governments and supranational organisations. Their needs vary from financing their growth, managing their day-to-day banking needs or delivering solutions to manage risks. It provides them with a range of basic banking services like lending, payments and cash management and treasury. It also offers tailored solutions like specialised and trade finance, corporate finance, debt and equity capital markets, leasing and factoring.

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\* On 9 October 2012, ING announced that it had reached an agreement to sell ING Direct UK to Barclays.



### ***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 names the statutory names of the above mentioned companies were changed into ING Groep N.V., ING Bank and ING Verzekeringen N.V. on 1 December 1995.

The registered office of ING Bank is at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, The Netherlands (telephone number: +31 20 5649111). ING Bank is registered at the Chamber of Commerce of Amsterdam under no. 33031431 and its corporate seat is in Amsterdam, The Netherlands. The Articles of Association of ING Bank were last amended by notarial deed executed on 30 December 2009. According to its Articles of Association, the objects of ING Bank 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 is not bound by the Dutch Corporate Governance Code. ING Group, as the listed holding company of ING Bank is in compliance with the Dutch Corporate Governance Code.

### **Transactions with the Dutch State**

On 12 November 2008 ING Group issued 1 billion Core Tier 1 Securities to the Dutch State against payment of EUR 10 per Core Tier 1 Security resulting in an increase of ING Group's core Tier 1 capital of EUR 10 billion. The Core Tier 1 Securities do not form part of ING Group's share capital; accordingly they do not carry voting rights in the General Meeting.

On 26 January 2009 ING Group reached an agreement with the Dutch State regarding the Illiquid Assets Back-Up Facility covering 80% of ING's Alt-A residential mortgage-backed securities (RMBS). During 2009 ING Bank issued various series of Government Guaranteed Bonds under the Credit Guarantee Scheme of The Netherlands in an aggregate total amount of approximately EUR 10 billion.

As part of these transactions, certain arrangements with respect to corporate governance and executive remuneration were agreed with the Dutch State which will remain in place as long as the Dutch State owns at least 250 million Core Tier 1 Securities, as long as the Illiquid Assets Back-Up Facility continues or any of the Government Guaranteed Bonds is outstanding (whichever expires last).

These arrangements entail that:

- the Dutch State may recommend two candidates (the “State Nominees”) for appointment to the Supervisory Board of ING Group. Certain decisions of the Supervisory Board of ING Group require approval of the State Nominees;
- ING Group will develop a sustainable remuneration policy for its Executive Board and senior management that is aligned to new international standards. This remuneration policy, which has been adopted by the General Meeting, shall include incentive schemes which are linked to long-term value creation, thereby taking account of risk and restricting the potential for 'rewards for failure'. The new remuneration policy also shall include objectives relating to corporate and social responsibility;
- members of the Executive Board of ING Group will not receive any performance-related payment – either in cash, options, shares or depositary receipts for shares – for the years 2008, 2009 and subsequent years until the adoption of the new remuneration policy mentioned above;
- severance payments to members of the Executive Board of ING Group will be limited to a maximum of one year's fixed salary, in line with the Dutch Corporate Governance Code; and
- appointment of the chief executive officer of the Executive Board of ING Group requires approval of the State Nominees.

### **Repaying the Dutch State**

In October 2008 and January 2009 ING entered into transactions with the Dutch State: the first time to strengthen its capital position and the second time to mitigate risk. In the fourth quarter of 2009 ING took action to start repaying this support. Through its rights issue ING successfully raised EUR 7.5 billion of new capital, which enabled it to repay EUR 5 billion of the Core Tier 1 Securities, representing half of the Core Tier 1 Securities, plus accrued coupon from 12 May 2009 to 20 December 2009 of EUR 259 million and a repayment premium of EUR 346 million. In addition, the capital raised provided ING with sufficient buffer to offset the negative capital impact of the additional payments to be made for the Illiquid Assets Back-up Facility.

ING announced on 7 March 2011 that it had informed the Dutch State of its intention to exercise its option for early repurchase of a further EUR 2 billion of the Core Tier 1 Securities at the next coupon reset date on 13 May 2011.

On 13 May 2011 ING announced that it had paid EUR 3 billion to the Dutch State, completing its planned repurchase of EUR 2 billion of the Core Tier 1 securities issued in November 2008 at a 50% premium. ING has funded this transaction from retained earnings. This latest repayment of EUR 3 billion of capital support to the Dutch State was an important milestone in ING's efforts to do business successfully without the financial aid of the Dutch State. The total amount repaid on the Core Tier 1 Securities to the Dutch State by the end of 2011 was EUR 7 billion in principal, out of the total capital support provided of EUR 10 billion. Including interest and premium, the payments made to the Dutch State by the end of 2011 reached a total of EUR 9 billion.

ING announced on 21 November 2012 that it had paid EUR 1.125 billion to the Dutch State, including a EUR 750 million repayment of core Tier 1 securities and EUR 375 million in premiums and interest. This payment was approved by the Dutch Central Bank (DNB). Such transaction brings the total paid to the Dutch State to EUR 10.2 billion including EUR 7.8 billion in principal and EUR 2.4 billion in interest and premiums.

ING remains committed to repaying the Dutch State as quickly as possible on terms acceptable to all stakeholders. Ideally, ING would like to complete the state repayment as soon as possible, however,

given the ongoing crisis in the eurozone and increasing regulatory capital requirements, ING needs to take a cautious approach and to maintain strong capital ratios in the Bank as it builds towards Basel III.

### **ING's appeal against the EC decision**

In January 2010, ING filed an appeal with the General Court of the European Union against specific elements of the European Commission's decision of 18 November 2009 which approved the state aid received and ING's Restructuring Plan. ING requested the Court to annul the decision of the European Commission insofar:

- as it states that the agreement between ING and the Dutch State concerning a reduction of the repayment premium for the first EUR 5 billion tranche of Core Tier 1 Securities leads to additional state aid of EUR 2 billion;
- as the Commission has subjected the approval of the state aid to the acceptance of price leadership bans; and
- as the Commission has subjected the approval of the state aid to restructuring requirements that go beyond what is proportionate.

The Dutch State joined ING in 2010 in its appeal with the General Court to contest the EC decision insofar as it qualifies the core Tier 1 amendment as additional state aid. The Dutch Central Bank joined in the proceedings in support of ING's appeal. The ruling of the EU General Court was issued on 2 March 2012. The European Commission has lodged an appeal against the EU General Court's judgment with the Court of Justice of the European Union, which it announced on 11 May 2012. ING filed an appeal with the EU General Court on 24 July 2012 against the European Commission's decision of 11 May 2012. On 19 November 2012, ING announced that, together with the Dutch State, it has reached an agreement with the European Commission on significant amendments to the 2009 Restructuring Plan. As a result of the agreement, the European Commission will close its formal investigations as announced on 11 May 2012. ING will withdraw the appeal at the General Court of the European Union that it filed in July 2012. For principal legal reasons the European Commission will continue with its appeal against the General Court's ruling of March 2012. However, ING, the Dutch State and the European Commission have agreed that any outcome of this procedure will not affect the aforementioned agreement.

### **Separation process on schedule**

ING continued to work towards the full physical and organisational separation of the banking and insurance/investment management activities. In 2011 ING laid the groundwork for the original base case of two IPOs (initial public offerings) of its insurance and investment management activities: one for ING's U.S. operations and one for its European and Asian activities. However, on 12 January 2012 ING announced an update on the restructuring of the insurance and investment management businesses. Due to the uncertain economic outlook and volatile markets, especially in Europe, ING has decided to review other strategic options for its Asian insurance and investment management businesses. For the European insurance/ investment management businesses, ING is continuing preparations for a stand-alone future, including the possibility of an IPO. And ING is continuing to prepare for the base case of an IPO for the U.S. insurance/investment management businesses. ING is committed to conducting these processes with the utmost diligence in the interests of all stakeholders, including customers, employees, distribution partners and shareholders.

The separation process of ING Bank and ING Insurance/Investment Management (IM) has been a massive undertaking, entailing more than 1,100 projects. It was set up as a four-year programme, running from early 2010 through to the end of 2013. Operational separation was achieved as of 1

January 2011; since then, approximately 90% of the planned full separation projects have been completed. The full separation of ING Insurance U.S. and ING Insurance Eurasia was well underway in 2011. Separation costs for 2011 were about EUR 200 million, well within the budgeted amount of EUR 250 million after tax. This reflects the cost-efficient way in which the separation was handled. Only a small number of projects were carried over from 2011 to 2012 and are expected to be resolved in the first quarter of 2012. In addition, ING will finalise a couple of large longer-term IT projects.

On 12 January 2012 ING announced an update on the restructuring plans of the Group. Since November 2010 ING has been preparing its Insurance and Investment Management businesses for the base case of two IPOs - one for the U.S. business and one for the European and Asian businesses. However, due to uncertain economic outlook and turbulent financial markets, ING revised the base case for divestment of Insurance and Investment Management EurAsia. ING announced that it will explore other options for its Asian Insurance/IM businesses. ING will continue preparations for a standalone future of the European Insurance/IM, including an IPO. ING also continues to prepare for the base case of an IPO for the U.S. Insurance/Investment Management business.

## **Divestments and acquisitions**

### ***Acquisitions effective in 2011***

There were no significant acquisitions in 2011.

### ***Divestments effective in 2011***

In July 2011 ING announced the completion of the sale of Clarion Real Estate Securities (CRES) to CB Richard Ellis. The sale resulted in a net gain on divestment of EUR 182 million. CRES was previously included in the segment ING Real Estate.

In October 2011 ING announced that it had completed the sale of REIM's Asian and European operations to U.S.-based CBRE Group Inc., thereby completing the divestment of ING REIM. The divestment of ING REIM has resulted in an after-tax gain on disposal of approximately EUR 245 million. As a result of the agreement at closing ING continues to have certain contingent income and expenses, however no significant impact on the result on divestment is expected. REIM's Asian and European operations were previously included in the segment ING Real Estate.

### ***Clarion Partners***

In June 2011 ING announced the completion of the sale of the private market real estate investment manager of its U.S. operations, Clarion Partners, to Clarion Partners management in partnership with Lightyear Capital LLC for USD 100 million. The sale resulted in a net gain on divestment of EUR 39 million. Clarion Partners was previously included in the segment ING Real Estate.

### ***ING Car Lease***

In September 2011 ING completed the sale of ING Car Lease to BMW Group fleet management division Alphabet for total proceeds of EUR 696 million and a net transaction result of EUR 347 million. ING Car Lease was previously partly included in both the Commercial and Retail Banking segment.

### ***Divestments occurring in 2012***

#### ***ING Direct USA***

In June 2011 ING announced that it reached an agreement to sell ING Direct USA to Capital One Financial Corporation, a leading U.S.-based financial holding company. In February 2012 ING announced that the transaction closed. Total proceeds of the transaction are approximately USD 9.0 billion (or approximately EUR 6.9 billion), including USD 6.3 billion in cash and USD 2.7 billion in the form of 54.0 million shares in Capital One, based on the share price of USD 49.29 at closing on February 16, 2012. These shares represented a 9.7% stake in Capital One at closing. The transaction has resulted in a positive result after tax of approximately EUR 0.5 billion.

In 2011 ING Direct USA was still included in the segment ING Direct. After this sale ING Direct USA will no longer be consolidated.

In connection with the divestment of ING Direct USA, ING also completed the adjustment of the agreement with the Dutch State concerning the structure of the Illiquid Assets Back-up Facility (IABF) which was also announced on June 16, 2011. The amendment serves to de-link the IABF from ING Direct USA by putting ING Bank in its place as counterparty for the Dutch State. The IABF is further amended to ensure a continued alignment between ING and the Dutch State regarding exposure to the Alt-A portfolio. Only the part of the IABF covering ING Direct USA, currently approximately 85% of the total IABF-portfolio, is adjusted in the amendment. The ING Insurance part of the IABF remains unaltered.

On 9 October 2012, ING announced that it had reached an agreement to sell ING Direct UK to Barclays. The transfer of ING Direct UK's savings deposits and mortgages is subject to various regulatory approvals and is expected to close in the second quarter of 2013.

On 15 November 2012, the sale of ING Direct Canada to Scotiabank, announced on 29 August 2012, was completed with a net transaction gain of EUR 1.1 billion after tax. The total consideration for the transaction was CAD 3.1 billion with a total capital release for ING of EUR 1.3 billion.

### **3.6 Administrator**

ING Bank has been appointed as the Issuer Administrator (see *Servicer* in the section *Principal Parties*).

#### **Sub-delegation**

The Issuer Administrator has, in accordance with the Administration Agreement, appointed WestlandUtrecht Bank as its sub-agent to carry out the activities of the Issuer Administrator as provided for in the Issuer Administration Agreement. WestlandUtrecht Bank has accepted this appointment and has committed itself, in favour of the Issuer, to carry out the services as provided for in the Issuer Administration Agreement subject to the conditions and on the terms agreed with ING Bank. The Issuer and the Security Trustee have consented to the appointment of WestlandUtrecht Bank as sub-agent. The appointment of WestlandUtrecht Bank as sub-agent of ING Bank is without prejudice to the obligations of ING Bank under the Issuer Administration Agreement and ING Bank shall continue to be liable as if no such appointment had been made and as if the acts and omissions of WestlandUtrecht Bank were the acts and omissions of ING Bank.

### 3.7 Other Parties

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors:</b>                      | ATC 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 the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). ATC Management B.V. is registered with the Chamber of Commerce of Amsterdam under number 33226415. Amsterdamsch Trustee's Kantoor B.V and is registered with Chamber of Commerce of Amsterdam under number 33001955. |
| <b>Swap Counterparty:</b>              | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Issuer Account Bank:</b>            | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Principal Paying Agent:</b>         | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Reference Agent:</b>                | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Lead Manager:</b>                   | J.P. Morgan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Arrangers:</b>                      | J.P. Morgan, ING Bank and WestlandUtrecht Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Clearing Institutions:</b>          | Euroclear Netherlands.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Listing Agent:</b>                  | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Credit Rating Agencies:</b>         | Moody's and Fitch.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Insurance Savings Participant:</b>  | Nationale-Nederlanden, Algemene Levensherverzekering Maatschappij WestlandUtrecht Bank and any other Savings Insurance Company with whom the Issuer enters into an insurance savings participation agreement.                                                                                                                                                                                                                                                                                                                                      |
| <b>Bank Savings Participant:</b>       | WestlandUtrecht Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Seller Collection Account Bank:</b> | ING Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

## 4. THE NOTES

### 4.1 Terms and Conditions

*If Notes are issued in definitive form, the terms and conditions (the **Conditions**) will be as set out below. The Conditions will be endorsed on each Note in definitive form if they are issued. 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 The Global Notes below.*

The issue of the EUR 3,000,000,000 floating rate Class A Notes 2013 due 2044 (the **Class A Notes**), the EUR 191,500,000 Class B Notes 2013 due 2044 (the **Class B Notes**), the EUR 95,745,000 Class C Notes 2013 due 2044 (the **Class C Notes**), (and together with the Class A Notes and the Class B Notes, the **Notes**) was authorised by a resolution of the managing director of Orange Lion 2013-8 RMBS B.V. (the **Issuer**) passed on 23 January 2013. The Notes are issued under a trust deed dated 29 January 2013 (the **Trust Deed**) between the Issuer and Stichting Security Trustee Orange Lion 2013-8 RMBS (the **Security Trustee**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of: (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the **Coupons**) and the forms of the temporary global notes (the **Temporary Global Notes**) and the permanent global notes (the **Permanent Global Notes**); (ii) a paying agency agreement (the **Paying Agency Agreement**) dated 25 January 2013 between the Issuer, the Security Trustee, ING Bank as principal paying agent (the **Principal Paying Agent**) and as reference agent (the **Reference Agent**); (iii) a Servicing Agreement (the **Servicing Agreement**) dated 25 January 2013 between the Issuer, ING Bank as the Servicer, the Non-performing Mortgage Loan Servicer and as the Issuer Administrator, and the Security Trustee; (iv) a parallel debt agreement (the **Parallel Debt Agreement**) dated 25 January 2013 between the Issuer, the Security Trustee and the Secured Creditors; (v) a pledge agreement (the **Issuer Rights Pledge Agreement**) dated 29 January 2013 between, *inter alios*, the Issuer and the Security Trustee; and (vi) a pledge agreement dated 29 January 2013 between the Issuer, the Security Trustee and others (the **Issuer Mortgage Receivables Pledge Agreement**, and together with the Issuer Rights Pledge Agreement, the **Pledge Agreements**).

Unless otherwise defined herein, words and expressions used in these Conditions are defined in a master definitions agreement (the **Master Definitions Agreement**) dated 25 January 2013 and signed by the Issuer, the Security Trustee, the Principal Paying Agent and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the definitions in the Master Definitions Agreement would conflict with definitions used herein, the definitions of these Conditions shall prevail. As used herein, **Class** means either the Class A Notes, the Class B Notes or the Class C Notes, as the case may be.

Copies of *inter alia* the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by the Noteholders at the specified office of the Principal Paying Agent and the specified office of the Security Trustee, being at the date hereof Frederik Roeskestraat 123, 1076 EE, Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and reference to any document is considered to be a reference to such document as amended, supplemented, restated or otherwise modified from time to time.

Any reference herein to Noteholders shall mean the holders of the Notes and shall include those having a credit balance in the depots held in custody by or for Nederlands Centraal Instituut voor



Giraal Effectenverkeer B.V. (**Euroclear Netherlands**) or by an intermediary (*intermediair*) under the Securities Giro Act (*Wet giraal effectenverkeer, the Wge*).

## 1. Form, Denomination and Title

Each of the Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of EUR 100,000 each and integral multiples of EUR 1,000 thereafter. Under Netherlands law, the valid transfer of Notes requires, *inter alia*, delivery (*levering*) thereof. The Issuer, the Security Trustee and the Principal Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

A Noteholder shall not have the right to request delivery (*uitlevering*) of Notes represented by the Global Notes under the Wge, other than as set out in the Global Notes.

## 2. Status, Relationship between the Classes of Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank at all times *pari passu* and rateably without any preference or priority among Notes of the same Class. The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. To the extent that the Available Principal Funds is insufficient to redeem the Class A Notes in full when due or the Available Revenue Funds is insufficient to pay the accrued interest due on the Class A Notes in accordance with the Conditions for a period of fifteen calendar days or more, this will constitute an Event of Default in accordance with Condition 10(a). If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully 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.
- (b) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and to payments of principal on the Class B Notes.
- (c) The security for the obligations of the Issuer towards the Noteholders (the **Security**) will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
  - (i) a first ranking "undisclosed" pledge by the Issuer to the Security Trustee on the Mortgage Receivables and the Beneficiary Rights;
  - (ii) a first ranking "disclosed" pledge by the Issuer to the Security Trustee on the Issuer's rights:
    - (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement;
    - (b) against the Servicers under or in connection with the Servicing Agreement;
    - (c) against the Issuer Administrator under or in connection with the Administration Agreement;
    - (d) against the Swap Counterparty under or in connection with the Swap Agreement;
    - (e) against the Issuer Account Bank under or in connection with the Issuer Account Agreement (except for any rights in respect of the Swap Collateral Account and the Sub-Participation Collateral Account);
    - (f) against the Insurance Savings Participants under or in connection with the Insurance Savings Participation Agreements; and
    - (h) against the

Bank Savings Participant under or in connection with the Bank Savings Participation Agreement.

- (d) The Notes will be secured (indirectly through the Parallel Debt) by the Security. The Class A Notes will rank in priority to the Class B Notes and the Class C Notes and the Class B Notes will rank in priority to the Class C Notes. The **Most Senior Class of Notes** means the Class A Notes or if there are no Class A Notes outstanding, the Class B Notes or if there are no Class B Notes outstanding, the Class C Notes.

The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Class A Notes (the **Class A Noteholders**), the holders of the Class B Notes (the **Class B Noteholders**) and the holders of the Class C Notes (the **Class C Noteholders**), as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Most Senior Class of Noteholders. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors, provided that in case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured Creditor prevails.

### 3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except (i) to the extent permitted by the Mortgage Receivables Purchase Agreement, the Servicing Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Swap Agreement, the Issuer Account Agreement, the Participation Agreements, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement, the Management Agreements, the Deed of Assignment and Pledge, the Financial Collateral Agreement, the Participation Collateral Agreement and the Trust Deed (and together with the Master Definitions Agreement, the **Transaction Documents**) or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 28 January 2013 relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Transaction Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets, except as contemplated in the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Transaction Documents;

- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than (i) the Issuer Accounts or (ii) accounts in which collateral under the Swap Agreement is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii); or
- (h) take any corporate action for its entering into a (preliminary) suspension of payments or bankruptcy or its dissolution and liquidation or for its conversion into a legal foreign entity.

#### 4. Interest

Any payments to be made pursuant to this Condition 4 are subject to Condition 9(a).

##### (a) *Period of accrual*

Each Class A Note shall bear interest on its Principal Amount Outstanding (as defined in Condition 6(g)) from and including the Closing Date. Each Class A Note (or in the case of the redemption of part only of a Class A Note that part only of such Class A Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Class A Note up to but excluding the date on which, on presentation of such Class A Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh calendar day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation thereof being duly made, payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Class A Note for any period, such interest shall be calculated on the basis of the actual days elapsed in such period and a 360 day year.

##### (b) *Interest Periods and Payment Dates*

Interest on the Class A Notes is payable by reference to successive interest periods (each an **Interest Period**) and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on the 17th of February, May, August and November each year (or, if such day is not a Business Day, the next succeeding Business Day, unless such day falls in the next succeeding calendar month in which case the Business Day immediately preceding such 17th day) (each such day being a **Notes Payment Date**) whereby the first Notes Payment Date shall fall in May 2013. A **Business Day** means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (**TARGET 2**) or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive 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 will end on (but exclude) the Notes Payment Date falling in May 2013.

##### (c) *Interest on the Class A Notes up to (but excluding) the first Optional Redemption Date*

Interest on the Class A Notes for each Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate (**Euribor**) for three months deposits in euro (or, in

respect of the first Interest Period, 0.24520 per cent.) plus, up to (but excluding) the first Optional Redemption Date for the Class A Notes a margin of 1.15 per cent. per annum. For the avoidance of doubt, there will be no interest payable in respect of the Class B Notes or the Class C Notes.

(d) *Interest following the first Optional Redemption Date*

If on the first Optional Redemption Date any Class A Notes have not been redeemed in full, a floating rate of interest will be applicable to the Class A Notes equal to the sum of Euribor for three months deposits in euro, payable by reference to Interest Periods on each succeeding Notes Payment Date, plus for the Class A Notes a margin of 2.30 per cent. per annum. For the avoidance of doubt, there will be no interest payable in respect of the Class B Notes or the Class C Notes.

The rates of interest set forth in Conditions 4(c) and 4(d) are hereinafter referred to as the **Interest Rates**.

(e) *Euribor*

For the purpose of Conditions 4(c) and 4(d) Euribor will be determined as follows:

- (i) The Reference Agent will obtain for each Interest Period the rate equal to the amount of Euribor for three months deposits in euro. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR 01 (or, if not available, any other display page on any screen service maintained by any registered information vendor for the display of the Euribor rate selected by the Reference Agent) as at 11.00 a.m. (Amsterdam time) on the day that is two Business Days prior to the first day of each Interest Period (each an **Interest Determination Date**).
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - (A) request the principal euro-zone office of each of four major banks in the euro-zone interbank market (the **Reference Banks**) to provide a quotation for the rate at which three months euro deposits are offered by it in the euro-zone interbank market at 11.00 a.m. Amsterdam time on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time, and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
  - (B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at 11.00 a.m. Amsterdam time on the relevant Interest Determination Date for three months deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Interest Period shall be the rate per annum equal to the euro interbank offered rate for euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Interest Period, Euribor applicable to the relevant Class of Notes during such Interest Period will be Euribor last determined in relation thereto.

(f) *Determination of Interest Rates and Calculation of Interest Amounts*

The Reference Agent will, as soon as practicable after 11.00 a.m. Amsterdam time on each Interest Determination Date, determine the Interest Rates for the Class A Notes and calculate the amount of interest payable on the Class A Notes for the following Interest Period (the **Interest Amount**) by applying the relevant Interest Rates to the Principal Amount Outstanding of each Class A Note respectively on the first calendar day of such Interest Period. The determination of the relevant Interest Rates and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of Interest Rates and Interest Amounts*

The Reference Agent will cause the relevant Notes Payment Date, the relevant Interest Rates and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Principal Paying Agent, the Issuer Administrator, the Swap Counterparty and to the holders of the Class A Notes, as long as the Class A Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, notice shall also be published in such other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system, as soon as possible after the determination. The Interest Amount, the Interest Rate and the Notes Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(h) *Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Interest Rates or fails to calculate the relevant Interest Amounts in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Interest Rates at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with paragraph (f) above, and each such determination or calculation shall (in the absence of a manifest error) be final and binding on all parties.

(i) *Reference Agent*

The Issuer will procure that, as long as the Class A Notes remain outstanding, there will at all times be a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent by giving at least 90 calendar days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Class A Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Reference Agent or if the appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Agent to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

## 5. Payment

- (a) Payment of principal and interest in respect of Notes will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Principal Paying Agent in cash or by transfer to a euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6), or such earlier date the Notes become due and payable, the Notes must be presented for payment together with all matured Coupons appertaining thereto.
- (c) If the relevant Notes Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next Business Day following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a euro account as referred to above, the Principal Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following such Business Day. The name of the Principal Paying Agent and the address of its offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and for as long as the Notes are listed on Euronext Amsterdam the Issuer will at all times maintain a paying agent having a specified office in the European Union, which as long as the Notes are listed on Euronext Amsterdam, shall be in the Netherlands. Notice of any termination or appointment of a paying agent and of any changes in the specified offices of the Principal Paying Agent and any other paying agent will be given to the Noteholders in accordance with Condition 13.

## 6. Redemption

- (a) *Final redemption*

Unless previously redeemed as provided below, on the Notes Payment Date falling in November 2044 (the **Final Maturity Date**) the Issuer will redeem the Notes at their Principal Amount Outstanding (subject to Condition 9(b)).

- (b) *Mandatory Redemption of the Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date, the Issuer shall be obliged to apply the Available Principal Funds, including in the case the Seller exercises the Regulatory Call Option and/or Clean-Up Call Option, to redeem (or partially redeem) the Notes at their Principal Amount Outstanding (subject to Condition 9(b)) on a *pro rata* basis in the following order:

- (i) *first*, sequentially, the Class A Notes until fully redeemed; and thereafter
  - (ii) *second*, the Class B Notes until fully redeemed.
- (c) *Determination of Redemption Amount, Available Principal Funds and the Principal Amount Outstanding*
  - (i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Redemption Amount of each Note, (b) the Available

Principal Funds and (c) the Principal Amount Outstanding of the relevant Note on the first calendar day of the next following Interest Period. Each determination by or on behalf of the Issuer of any Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.

- (ii) The Issuer will cause each determination of (a) the Redemption Amount, (b) the Available Principal Funds and (c) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Principal Paying Agent, the Reference Agent, Euroclear Netherlands, Euronext Amsterdam and to the Noteholders and as long as the Class A Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, such notice is to be published in such place as may be required by the rules and regulations of Euronext Amsterdam or such competent authority, stock exchange and/or quotation system. Any such notice shall be deemed to have been given on the first date of such publication, but in any event no later than one business day prior to the relevant Notes Payment Date. If the Redemption Amount in respect of any Note on any applicable Notes Payment Date is zero, a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) (a) the Redemption Amount, (b) the Available Principal Funds and (c) the Principal Amount Outstanding of the relevant Note, such (a) Redemption Amount, (b) Available Principal Funds and (c) Principal Amount Outstanding of the relevant Note shall be determined by the Security Trustee in accordance with this paragraph (c) and paragraph (b) above (but based upon the information in its possession as to the Available Principal Funds and the Available Revenue Funds) and shall in each case (in the absence of a manifest error) be final and binding on all persons and each such determination or calculation shall be deemed to have been made by the Issuer.
- (iv) Following application of the Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(d) *Optional Redemption*

Unless previously redeemed in full, on the Notes Payment Date falling in February 2019 and on each Notes Payment Date thereafter (each an **Optional Redemption Date**) the Issuer may, at its option, redeem all (but not some only) of the Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(b)) plus, in respect of the Class A Notes, accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to redemption of the Notes on such date in accordance with this Condition 6(d), less the relevant Principal Shortfall. The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days' written notice to the Security Trustee and the Noteholders in accordance with Condition 13, prior to the relevant Optional Redemption Date.

(e) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Notes Payment Date, at their Principal Amount Outstanding (subject to Condition 9(b)), plus, in respect of the Class A Notes, accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to redemption of the Notes on such date in accordance with Condition 6(d), less the relevant Principal Shortfall, if the Issuer has satisfied the Security Trustee that:

- (i) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the application of the laws or

regulations (including any guidelines issued by the tax authorities) of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (**Tax Change**); and

- (ii) the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and interest due in respect of each Class of the Notes in accordance with the Trust Deed and any amounts required to be paid in priority to or *pari passu* with each Class of Notes. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The Issuer shall notify the occurrence of the Tax Change and the exercise of such option by giving not more than 60 nor less than 30 calendar days' written notice to the Noteholders and the Security Trustee prior to the relevant Notes Payment Date.

(f) *Redemption following Clean-up Call*

The Seller has the option to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Notes Payment Date on which the principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the principal amount of the Mortgage Receivables on the Cut-Off Date (the **Clean-up Call Option**). On the Notes Payment Date on which the Seller exercises the Clean-up Call Option, the Issuer shall redeem all (but not only part of) the Notes at their Principal Amount Outstanding (subject to Condition 9(b)) plus, in respect of the Class A Notes, accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes in accordance with Condition 6(d), less the relevant Principal Shortfall.

(g) *Redemption following Regulatory Call*

The Seller has the option to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Notes Payment Date upon the occurrence of a Regulatory Change (the **Regulatory Call Option**). On the Notes Payment Date on which the Seller exercises the Regulatory Call Option, the Issuer shall redeem all (but not only part of) the Notes at their Principal Amount Outstanding (subject to Condition 9(b)) plus, in respect of the Class A Notes, accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes in accordance with Condition 6(d), less the relevant Principal Shortfall.

(h) *Definitions*

For the purpose of these Conditions the following terms shall have the following meanings:

- (i) The term **Notes Calculation Date** means, in relation to a Notes Payment Date, the fourth business day prior to such Notes Payment Date;
- (ii) The term **Notes Calculation Period** means, in relation to a Notes Calculation Date, the three successive Mortgage Calculation Periods preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Cut-Off Date and end on and include the first Notes Calculation Date;
- (iii) The term **Net Foreclosure Proceeds** means (a) the proceeds of a foreclosure on a Mortgage, (b) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policy in connection with



the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy, (d) the proceeds of the NHG Guarantee and any other guarantees or sureties and (e) 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;

- (iv) The term **Available Principal Funds** shall mean on any Notes Payment Date the aggregate amount received or held by the Issuer during the immediately preceding Notes Calculation Period:
- (A) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Participation-Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, the relevant Participation in such Participation-Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable;
  - (B) as Net Foreclosure Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or, in respect of each Participation-Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, up to the Net Outstanding Principal Amount;
  - (C) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call Option or the Regulatory Call Option, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal or up to, in respect of each Savings Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, the Net Outstanding Principal Amount;
  - (D) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or up to, in respect of each Participation-Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, the Net Outstanding Principal Amount;
  - (E) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Revenue Priority of Payments;
  - (F) as Insurance Savings Participation Increase or Bank Savings Participation Increase pursuant to the relevant Participation Agreement and as consideration for the relevant Initial Participation;
  - (G) as partial prepayment in respect of Mortgage Receivables; and
  - (H) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards redemption of the Notes on the preceding Notes Payment Date.
- (v) The term **Principal Amount Outstanding** on any Notes Payment Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts in respect of that Note that have become due and payable prior to such Notes Payment Date provided that for the purpose of Conditions 4, 6 and 10 all Redemption

Amounts that have become due and not been paid, notwithstanding duly presentation of the relevant Note, shall not be so deducted;

- (vi) The term **Redemption Amount** shall mean on the relevant Notes Payment Date the amount (if any) (rounded down to the nearest euro) of the Available Principal Funds (as applicable to each Class of Notes), divided by the number of Notes of such Class, subject to such redemption, provided always that the Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note;
- (vii) The term **Principal Shortfall** shall mean an amount equal to the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Notes Payment Date divided by the number of the Notes of the relevant Class on such Notes Payment Date; and
- (viii) The term **Net Outstanding Principal Amount** shall mean, in respect of a Participation-Linked Mortgage Loan or Bank Savings Mortgage Loan, the Outstanding Principal Amount thereof minus the Savings Participation or Bank Savings Participation respectively, therein.

## 7. Taxation

All payments in respect of the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature, unless the Issuer or the Principal Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer or the Principal Paying Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Principal Paying Agent nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction. 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.

## 8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed and become void unless made within five years from the date on which such payment first becomes due.

## 9. Subordination and limited recourse

### (a) *Interest*

In the event that on any Notes Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class A Notes on such Notes Payment Date and such interest is not paid within fifteen calendar days from the relevant Notes Payment Date, this will constitute an Event of Default in accordance with Condition 10(a).

(b) *Principal*

Any payments to be made in accordance with Condition 6(a) (*Final redemption*), Condition 6(b) (*Mandatory Redemption of the Notes*), Condition 6(d) (*Optional Redemption*), Condition 6(e) (*Redemption for tax reasons*), Condition 6(f) (*Redemption following Clean-up Call*) or Condition 6(g) (*Redemption following Regulatory Call*), are subject to this Condition 9(b).

In the event that on any Notes Payment Date the Class A Notes will be fully redeemed pursuant to Condition 6(a) (*Final redemption*), Condition 6(b) (*Mandatory Redemption of the Notes*), Condition 6(d) (*Optional Redemption*), Condition 6(e) (*Redemption for tax reasons*), Condition 6(f) (*Redemption following Clean-up Call*) or Condition 6(g) (*Redemption following Regulatory Call*), any Principal Shortfall recorded in the Class A Principal Deficiency Ledger will be applied *pro rata* to the Principal Outstanding Amount of the then outstanding Class A Notes and consequently the principal amount payable on redemption of the Class A Notes on such Notes Payment Date will not exceed the relevant Principal Outstanding Amount less the *pro rata* allocation of the Principal Shortfall to such Class A Notes. The payment of any such amount in redemption of the Class A Notes, shall not constitute an Event of Default, notwithstanding that such amount is less than the Principal Outstanding Amount of the Class A Notes.

Until the date on which the Principal Amount Outstanding of the Class A Notes is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. If, on any Notes Payment Date, there is any Principal Shortfall recorded in the Class B Principal Deficiency Ledger will be applied *pro rata* to the Principal Outstanding Amount of the then outstanding Class B Notes and consequently the principal amount payable on redemption of the Class B Notes on such Notes Payment Date will not exceed the relevant Principal Outstanding Amount less the *pro rata* allocation of the Principal Shortfall to such Class B Notes. The payment of any such amount in redemption of the Class B Notes, shall not constitute an Event of Default, notwithstanding that such amount is less than the Principal Outstanding Amount of the Class B Notes.

(c) *Limited Recourse*

In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class shall have no further claim, of whatever nature, against the Issuer or the Security Trustee in respect of any such unpaid amounts. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully 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.

## 10. Events of Default

The Security Trustee at its discretion may, and, if so directed by an Extraordinary Resolution of the Most Senior Class of Notes (subject to, in each case, being indemnified to its satisfaction), shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the relevant Class) give notice (an **Enforcement Notice**) to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following events shall occur (each an **Event of Default**):

- (a) default is made for a period of fifteen (15) calendar days or more in the payment of any amount due and payable (*opeisbaar*) in respect of the Notes of the relevant Class; or

- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (30) calendar days after written notice thereof was given by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) calendar days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a (preliminary) suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or has been declared bankrupt or becomes subject to any other regulation having a similar effect; or
- (g) 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, the Trust Deed or the Security;

provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the Most Senior Class of Notes irrespective of whether an Extraordinary Resolution is passed by the holders of such Class or Classes of Notes ranking junior to the Most Senior Class of Notes, unless an Enforcement Notice in respect of the Most Senior Class of Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Most Senior Class of Notes, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class of Notes.

## **11. Enforcement**

- (a) At any time after the Notes of any Class become due and payable as a result of an Enforcement Notice, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement (including the making of a demand of payment thereunder), the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and (ii) it shall have been indemnified to its satisfaction;
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing;
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

## 12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee in the circumstances set out herein and for its relief from responsibility. The Security Trustee is entitled to enter into commercial transactions with the Issuer and/or any other party to the Transaction Documents without accounting for any profit resulting from such transaction.

## 13. Notices

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6 (other than where specifically referred to this Condition therein), all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands or if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper as the Security Trustee shall approve, having general circulation in Europe, and, as long as the Class A Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, notice shall also be published in such other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system. Any such notice shall be deemed to have been given on the first date of such publication.

## 14. Meetings of Noteholders; Modification; Consents; Waiver

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class or one or more Classes jointly to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Transaction Documents. Instead of at a general meeting, a resolution of the Noteholders of the relevant Class may be passed in writing - including by telegram, facsimile or telex transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing - provided that all Noteholders with the right to vote have voted in favour of the proposal.

### (a) Meeting of Noteholders

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than ten (10) per cent. of the Principal Amount Outstanding of the Notes of such Class.

### (b) Basic Terms Change

No change of certain terms by the Noteholders of any Class, including (i) the date of maturity of the Notes of the relevant Class, (ii) a change which would have the effect of postponing any day for payment of interest in respect of such Notes, (iii) reducing or cancelling the amount of principal payable in respect of such Notes, (iv) altering the majority required to pass an Extraordinary Resolution, (v) altering the rate of interest payable in respect of the Notes (vi) any alteration of the date or priority of redemption of such Notes, or (vii) altering this definition (any such change in respect of any such Class of Notes being referred to below as a **Basic Terms Change**) shall be effective unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below except that, if the Security Trustee is of the opinion that such Basic Terms Change (a) is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default and (b) the Security Trustee has notified the Credit Rating Agencies, then no such Extraordinary Resolution is required.

(c) Extraordinary Resolution

*Quorum and majority*

The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be one or more persons holding or representing not less than two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such meeting an Extraordinary Resolution will be adopted with not less than a two-third majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be one or more persons holding or representing not less than 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-third majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class (whether or not they were present at the meeting at which such resolution was passed).

*Limitations*

No Extraordinary Resolution to sanction a Basic Terms Change in respect of a change which would have the effect of altering the rate of interest payable in respect of a Class of Notes shall take effect unless (i) the Issuer has agreed thereto, (ii) the Swap Counterparty has agreed thereto, and (iii) it shall have been sanctioned by an Extraordinary Resolution of the holders of all Notes ranking senior to such Class of Notes.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or extending the maturity of the Class A Notes or any date for payment of interest thereon, increasing the amount of principal of the Class A Notes shall take effect unless it shall have been sanctioned by Extraordinary Resolutions of the holders of all Notes ranking junior to the Class A Notes.

An Extraordinary Resolution of the Class B Noteholders and/or the Class C Noteholders shall only be effective when (i) the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of all Notes ranking senior such Class of Notes. or (ii) it is sanctioned by an Extraordinary Resolution of the holders of all Notes ranking senior to such Class of Notes. The Trust Deed imposes no such limitations on the powers of the holders of any Class of Notes, the exercise of which will be binding on the Noteholders of any other Classes of Notes, irrespective of the effect on their interests.

(d) *Voting*

Each Note carries one vote. The Issuer may not vote on any Notes held by it directly or indirectly. Such Notes will not be taken into account in calculating the aggregate outstanding amount of the Notes. The Seller is entitled to vote in respect of any Note held by it.

(e) Modifications, authorisations, waivers and consents by the Security Trustee

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Transaction Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Transaction Documents, and any consent, to the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee has notified the Credit Rating Agencies. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, such modification, authorisation, waiver or consent shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

The Noteholders of each Class of Notes agree and hereby acknowledge that the Security Trustee is entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders of such Class of Notes if a Credit Rating Agency Confirmation has been obtained that the then current rating of the applicable Class or Classes of Notes would not be adversely affected by such exercise. By obtaining a Credit Rating Agency Confirmation each of the Security Trustee and the Noteholders will be deemed to have agreed and/or acknowledged that (i) a credit rating is an assessment of credit only and does not address other matters that may be of relevance to the Noteholders, (ii) neither the Security Trustee nor the Noteholders have any right of recourse to or against the relevant Credit Rating Agency in respect of the relevant Credit Rating Agency Confirmation which is relied upon by the Security Trustee and that (iii) reliance by the Security Trustee on a Credit Rating Agency Confirmation does not create, impose on or extend to the relevant Credit Rating Agency any actual or contingent liability to any person (including, without limitation, the Security Trustee and/or the Noteholders) or create any legal relations between the relevant Credit Rating Agency and the Security Trustee, the Noteholders or any other person whether by way of contract or otherwise.

(f) Exercise of Security Trustee's functions

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Class A Noteholders and the Class B Noteholders and the Class C Noteholders, each as a Class, and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

## **15. Replacements of Notes and Coupons**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, in the case of Coupons together with the Note and all unmatured Coupons to which they appertain (*mantel en blad*), before replacements will be issued.

## **16. Governing Law**

The Notes and Coupons, and any non-contractual obligations arising out of or in relation to the Notes and Coupons, are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the District Court 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 courts of competent jurisdiction.



## 4.2 Form

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (the **Temporary Global Note**); (i) in the case of the Class A Notes, in the principal amount of EUR 3,000,000,000; (ii) in the case of the Class B Notes, in the principal amount of EUR 191,500,000 and (iii) in the case of the Class C Notes, in the principal amount of EUR 95,745,000. The Temporary Global Notes will be deposited with Euroclear Netherlands on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear Netherlands will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. On any payment, whether principal or interest, being made in respect of any of the Notes, details of such payments shall be entered *pro rata* in the records of Euroclear Netherlands and, upon any payment of principal being made, the nominal amount of the Notes recorded in the records of Euroclear and/or Clearstream shall be reduced by the aggregate nominal amount of such payment. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in a Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with 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 intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear Netherlands, the Notes will be transferable by delivery in accordance with the rules and procedures for the time being of Euroclear Netherlands. A Noteholder shall not have the right to request delivery (*utitlevering*) of his Notes under the Wge other than in case of the occurrence of an Exchange Event as described below. Such notes in definitive form shall be issued in denominations of EUR 100,000 each or, as the case may be, in the Principal Amount Outstanding of the Notes of such Class on such date of exchange. Each of the persons shown in the records of Euroclear Netherlands as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear Netherlands. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. No person is entitled to receive any payment under a Temporary Global Note unless the exchange of a Temporary Global Note for a Permanent Global Note has been improperly withheld or refused.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear Netherlands, notices to Noteholders may be given by delivery of the relevant notice to Euroclear Netherlands for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirements of such stock exchange will be met). Any such notice shall be deemed to have been

given to the Noteholders on the seventh calendar day after the day on which such notice is delivered to Euroclear Netherlands as aforesaid.

For so long as a Class of the Notes is represented by a Global Note, each person who is for the time being shown in the records of Euroclear Netherlands as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression **Noteholder** shall be construed accordingly, but without prejudice to the entitlement of the bearer of the relevant Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear Netherlands as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date, (i) the Notes become immediately due and payable by reason of accelerated maturity following 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 and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof), or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective after the Closing Date (each an **Exchange Event**), the Issuer or Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

- (i) Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes;
- (ii) Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes; and
- (iii) Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class C Notes,

in each case within 30 calendar days of the occurrence of the relevant Exchange Event, subject in each case to certification as to non-U.S. beneficial ownership and against the surrender of the relevant Permanent Global Note to or to the order of the Principal Paying Agent.

As long as the Notes are represented by a Global Note deposited with Euroclear Netherlands, a Noteholder shall not have the right to request delivery (*utitlevering*) thereof under the Wge. Delivery (*utitlevering*) of a Global Note deposited with Euroclear Netherlands shall only be possible in the limited circumstances as described in the Wge.

The Issuer will promptly give notice to Noteholders in accordance with Condition 13 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear Netherlands acting on the instructions of any holder of an interest in the Global Note may give notice to the Principal Paying Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. At the date hereof, Euroclear Netherlands does not regard Notes in global form as fungible with Notes in definitive form.

The following legend will appear on all Global Notes, Notes in definitive form, receipts and interest coupons (including talons) which are subject to TEFRA D selling restrictions:

'ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (THE "CODE")) 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 CODE.'

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.

### 4.3 Subscription and Sale

Each of J.P. Morgan, ING Bank and WestlandUtrecht Bank have entered into a notes purchase agreement dated 28 January 2013 with the Lead Manager, the Arrangers, the Issuer, ING Bank and the Seller (the **Notes Purchase Agreement**). J.P. Morgan has undertaken, subject to certain conditions precedent that it will purchase the Class A Notes on the Closing Date. ING Bank has undertaken that it will purchase the Retained Notes on the Closing Date. The Issuer has agreed to indemnify and reimburse the Lead Manager against certain liabilities and expenses in connection with the issue of the Notes.

#### European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (a **Relevant Member State**), each of the Lead Manager, the Retained Notes Purchaser and the Issuer has represented and agreed, and each further lead manager appointed under the transaction will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive was 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 except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, 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 Lead Manager nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or the Lead Manager 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

#### France

Each of the Lead Manager, the Retained Notes Purchaser and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals – all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1, itself referring to articles L.533-16 and D.533-11 of the French *Code monétaire et financier*.

In addition, pursuant to article 211-3 of the *Règlement général* of the *Autorité des Marchés Financiers* (AMF), it must disclose to any investors in a private placement as described in the above that: (i) the offer does not require a prospectus to be submitted for approval to the AMF; (ii) qualified investors (*investisseurs qualifiés*) as defined in the above may take part in the offer solely

for their own account, as provided in articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*; and (iii) the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*.

## Italy

The offering of the Notes has not been and will not be registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (Regulation No. 11971), provided that such qualified investors act in their capacity as such and not as depositaries or nominees for other Noteholders; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations. Moreover and subject to the foregoing, each individual investor will acknowledge that any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Italian Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

## United Kingdom

Each of the Lead Manager, the Retained Notes Purchaser and the Issuer has represented and agreed 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 UK Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any 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 any Notes in, from or otherwise involving the United Kingdom.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or for the account of benefit of U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this sub-section *United States* have the meaning given to them by Regulation S under the Securities Act.

The Notes are in bearer form and 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 U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each of the Lead Manager, the Retained Notes Purchaser and the Issuer has agreed, and each further lead manager appointed will be required to agree, that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until forty (40) days after the later of the commencement of the offering on the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S under the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the purchase) may violate the registration requirements of the Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S and the U.S. Internal Revenue Code and regulations thereunder.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each of the Lead Manager, the Retained Notes Purchaser and the Issuer 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 (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

#### **4.4 Regulatory & Industry Compliance**

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

In the Mortgage Receivables Purchase Agreement and in the Notes Purchase Agreement, ING Bank has undertaken, that during the life of the Notes and in, and to the extent that such retention remains in, compliance with Article 122a paragraph (1)(d) of the CRD, it shall retain or to procure that one of its wholly-owned subsidiaries qualifying as an originator (within the meaning of the CRD) shall retain a material net economic interest in the Notes which, in any event, shall not be less than 5 per cent., comprised of an interest in the first loss tranche (held via the Class B Notes and the Class C Notes) and, if necessary, other tranches having the same or more severe risk profile than those sold to Noteholders. To the extent that, as a result of any change to Article 122a of the CRD or the interpretation thereof, ING Bank's undertaking no longer complies with Article 122a of CRD, the Seller shall give such undertaking to retain a material net economic interest in the Notes in compliance with Article 122a of the CRD. At the Closing Date, ING Bank shall retain such material net economic interest of not less than 5 per cent., comprised of an interest in the first loss tranche within the meaning of Article 122a(1)(d) of the CRD (held via the Class B Notes and the Class C Notes).

Any change in the manner in which this interest is held, to the extent allowed under Article 122a will be notified to investors by the Issuer in its investor report, subject to the Issuer having received such information from ING Bank.

In addition to the information set out herein and forming part of this Prospectus, the Seller and ING Bank have undertaken to make available materially relevant data with a view to complying with Article 122a paragraph (7) of the CRD, which can be obtained from the Seller or ING Bank upon request. After the Closing Date, the Issuer will prepare monthly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with a confirmation of the retention of the material net economic interest by ING Bank. Such information will be available on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).

##### ***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 with Article 122a and none of the Issuer, the Seller, the Servicers, the Issuer Administrator, the Security Trustee, the Arrangers and the Lead Manager makes 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 & Industry Compliance* in section 4 (*The Notes*).

Furthermore, each prospective Noteholder should ensure it complies with the implementing provisions in respect of Article 122a in its relevant jurisdiction if applicable to it. 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 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.

The Issuer will from the Closing Date until redemption in full of the Notes 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 loan-level data 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 in full of the Notes, 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.

### **PCS Label**

Application may or may not be made to Prime Collateralised Securities (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). Prime Collateralised Securities (PCS) UK Limited is not an "expert" as defined in 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.



#### **4.5 Use of Proceeds**

On the Closing Date, the net proceeds of the issue of the Notes (other than the Class C Notes) will be applied to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

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

An amount of EUR 251,914,271.00 will be received by the Issuer as consideration for the Initial Insurance Savings Participation granted to the Savings Insurance Companies. In addition, an amount of EUR 10,297,815.00 will be received by the Issuer as consideration for the Initial Bank Savings Participation granted to the Bank Savings Participant. The Issuer will apply this amount towards payment of the remaining part of the Initial Purchase Price to be paid on the Closing Date.

## 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.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*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, is deemed to be, or has elected to be treated as, 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, without limitation, 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% 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, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, 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, without limitation, 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 Netherlands 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 Netherlands 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 Netherlands 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**

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, The Netherlands will provide to the tax authorities of another EU member state (and certain non-EU countries and associated territories specified in that directive) details of payments of interest or other similar income paid by a person within The Netherlands to, or collected by such a person for, an individual resident in such other state.

## 4.7 Security

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (a) to the Noteholders under the Notes, (b) as fees or other remuneration to the Directors under the Management Agreements, (c) as fees and expenses to the Servicers under the Servicing Agreement, (d) as fees and expenses to the Issuer Administrator under the Administration Agreement, (e) as fees and expenses to the Principal Paying Agent and the Reference Agent under the Paying Agency Agreement, (f) to the Swap Counterparty under the Swap Agreement, (g) to the Seller under the Mortgage Receivables Purchase Agreement, (h) to the Insurance Savings Participants under the Insurance Savings Participation Agreements and (i) to the Bank Savings Participant under the Bank Savings Participation Agreement (the **Parallel Debt**) (the parties referred to under items (a) through (i) the **Secured Creditors**).

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim (*eigen en zelfstandige vordering*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Creditors shall be reduced by an amount equal to the amount so received and *vice versa*.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Creditors in accordance with the Post-Enforcement Priority of Payments, save for amounts due to the Insurance Savings Participants and the Bank Savings Participant in connection with the Participations. The amounts available to the Secured Creditors, other than the Insurance Savings Participants and the Bank Mortgage Participant, will be the sum of (a) amounts recovered (*verhaald*) by the Security Trustee (i) on the Mortgage Receivables, other than Participation-Linked Mortgage Receivables and the Bank Saving Mortgage Receivables and the Beneficiary Rights relating thereto, and (ii) on each of the Participation-Linked Mortgage Receivables and Bank Savings Mortgage Receivables and the Beneficiary Rights relating thereto to the extent the amount exceeds the relevant Participation in the relevant Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivable respectively, and (iii) other assets pledged pursuant to the Pledge Agreements and (b) the *pro rata* part of amounts received from any of the Secured Creditors, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the relevant Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid by the Security Trustee to the Secured Creditors (other than the Insurance Savings Participants and the Bank Mortgage Participant) pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alios*, the Credit Rating Agencies and any legal adviser, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the sum of the relevant Participations bear to the aggregate Mortgage Receivables).

The amounts available to the Insurance Savings Participants consist of, *inter alia*, (i) amounts recovered by the Security Trustee on Participation-Linked Mortgage Receivables and the Beneficiary Rights provided that such amounts relate to the relevant Participation in the Participation-Linked Mortgage Receivables and (ii) the *pro rata* part of the amounts received from any of the Secured Creditors, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion of the sum of the relevant Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid to the Insurance Savings Participants by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Credit Rating Agencies and any legal adviser, auditor or accountant appointed by the Security Trustee) (by reference to the proportion of the sum of the relevant

Participations bear to the Mortgage Receivables) provided that such amount can never exceed the amount of the relevant Participation.

The amounts available to the Bank Savings Participant consist of, *inter alia*, (i) amounts recovered by the Security Trustee on the Bank Savings Mortgage Receivables and the Beneficiary Rights provided that such amounts relate to the relevant Participation in the Bank Savings Mortgage Receivables and (ii) the *pro rata* part of the amounts received from any of the Secured Creditors, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the relevant Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid to the Bank Savings Participant by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Credit Rating Agencies and any legal adviser, auditor or accountant appointed by the Security Trustee) (by reference to the proportion of the sum of the relevant Participations bear to the Mortgage Receivables) provided that such amount can never exceed the amount of the relevant Participation.

On the Closing Date the Issuer will vest a right of pledge pursuant to the Issuer Mortgage Receivables Pledge Agreement in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto. The right of pledge on the Mortgage Receivables will not be notified to the Borrowers, except in case a Pledge Notification Event occurs. Prior to notification of the right of pledge to the Borrowers, the pledge will be a 'silent' right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Netherlands Civil Code. The right of pledge on the Beneficiary Rights will also be an undisclosed right of pledge (*stil pandrecht*).

In addition, on the Closing Date pursuant to the terms of the Issuer Right Pledge Agreement, a right of pledge will be vested by the Issuer in favour of the Security Trustee on all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Administration Agreement, (iv) the Issuer Account Agreement (except for any rights in respect of the Swap Collateral Account and the Sub-Participation Collateral Account), (v) the Swap Agreement, (vi) the Insurance Savings Participation Agreement and (vii) in respect of the Issuer Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*). However, the Security Trustee will grant a power to collect (*bevoegdheid tot inning*) to the Issuer which will be withdrawn upon the occurrence of any of the Pledge Notification Events.

Upon the occurrence of a Pledge Notification Event and, consequently, notification to the Borrowers and the Insurance Companies and withdrawal of the power to collect, the Security Trustee will collect (*innen*) all amounts due to the Issuer whether by Borrowers, the Insurance Companies or parties to the Transaction Documents. Pursuant to the Trust Deed, the Security Trustee will, until the delivery of an Enforcement Notice, for the sole purpose of enabling the Issuer to make payments in accordance with the relevant Priority of Payments prior to Enforcement, pay or procure the payment to the Issuer, whilst for that sole purpose terminating (*opzeggen*) its right of pledge.

The rights of pledge created in the Pledge Agreements secure any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and any other Transaction Documents.

The rights of pledge described above shall serve as security of the Security Trustee for the benefit of the Secured Creditors, including each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, but, *inter alia*, amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and amounts owing to the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders. The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. To the

extent that the Available Principal Funds is insufficient to redeem the Class A Notes in full when due in accordance with the Conditions for a period of fifteen calendar days or more, this will constitute an Event of Default in accordance with Condition 10(a). If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully 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.

## 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

#### *Available Revenue Funds*

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date and which have been received by the Issuer during the Notes Calculation Period immediately preceding such Notes Calculation Date or will be received by the Issuer on the Issuer Collection Account in relation to the relevant Notes Payment Date will pursuant to the Trust Deed be applied in accordance with the Revenue Priority of Payments (items (i) up to and including (xii) will hereinafter be referred to as the **Available Revenue Funds**):

- (i) interest, including penalty interest, on the Mortgage Receivables, less, with respect to each Participation-Linked Mortgage Loan or Bank Savings Mortgage Loan an amount equal to the amount of interest received in such Notes Calculation Period, multiplied by, in respect of such Participation-Linked Mortgage Loan or Bank Savings Mortgage Loan, the Participation Fraction;
- (ii) interest accrued and received on the Issuer Collection Account and the Reserve Account;
- (iii) prepayment penalties (if any) under the Mortgage Receivables;
- (iv) Net Foreclosure Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Participation-Linked Mortgage Receivable or Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the relevant Participation Fraction;
- (v) amounts to be drawn from the Reserve Account on the immediately succeeding Notes Payment Date;
- (vi) amounts to be drawn from the Financial Collateral Account on the immediately succeeding Notes Payment Date;
- (vii) amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Notes Payment Date, if any, excluding (i) any collateral transferred pursuant to the Swap Agreement, (ii) any Tax Credit and (iii) any amounts received upon early termination of the Swap Agreement (other than as set out under (x) below);
- (viii) amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal less, with respect to each Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the relevant Participation Fraction;
- (ix) amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, with respect to each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable, an



amount equal to the amount of interest received multiplied by the relevant Participation Fraction, and to the extent such amounts relate to principal, but only such part that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable;

- (x) on the Notes Payment Date on which the Notes will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (viii) and item (x) on such Notes Payment Date; and
- (xi) amounts to be drawn from the Swap Termination Payment Ledger, (i) to the extent (a) such amounts are required to meet item (f) of the Revenue Priority of Payments or (b) required to make an Initial Swap Payment to a replacement swap counterparty on such Notes Payment Date and (ii) on the Notes Payment Date on which (a) a new swap agreement has been entered into and the Initial Swap Payment due to the replacement swap counterparty, if any, has been paid or (b) the Class A Notes have been redeemed in full, any remaining amount standing to the Swap Termination Payment Ledger;

**less:**

- (xii) on the first Notes Payment Date of each year, the highest of (i) an amount equal to 10 per cent. of the annual fees or other remuneration due and payable to the Directors in connection with the Management Agreements in the immediately preceding calendar year, and (ii) an amount of EUR 2,500.

#### ***Available Principal Funds***

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at any Notes Calculation Date, as having been received by the Issuer during the immediately preceding Notes Calculation Period or to be received by the Issuer on the Issuer Collection Account in relation to the relevant Notes Payment Date (items (i) up to and including (viii) hereinafter referred to as the **Available Principal Funds**):

- (i) the proceeds of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Participation-Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, the relevant Participation in such Participation-Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable;
- (ii) Net Foreclosure Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or, in respect to each Participation-Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, up to the Net Outstanding Principal Amount;
- (iii) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call Option or the Regulatory Call Option, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal or up to, in respect of each Savings Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, the Net Outstanding Principal Amount;
- (iv) amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or up to, in respect of each Participation-

Linked Mortgage Receivables or Bank Saving Mortgage Receivables as applicable, the Net Outstanding Principal Amount;

- (v) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Revenue Priority of Payments;
- (vi) Insurance Savings Participation Increase or Bank Savings Participation Increase pursuant to the relevant Participation Agreement and as consideration for the relevant Initial Participation;
- (vii) partial prepayment in respect of Mortgage Receivables; and
- (viii) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards redemption of the Notes on the preceding Notes Payment Date.

### **Cash Collection Arrangements**

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the last calendar day of each month (or the next business day if such day is not a business day), interest being payable in arrear. All payments made by Borrowers will be paid into the Seller Collection Account maintained with the Seller Collection Account Bank. This account is pledged to the Seller Collection Account Bank pursuant to the applicable general banking conditions. This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans sold to the Issuer and in respect of any other moneys belonging to the Seller.

If (i) the rating of the short-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Bank falls below F-1 by Fitch or P-1 by Moody's or (ii) the rating of the long-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Bank falls below A by Fitch (the **Seller Collection Requisite Rating**), the Seller will, within thirty (30) calendar days, in order to maintain the then current rating assigned to the Notes, either: (i) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed by a party having at least the Seller Collection Requisite Rating; or (ii) (a) open an escrow account in the name of the Issuer, for the Issuer's own account, with a party having at least the Seller Collection Requisite Rating, and (b) transfer to the escrow account an amount equal to the highest single amount of principal, interest and prepayment penalties received since the Closing on the Issuer Collection Account during one Mortgage Calculation Period; or (iii) implement any other actions to maintain the then current ratings assigned to the Notes.

On each Mortgage Collection Payment Date the Servicer shall, having regard to all relevant information at its disposal (a) make an estimate of all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller in respect of the Mortgage Receivables in respect of the immediately preceding Mortgage Calculation Period (the total of such estimated amounts is referred to as the **Estimated Collected Transfer Amount**) and (b) transfer the Estimated Collected Transfer Amount to the Issuer Collection Account.

Following the transfer of the Estimated Collected Transfer Amount but in any event prior to the 15th calendar day of the relevant month (or if this is not a business day the next succeeding business day), the Servicer will reconcile (i) the total amount of principal, interest, prepayment penalties and interest penalties actually received by the Seller in respect of the Mortgage Receivables in respect of the immediately preceding Notes Calculation Period (the total of such amounts actually received is referred to as the **Actual Collected Transfer Amount**) with (ii) the Estimated Collected Total Amount.

On the 15th day of each calendar month (or if this is not a business day the next succeeding business day), the Servicer shall:

- (i) if the Actual Collected Transfer Amount exceeds the Estimated Collected transfer amount, transfer the difference between these amounts from the Seller Collection Account to the Issuer Collection Account; or
- (ii) if the Estimated Collected Transfer Amount exceeds the Actual Collected transfer amount, request the Issuer Administrator to transfer the difference between these amounts from the Issuer Collection Account to the Seller Collection Account.

### **Financial Collateral Agreement**

In order to mitigate the risk of set-off by Borrowers with amounts standing to the credit of premiums and interest payments deposits account (*rente- en premiedepot*) held with the Seller, the Issuer has entered into the Financial Collateral Agreement. Pursuant to the Financial Collateral Agreement, the Seller undertakes to transfer Eligible Collateral to the Issuer to the Financial Collateral Account on each Notes Payment Date following ING Bank being assigned a rating of less than the Requisite Credit Rating, in an amount of and having a value equal to the relevant Delivery Amount owed by the Seller.

The Issuer may on each Notes Payment Date draw from the Financial Collateral Account an amount equal to the sum of the relevant Set-Off Amount which the Seller is due to pay to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Notes Payment Date, subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

To the extent that the relevant Posted Collateral Value on any Notes Payment Date exceeds the relevant Potential Set-Off Required Amount, such excess shall be retransferred by the Issuer to the Seller in the form of equivalent collateral in the value of the relevant Return Amount and separate from any Priority of Payments.

The Issuer Administrator will include the amounts to be calculated under the Financial Collateral Agreement in the investor report on a quarterly basis.

For the purpose of the Financial Collateral Agreement, the following expressions will have the following meaning:

The **Potential Set-Off Amount** means, on any Notes Payment Date, with respect to each Seller, an amount equal to:

- (a) prior to the notification to the Borrowers of the assignment of the relevant Mortgage Receivables to the Issuer, the sum of all amounts in respect of the relevant Mortgage Receivables, which amounts are, in respect of each relevant Mortgage Receivable separately, the lower of:
  - (i) the aggregate amount standing to the credit of each premiums and interest payments deposits account (*rente- en premiedepot*) held by the Borrower of the Relevant Mortgage Receivable(s) with the relevant Seller on the last day of the immediately preceding Notes Calculation Period; and
  - (ii) the aggregate Outstanding Principal Amount of such Relevant Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period, and

- (b) after the notification to the Borrowers of the assignment of the relevant Mortgage Receivables to the Issuer, the sum of all amounts in respect of the relevant Mortgage Receivables, which amounts are, in respect of each relevant Mortgage Receivable separately, the lower of:
- (i) the aggregate amount standing to the credit of each premiums and interest payments deposits account (*rente- en premiedepot*) held by such Borrower with the Seller on the last day of the immediately preceding Notes Calculation Period;
  - (ii) the aggregate Outstanding Principal Amount of such relevant Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period; and
  - (iii) the aggregate amount standing to the credit of each premiums and interest payments deposits account (*rente- en premiedepot*) held by such Borrower with the Seller on the date the relevant Borrower is notified of the assignment of the Relevant Mortgage Receivable(s) to the Issuer.

The **Potential Set-Off Required Amount** means, on any Notes Payment Date, with respect to the Seller, an amount calculated as at the relevant Notes Calculation Date, equal to (a) so long as any Class A Notes are outstanding, an amount equal to the Potential Set-Off Amount on the last day of the immediately preceding Notes Calculation Period or (b) zero if the Class A Notes have been redeemed in full;

#### **Participation Collateral Agreement**

In order to mitigate the risk that the Seller defaults under its obligations under the Insurance Savings Participation Agreement (in its capacity as Insured Savings Participant) with the Issuer and the Security Trustee, the Issuer and the Seller have entered into the Participation Collateral Agreement. Pursuant to the Participation Collateral Agreement, the Seller undertakes to transfer Eligible Participation Collateral to the Sub-Participation Collateral Account on the Closing Date in an amount of, and having a value equal to, the Participation Collateral Amount.

The Issuer shall on each Notes Payment Date debit from the Sub-Participation Collateral Account an amount equal to the amount which the Seller is due to pay to the Issuer pursuant to the relevant Insurance Savings Participation Agreement.

If at any time (i) SRLEV enters into an Insurance Savings Participation Agreement with the Issuer, (ii) SRLEV is dissolved (*ontbonden*), subjected to emergency regulations (*noodregeling*) or declared bankrupt (*failliet verklaard*), (iii) all Notes have been redeemed in full, (iv) any Borrower is subjected to any debt restructuring scheme (*schuldsanering natuurlijke personen*) or declared bankrupt (*failliet verklaard*) or (v) payments are made from the Seller (in its capacity as Insurance Savings Participant) to the Issuer under the relevant Insurance Savings Participation Agreement, the Issuer shall transfer to the Seller Equivalent Eligible Participation Collateral having a value equal to the Participation Return Amount.

Any Participation Return Amount will, when due pursuant to the Participation Collateral Agreement, be returned to the Seller outside the Revenue Priority of Payments or the Priority of Payments upon Enforcement.

The Issuer Administrator will include the amounts to be calculated under the Participation Collateral Agreement in the investor report on a quarterly basis.

## 5.2 Priorities of Payments

### Revenue Priority of Payments

Prior to the delivery of an Enforcement Notice the Available Revenue Funds will pursuant to the terms of the Trust Deed be applied by the Issuer on the immediately succeeding Notes Payment Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the **Revenue Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of (i) fees and expenses due and payable to the Servicer under the Servicing Agreement and (ii) fees and expenses due and payable to the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xii) of the Available Revenue Funds) and sums due to the Credit Rating Agencies and fees and expenses of any legal adviser, auditor and/or accountant appointed by the Issuer and/or the Security Trustee and (ii) fees and expenses due to the Principal Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (including any Initial Swap Payment payable by the Issuer on such Notes Payment Date but excluding (i) any Swap Counterparty Default Payment, and (ii) the payment to the Swap Counterparty of Excess Swap Collateral and/or any Tax Credit);
- (e) *fifth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due or accrued but unpaid in respect of the Class A Notes;
- (f) *sixth*, in or towards making good 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 zero;
- (g) *seventh*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (h) *eighth*, in or towards making good 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 zero;
- (i) *ninth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (j) *tenth*, in or towards satisfaction of principal amounts due under the Class C Notes; and

- (k) *eleventh*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

### **Redemption Priority of Payments**

Prior to the delivery of an Enforcement Notice, the Available Principal Funds will pursuant to the terms of the Trust Deed be applied by the Issuer on each Notes Payment Date (and 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*, in or towards satisfaction of principal amounts due under the Class A Notes on the relevant Notes Payment Date until fully redeemed; and
- (b) *second*, in or towards satisfaction of principal amounts due under the Class B Notes on the relevant Notes Payment Date until fully redeemed.

### **Post-Enforcement Priority of Payments**

Following delivery of an Enforcement Notice any amounts collected by the Security Trustee under the Trust Deed, (other than amounts to be deducted therefrom, Excess Swap Collateral and Tax Credits and in respect of the Participations, which amounts will not be part of this Post-Enforcement Priority of Payments) will be applied in the following order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of the Credit Rating Agencies and any legal adviser, auditor and accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the **Post-Enforcement Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors in connection with the Management Agreements, (ii) the fees and expenses of the Principal Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees and expenses of the Servicer under the Servicing Agreement and (iv) the fees and expenses of the Issuer Administrator under the Administration Agreement;
- (b) *second*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (including any Initial Swap Payment payable by the Issuer but excluding (i) any Swap Counterparty Default Payment and (ii) the payment to the Swap Counterparty of Excess Swap Collateral and/or any Tax Credit);
- (c) *third*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Class A Notes;
- (d) *fourth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class B Notes;
- (f) *sixth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class C Notes; and

(h) *eighth*, in or towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

**Post-foreclosure proceeds**

Following foreclosure of a Mortgage Loan, such foreclosed Mortgage Loan (*restschuld*) will be repurchased by the Seller on the next Notes Payment Date for an amount of EUR 1.00 (one euro), except if such foreclosed Mortgage Loan has a 'premium-free' policy (*premievrrije polis*) attached to it with an accumulated policy value, in which case the relevant foreclosed Mortgage Loans will be repurchased by the Seller for an amount equal to the lesser of the remaining outstanding loan balance and the accumulated policy value. Any post-foreclosure payments made by a Borrower in respect of such Mortgage Loan (if any) will subsequently not form part of the Available Revenue Funds or the Available Principal Funds and any such amounts will be paid out to the Seller.

### 5.3 Loss Allocation

#### Principal Deficiency Ledger

A Principal Deficiency Ledger comprising two sub-ledgers (the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger) will be established by or on behalf of the Issuer in order to record Realised Losses (a **Principal Deficiency**).

An amount equal to any Realised Loss will be debited:

- (i) to the Class B Principal Deficiency Ledger (such debit items being credited at item (h) of the Revenue Priority of Payments, to the extent any part of the Available Revenue Funds is available for such purpose) so long as the debit balance on such ledger is less than the aggregate Principal Amount Outstanding of the Class B Notes; and thereafter
- (ii) to the Class A Principal Deficiency Ledger (such debit items being credited at item (f) of the Revenue Priority of Payments, to the extent any part of the Available Revenue Funds is available for such purpose).

The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. To the extent that the Available Principal Funds is insufficient to redeem the Class A Notes in full when due in accordance with the Conditions for a period of fifteen calendar days or more, this will constitute an Event of Default in accordance with Condition 10(a). If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully 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.

**Realised Losses** means, on any Notes Payment Date, the sum of:

- (a) the balance between (i) the aggregate Outstanding Principal Amount in respect of Mortgage Receivables less, with respect to Participation-Linked Mortgage Receivable and the Bank Savings Mortgage Receivables, the relevant Participations, on which the Seller or the Non-performing Mortgage Loan Servicer or the Issuer has foreclosed during the immediately preceding Notes Calculation Period and (ii) the sum of (x) the Net Foreclosure Proceeds on such Mortgage Receivables other than Participation-Linked Mortgage Receivables and the Bank Savings Mortgage Receivables and (y) the Net Foreclosure Proceeds on such Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivables up to the Net Outstanding Principal Amount of the relevant Participation-Linked Mortgage Receivable or Bank Savings Mortgage Receivable; and
- (b) with respect to Mortgage Receivables sold by the Issuer during the immediately preceding Notes Calculation Period, the balance, if any, between (x) the aggregate Outstanding Principal Amount, less with respect to such Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivables, the relevant Participations, and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal up to the Net Outstanding Principal Amount of the relevant Participation-Linked Mortgage Receivable or Bank Savings Mortgage Receivable; and
- (c) with respect to the Mortgage Receivables in respect of which the Borrower has successfully asserted set-off or defences to payments or (p)repaid any amounts, the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) as a result thereof unless and to the extent such amount is (i) received from the Seller (other than, for the avoidance of doubt, amounts drawn from the Financial Collateral Account and/or the Sub-Participation



Collateral Account) or otherwise pursuant to any items (i) and (iii) of the Available Principal Funds or (ii) deducted from the relevant Participation.

## 5.4 Hedging

### The Swap Agreement

The Eligibility Criteria require that all Mortgage Receivables bear a floating rate or a fixed rate of interest, subject to a reset from time to time. The interest rate payable by the Issuer with respect to the Class A Notes is calculated as a margin over Euribor for three months deposits in euro. The margin on the Class A Notes will be reset on the First Optional Redemption Date. The Issuer will mitigate this interest rate exposure on the Class A Notes by entering into the Swap Agreement with the Swap Counterparty. For the avoidance of doubt, there will be no interest payable in respect of the Class B Notes or the Class C Notes.

Under the Swap Agreement, the Issuer agrees to pay on each Notes Payment Date the sum of:

- (a) the aggregate amount of interest on the Mortgage Receivables scheduled to be paid during the immediately preceding Notes Calculation Period less, with respect to each Bank Savings Mortgage Receivable and Participation-Linked Mortgage Receivable, an amount equal to the scheduled interest multiplied by the relevant Participation Fraction (the **Scheduled Interest**); and
- (b) the interest accrued and received on the Issuer Collection Account and the Reserve Account; and
- (c) the aggregate amount of the penalty interest and any Prepayment Penalties received during the immediately preceding Notes Calculation Period;

*less* the aggregate of:

- (d) an excess margin of 0.50 per cent. per annum applied to the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes (for the avoidance of doubt as reduced by any outstanding debit balances on the respective Principal Deficiency Ledger) on the first calendar day of the relevant Interest Period multiplied with the relevant day count fraction specified in the Swap Agreement; and
- (e) the expenses set out in items (a) up to and including (c) of the Revenue Priority of Payments payable in respect of the immediately preceding Notes Calculation Period; and
- (f) any Adjustment Amount (as defined below) calculated in respect of the immediately preceding Notes Calculation Period,

provided that if the result of the above is a negative amount, the Swap Counterparty will pay the absolute value of such amount to the Issuer.

The Swap Counterparty agrees to pay to the Issuer on each Notes Payment Date amounts calculated by reference to the floating rate of interest on the Class A Notes and the Principal Amount Outstanding of the Class A Notes on the first day of the relevant Interest Period minus any balance standing to the debit of the Class A Principal Deficiency Ledger on the Notes Calculation Date immediately preceding the Notes Payment Date.

If on any Notes Payment Date, the amount of interest actually received and interest (including penalties) recovered on the Mortgage Receivables, less in case of a Participation-Linked Mortgage

Receivable and a Bank Savings Mortgage Receivable, the amount received multiplied by the relevant Participation Fraction (the **Interest Received**), falls short of Scheduled Interest, the payment obligation of the Issuer will be reduced with an amount equal to such shortfall (the **Adjustment Amount**). In such event the payment of the Swap Counterparty on such Notes Payment Date will be adjusted accordingly on a euro for euro basis. For the avoidance of doubt, the adjusted payment obligations of each party would then be payable to the other party and would be netted against each other on such Notes Payment Date. Such reductions could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the Priority of Payments described above on such Notes Payment Date. For the avoidance of doubt, there will be no adjustment if the amount of Interest Received exceeds the amount of Scheduled Interest.

The Swap Agreement provides for payment netting in respect of payments to be made by the Issuer and the Swap Counterparty respectively on a Notes Payment Date and provides for close-out netting upon termination of the Swap Agreement.

The Swap Agreement will be documented under an ISDA Master Agreement with a Schedule and Credit Support Annex thereto. The Swap Agreement may be terminated in accordance with events of default and termination events commonly found in standard ISDA documentation for swap transactions. The Swap Agreement will be terminable by one party if (i) an applicable event of default or termination event occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement, or (iii) all Notes are redeemed prior to the Final Maturity Date pursuant to Condition 6(b), (d), (e) or (f) (an **Early Redemption Event**). Events of default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement, and (ii) certain insolvency events. The Swap Agreement will terminate automatically (i) if an Enforcement Notice is served, or (ii) on the earlier of the Final Maturity Date and the date on which the Class A Notes have been redeemed or written-off in full in accordance with the Conditions, other than pursuant to the service of an Enforcement Notice or pursuant to Condition 6(d) (*Optional Redemption*), Condition 6(e) (*Redemption for tax reasons*), 6(f) (*Redemption following Clean-up Call*) or 6(g) (*Redemption following Regulatory Call*).

Upon the early termination of the Swap Agreement, including on termination as a result of an Early Redemption Event, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. Any such termination payment could be substantial. The amount of any termination payment will be based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained). If the Issuer is obliged to pay a termination payment under the Swap Agreement, such termination payment will rank ahead of amounts due on the Notes except where default by, or downgrade of, the Swap Counterparty has caused the Swap Agreement to terminate. The obligation to make a termination payment other than arising from default by, or downgrading of, the Swap Counterparty, may adversely affect the ability of the Issuer to meet its obligations under the Notes.

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Swap Counterparty, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay the Swap Counterparty such amounts as would otherwise have been required to ensure that the Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

In the event that the Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Swap Counterparty will be required pursuant to the terms of the Swap Agreement to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made. The Swap Agreement will provide, however, that if a Tax Event (as

defined therein) occurs, the Swap Counterparty may (provided that the Security Trustee has consented) transfer its rights and obligations to another of its offices, branches or affiliates or any other person that meets the criteria for a swap counterparty as set forth in the Swap Agreement to avoid the relevant Tax Event.

In either event, the Swap Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Swap Agreement to another office, have the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party.

The Issuer may pay any termination payment to the Swap Counterparty on any date other than a Notes Payment Date provided that the Issuer has received such amount as an Initial Swap Payment from the relevant replacement swap counterparty prior to a Notes Payment Date and will otherwise make any termination payment to the Swap Counterparty in accordance with the Priorities of Payments.

Any amounts received by the Issuer from the Swap Counterparty whether or not through application of any collateral upon early termination of the Swap Agreement will be held on the Issuer Collection Account with a corresponding credit to a ledger known as the Swap Termination Payment Ledger. Amounts standing to the credit of the Swap Termination Payment Ledger will be available (i) to make an Initial Swap Payment to a replacement swap counterparty on any date other than a Notes Payment Date or (ii) as part of the Available Revenue Funds if and to the extent (a) for so long as no such replacement swap counterparty is available at such time, such amount is required to satisfy item (f) of the Revenue Priority of Payments and (b) to make an Initial Swap Payment to a replacement swap counterparty on a Notes Payment Date. Any remaining amount standing to the Swap Termination Payment Ledger will be released and will form part of the Available Revenue Funds on the Notes Payment Date on which (i) a new swap agreement has been entered into and the Initial Swap Payment due to the replacement swap counterparty, if any, has been paid or (ii) the Class A Notes have been redeemed in full.

#### *Downgrade of Swap Counterparty*

If the Swap Counterparty ceases to have the Swap Required Ratings, the Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under the Swap Agreement pursuant to the Credit Support Annex to the Swap Agreement entered into by the Issuer and the Swap Counterparty on the basis of the standard ISDA documentation (which provides for requirements relating to the providing of collateral by the Swap Counterparty), or (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Required Ratings, or (iii) procuring another entity with at least the Swap Required Ratings to become joint-obligor in respect of its obligations under the Swap Agreement, or (iv) taking such other action as it may agree with the Credit Rating Agencies to maintain the then current rating of the Notes. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

Any Excess Swap Collateral will, when due pursuant to the Swap Agreement, be returned to the Swap Counterparty outside the Revenue Priority of Payments or the Priority of Payments upon Enforcement. If the Issuer receives any Tax Credit resulting from the payment of any withholding tax by the Swap Counterparty, the Issuer shall pay the cash benefit of such Tax Credit to the Swap Counterparty outside the Revenue Priority of Payments or the Priority of Payments upon Enforcement.

## **5.5     Liquidity Support**

Not applicable.

## 5.6 Transaction Accounts

### ***Issuer Collection Account***

The Issuer will maintain with the Issuer Account Bank the Issuer Collection Account, to which all amounts received (i) in respect of the Mortgage Receivables, (ii) from the Participants pursuant to the Participation Agreements and (iii) from the other parties to the Transaction Documents will be paid.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on each Mortgage Collection Payment Date in respect of the Mortgage Loans will be identified as Available Principal Funds or Available Revenue Funds and credited to a principal ledger or a revenue ledger, as the case may be.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business, (ii) amounts due under the Participation Agreements and (iii) the payment to the Swap Counterparty of any Tax Credit. In addition, the Issuer may pay any termination payment to the Swap Counterparty on any date other than a Notes Payment Date provided that the Issuer has received such amount as an Initial Swap Payment from the relevant replacement swap counterparty (see section 5.4 (*Hedging*)).

### ***Reserve Account***

The Issuer will maintain with the Issuer Account Bank the Reserve Account, to which the proceeds of the Class C Notes will be credited. 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 is 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 exceeds the aggregate amounts payable under items (a) to (f) (inclusive) in the Revenue Priority of Payments (as set forth in the section *Credit Structure*), such excess amount will be used to deposit in or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Target Level.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Payment Date exceeds the Reserve Account 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 have been or will be paid, any amount remaining to be 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 Redemption Priority of Payments in accordance with the priority set out therein.

### ***Downgrade of the Issuer Account Bank***

If at any time the Issuer Account Bank's unsecured, unsubordinated and unguaranteed debt obligations are assigned a rating of less than the Requisite Credit Rating or such rating is withdrawn, the Issuer Account Bank will within 20 calendar days procure a third party having at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank. If the Issuer Account Bank fails to do so, the Issuer will, within 30 calendar days after such downgrade, (i)

transfer the balances of the Issuer Accounts to an alternative bank with the Requisite Credit Rating or (ii) procure a third party having at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank. If after 10 calendar days following such downgrade or withdrawal, the Issuer Account Bank is of the opinion that it may not be able to find a third party having at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank, it shall notify the Issuer and the Security Trustee accordingly.

### ***Swap Collateral Account***

The Issuer will open a separate account maintained with an entity having at least the Requisite Credit Rating in which any collateral in the form of cash provided by the Swap Counterparty will be held in accordance with the Credit Support Annex. If any collateral in the form of securities is provided, the Issuer will be required to open a custody account with an entity having at least the Requisite Credit Rating in which such securities will be held. Such account will therefore not be subject to a security right in favour of the Security Trustee. No payments or deliveries may be made in respect of such accounts other than in relation to the provision of collateral or the return of Excess Swap Collateral, unless pursuant to the termination of the Swap Agreement, a net amount is owed by the Swap Counterparty to the Issuer, in which case the collateral may be applied towards satisfaction of such amount in accordance with the Swap Agreement.

### ***Financial Collateral Account***

If ING Bank is assigned a rating of less than the Requisite Credit Rating, the Issuer will be required to open a financial collateral account with an entity having at least the Requisite Credit Rating in which any collateral in the form of Eligible Collateral provided by the Seller will be held in accordance with the Financial Collateral Agreement. Such account will not be subject to a security right in favour of the Security Trustee.

### ***Sub-Participation Collateral Account***

The Issuer will maintain with the Issuer Account Bank the Sub-Participation Collateral Account. Any Eligible Participation Collateral transferred by the Seller to the Issuer under the Participation Collateral Agreement shall be deposited in the Sub-Participation Collateral Account. The Issuer shall on each Notes Payment Date debit from the Sub-Participation Collateral Account an amount equal to the amount which the Seller is due to pay to the Issuer pursuant to the relevant Insurance Savings Participation Agreement.

If at any time (i) SRLEV enters into an Insurance Savings Participation Agreement with the Issuer, (ii) SRLEV is dissolved (*ontbonden*), subjected to emergency regulations (*noodregeling*) or declared bankrupt (*failliet verklaard*), (iii) all Notes have been redeemed in full, (iv) any Borrower is subjected to any debt restructuring scheme (*schuldsanering natuurlijke personen*) or declared bankrupt (*failliet verklaard*) or (v) payments are made from the Seller (in its capacity as Insurance Savings Participant) to the Issuer under the relevant Insurance Savings Participation Agreement, the Issuer shall transfer to the Seller Equivalent Eligible Participation Collateral having a value equal to the Participation Return Amount.

## 5.7 Administration Agreement

In the Administration Agreement the Issuer Administrator has agreed to provide certain administration, calculation and cash management services to the Issuer, including (a) all payments to be made by the Issuer under the Swap Agreement and under the other Transaction Documents, (b) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (c) all payments to be made by the Issuer under the Insurance Savings Participation Agreement, (d) the maintaining of all required ledgers in connection with the above, (e) all calculations to be made pursuant to the Conditions under the Notes and (f) the submission of certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

The appointment of the Issuer Administrator under the Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including:

- (a) a default by the relevant party in the payment on the due date of any payment due and payable by it under the Administration Agreement, without being remedied within the agreed period;
- (b) a default by the relevant party in the performance or observance of any of its other covenants and obligations under the Administration Agreement without being remedied within the agreed period; or
- (c) the relevant party has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into (preliminary) suspension of payments or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets; or

The Security Trustee and the Issuer shall use their best efforts to appoint a substitute issuer administrator to the extent possible prior to the termination of the appointment of the Issuer Administrator, and such substitute issuer administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing Agreement, provided that such substitute issuer administrator shall have the benefit of a fee at a level then to be determined. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The appointment of the Issuer Administrator under the Administration Agreement may be terminated by the relevant party, the Issuer and/or the Security Trustee upon the expiry of not less than 12 months' notice of termination given by the relevant party to each of the Issuer and the Security Trustee provided that - *inter alia*- (a) the Security Trustee consents in writing to such termination and (b) in the case of the termination of the appointment of the Issuer Administrator, a substitute issuer administrator shall be appointed, such appointment to be effective not later than the date of termination of the Administration Agreement and the Issuer Administrator shall not be released from its obligations under the Administration Agreement until such substitute issuer administrator has entered into such new agreement.

**Sub-delegation**

The Issuer Administrator has, in accordance with the Administration Agreement, appointed WestlandUtrecht Bank as its sub-agent to carry out the activities of the Issuer Administrator as provided for in the Administration Agreement. WestlandUtrecht Bank has accepted this appointment and has committed itself, in favour of the Issuer, to carry out the services as provided for in the Administration Agreement subject to and on the terms agreed with ING Bank. The Issuer and the Security Trustee have consented to the appointment of WestlandUtrecht Bank as sub-agent. The appointment of WestlandUtrecht Bank as sub-agent of ING Bank is without prejudice to the obligations of ING Bank under the Administration Agreement and ING Bank shall continue to be liable as if no such appointment had been made and as if the acts and omissions of WestlandUtrecht Bank were the acts and omissions of ING Bank.



## 5.8 Rating triggers

| Transaction Party                     | Required Ratings                                                                                                                                                                                                                                                        | Contractual requirements on occurrence of breach of ratings trigger include the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer Account Bank</b>            | <p>(a) a rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the relevant entity are assigned a rating of no less than F1 by Fitch or P-1 by Moody's, and</p> <p>(b) a long-term issuer default rating of at least A by Fitch.</p> | <p>The consequences of breach are that the Issuer Account Bank will, within 20 calendar days, procure a third party having at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank. If the Issuer Account Bank fails to do so, the Issuer will, within 30 calendar days after such downgrade, (i) transfer the balances of the Initial Issuer Accounts to an alternative bank with the Requisite Credit Rating or (ii) procure a third party having at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank. If after 10 calendar days following such downgrade or withdrawal, the Issuer Account Bank is of the opinion that it may not be able to find a third party having at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank, it shall notify the Issuer and the Security Trustee accordingly.</p> |
| <b>Seller Collection Account Bank</b> | <p>(a) the rating of the short-term, unsecured and unguaranteed debt obligations of F-1 by Fitch or P-1 by Moody's; and</p> <p>(b) the rating of the long-term, unsecured and unguaranteed debt obligations of A by Fitch.</p>                                          | <p>The consequences of breach are that the Seller will, within 30 calendar days, in order to maintain the then current rating assigned to the Class A Notes, either: (i) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed by a party having at least the Seller Collection Requisite Rating; or (ii) (a) open an escrow account in the name of the Issuer, for the Issuer's own account, with a party having at least the Seller Collection Requisite Rating, and (b)</p>                                                                                                                                                                                                                                                                                                                                           |

| Transaction Party        | Required Ratings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Contractual requirements on occurrence of breach of ratings trigger include the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | transfer to the escrow account an amount equal to the highest single amount of principal, interest and prepayment penalties received since the Closing on the Issuer Collection Account during one Mortgage Calculation Period; or (iii) implement any other actions to maintain the then current ratings assigned to the Mortgage-Backed Notes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Swap Counterparty</b> | <p data-bbox="539 734 772 761">First trigger ratings:</p> <p data-bbox="539 801 970 999">(a) the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of least F1 by Fitch and Prime-1 by Moody's, and</p> <p data-bbox="539 1039 970 1312">(b) the rating of the long-term issuer default rating of at least A by Fitch and of the long-term unsecured, unsubordinated and unguaranteed debt obligations of at least A2 by Moody's,</p> <p data-bbox="539 1352 970 1482">(or such lower ratings as are commensurate with the highest rating afforded to any Class of Notes outstanding).</p> <p data-bbox="539 1523 807 1550">Second trigger ratings:</p> <p data-bbox="539 1590 970 1787">(c) the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least F3 by Fitch or Prime-2 by Moody's, and</p> <p data-bbox="539 1827 970 2049">(d) the rating of the long-term issuer default rating of at least BBB- by Fitch and of the long-term unsecured, unsubordinated and unguaranteed debt obligations of at least A3</p> | <p data-bbox="999 734 1430 1800">The consequences of breaching the first trigger ratings are that the Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under the Swap Agreement pursuant to the Credit Support Annex to the Swap Agreement entered into by the Issuer and the Swap Counterparty on the basis of the standard ISDA documentation (which provides for requirements relating to the providing of collateral by the Swap Counterparty) (the <b>CSA</b>), or (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Required Ratings, or (iii) procuring another entity with at least the Swap Required Ratings to become joint-obligor in respect of its obligations under the Swap Agreement, or (iv) taking such other action as it may agree with the Credit Rating Agencies. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.</p> <p data-bbox="999 1841 1430 2049">The consequences of breaching the second trigger ratings are that the Swap Counterparty will be required to take certain remedial measures which will include (i) the provision of collateral for its obligations</p> |

| Transaction Party | Required Ratings                                                                                                                                                                                                        | Contractual requirements on occurrence of breach of ratings trigger include the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | by Moody's,<br><br>(or such lower ratings as are commensurate with the highest rating afforded to any Class of Notes outstanding).                                                                                      | under the Swap Agreement pursuant to the CSA, and (ii) (A) arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Required Ratings, or (B) procuring another entity with at least the Swap Required Ratings to become joint-obligor in respect of its obligations under the Swap Agreement, or (C) taking such other action as it may agree with the Credit Rating Agencies. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement. |
| <b>ING Bank</b>   | (a) the rating of the short-term, unsecured and unguaranteed debt obligations of F-1 by Fitch or P-1 by Moody's; and<br><br>(b) the rating of the long-term, unsecured and unguaranteed debt obligations of A by Fitch. | The consequences of breach are that the Seller will transfer, on each Notes Payment Date, Eligible Collateral in an amount of and having a value equal to the relevant Delivery Amount to the Financial Collateral Account.                                                                                                                                                                                                                                                                                                                            |

## 6. PORTFOLIO INFORMATION

### 6.1 Stratification Tables

The numerical information set out below relates to the Provisional Pool which was selected on 31 October 2012. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Receivables actually sold on the Closing Date. After the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables.

| 1. Key characteristics                                       |               |     |  |
|--------------------------------------------------------------|---------------|-----|--|
| Cutoff date 31 Oct 2012                                      |               |     |  |
| Principal balance                                            | 3,672,637,248 | EUR |  |
| Value of saving deposits                                     | 268,562,804   | EUR |  |
| Net principal balance                                        | 3,404,074,444 | EUR |  |
| Construction deposits                                        | -             | EUR |  |
| Net principal balance excl. construction and saving deposits | 3,404,074,444 | EUR |  |
| Number of loans                                              | 14,087        |     |  |
| Number of loanparts                                          | 29,119        |     |  |
| Average principal balance (borrower)                         | 241,647       | EUR |  |
| Weighted average current interest rate                       | 4.67          | %   |  |
| Weighted average maturity (in years)                         | 24.40         |     |  |
| Weighted average seasoning (in years)                        | 3.82          |     |  |
| Weighted average LTMV                                        | 84.95%        |     |  |
| Weighted average LTMV (indexed)                              | 86.60%        |     |  |
| Weighted average LTFV                                        | 94.81%        |     |  |
| Weighted average LTFV (indexed)                              | 96.64%        |     |  |

| 2. Redemption Type |                                                        |             |                 |             |                  |                      |               |  |
|--------------------|--------------------------------------------------------|-------------|-----------------|-------------|------------------|----------------------|---------------|--|
| Description        | Aggregate Outstanding<br>Current Notional Amount (EUR) | % of Total  | Nr of Loanparts | % of Total  | WA Coupon<br>(%) | WA Maturity<br>(yrs) | WA LTFV *     |  |
| Annuity            | 27,285,277                                             | 0.80%       | 436             | 1.50%       | 4.72             | 24.84                | 98.91%        |  |
| Bank Savings       | 193,188,167                                            | 5.68%       | 1,511           | 5.19%       | 4.93             | 24.97                | 104.03%       |  |
| Interest Only      | 1,370,378,299                                          | 40.26%      | 13,019          | 44.71%      | 4.52             | 25.92                | 90.92%        |  |
| Investment         | 592,135,115                                            | 17.39%      | 2,707           | 9.30%       | 4.36             | 25.55                | 101.07%       |  |
| Life               | 238,411,049                                            | 7.00%       | 1,570           | 5.39%       | 4.45             | 23.51                | 101.35%       |  |
| Linear             | 7,267,442                                              | 0.21%       | 111             | 0.38%       | 4.18             | 21.23                | 92.43%        |  |
| Savings            | 963,396,930                                            | 28.30%      | 9,682           | 33.25%      | 5.08             | 21.72                | 92.80%        |  |
| Switch (Hybrid)    | 12,012,166                                             | 0.35%       | 83              | 0.29%       | 4.98             | 19.75                | 105.99%       |  |
| <b>Total</b>       | <b>3,404,074,444</b>                                   | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>      | <b>24.40</b>         | <b>94.81%</b> |  |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value\*\*

\*\* Foreclosure Value is the original foreclosure value or such later foreclosure value as communicated to WUB

| 3. Outstanding Current Loan Amount                             |            |                               |            |             |            |           |             |           |  |
|----------------------------------------------------------------|------------|-------------------------------|------------|-------------|------------|-----------|-------------|-----------|--|
|                                                                |            | Aggregate Outstanding         |            |             |            | WA Coupon | WA Maturity | WA LTFV * |  |
| From (>)                                                       | Until (<=) | Current Notional Amount (EUR) | % of Total | Nr of Loans | % of Total | (%)       | (yrs)       |           |  |
| <                                                              | 25,000     | 1,804,511                     | 0.05%      | 128         | 0.91%      | 6.73      | 7.39        | 12.01%    |  |
| 25,000                                                         | 50,000     | 8,826,035                     | 0.26%      | 217         | 1.54%      | 5.57      | 15.15       | 24.65%    |  |
| 50,000                                                         | 75,000     | 26,184,422                    | 0.77%      | 409         | 2.90%      | 5.39      | 16.18       | 36.05%    |  |
| 75,000                                                         | 100,000    | 55,627,764                    | 1.63%      | 629         | 4.47%      | 5.19      | 18.55       | 51.63%    |  |
| 100,000                                                        | 150,000    | 248,380,535                   | 7.30%      | 1,934       | 13.73%     | 4.86      | 21.76       | 74.67%    |  |
| 150,000                                                        | 200,000    | 474,915,822                   | 13.95%     | 2,686       | 19.07%     | 4.73      | 23.90       | 92.10%    |  |
| 200,000                                                        | 250,000    | 662,896,764                   | 19.47%     | 2,948       | 20.93%     | 4.75      | 24.71       | 99.15%    |  |
| 250,000                                                        | 300,000    | 475,971,115                   | 13.98%     | 1,745       | 12.39%     | 4.66      | 25.02       | 97.83%    |  |
| 300,000                                                        | 350,000    | 370,404,881                   | 10.88%     | 1,141       | 8.10%      | 4.65      | 25.00       | 98.40%    |  |
| 350,000                                                        | 400,000    | 274,678,524                   | 8.07%      | 732         | 5.20%      | 4.58      | 24.99       | 97.83%    |  |
| 400,000                                                        | 450,000    | 214,419,925                   | 6.30%      | 505         | 3.58%      | 4.63      | 24.86       | 98.46%    |  |
| 450,000                                                        | 500,000    | 156,714,141                   | 4.60%      | 330         | 2.34%      | 4.49      | 25.10       | 99.23%    |  |
| 500,000                                                        | 550,000    | 108,641,593                   | 3.19%      | 207         | 1.47%      | 4.52      | 25.56       | 100.36%   |  |
| 550,000                                                        | 600,000    | 84,127,859                    | 2.47%      | 146         | 1.04%      | 4.38      | 25.37       | 101.22%   |  |
| 600,000                                                        | 650,000    | 63,948,994                    | 1.88%      | 102         | 0.72%      | 4.37      | 25.20       | 102.12%   |  |
| 650,000                                                        | 700,000    | 40,793,135                    | 1.20%      | 60          | 0.43%      | 4.43      | 25.49       | 101.53%   |  |
| 700,000                                                        | 750,000    | 40,583,999                    | 1.19%      | 56          | 0.40%      | 4.28      | 25.92       | 102.87%   |  |
| 750,000                                                        | 800,000    | 30,258,933                    | 0.89%      | 39          | 0.28%      | 4.54      | 25.79       | 106.55%   |  |
| 800,000                                                        | 850,000    | 20,605,943                    | 0.61%      | 25          | 0.18%      | 4.27      | 25.37       | 104.97%   |  |
| 850,000                                                        | 900,000    | 15,747,320                    | 0.46%      | 18          | 0.13%      | 4.45      | 26.04       | 105.41%   |  |
| 900,000                                                        | 950,000    | 16,768,526                    | 0.49%      | 18          | 0.13%      | 4.51      | 24.53       | 96.94%    |  |
| 950,000                                                        | 1,000,000  | 11,773,704                    | 0.35%      | 12          | 0.09%      | 4.15      | 25.30       | 101.16%   |  |
| 1,000,000                                                      | >          | -                             | -          | -           | -          | -         | -           | -         |  |
| Total                                                          |            | 3,404,074,444                 | 100%       | 14,087      | 100%       | 4.67      | 24.40       | 94.81%    |  |
| * WA LTFV = Weighted Average Current Loan to Foreclosure Value |            |                               |            |             |            |           |             |           |  |
| Average                                                        | 241,647    |                               |            |             |            |           |             |           |  |
| Minimum                                                        | 446        |                               |            |             |            |           |             |           |  |
| Maximum                                                        | 1,000,000  |                               |            |             |            |           |             |           |  |

| 4. Origination Year                                            |           |                               |            |                 |            |           |             |           |  |
|----------------------------------------------------------------|-----------|-------------------------------|------------|-----------------|------------|-----------|-------------|-----------|--|
|                                                                |           | Aggregate Outstanding         |            |                 |            | WA Coupon | WA Maturity | WA LTFV * |  |
| From (>=)                                                      | Until (<) | Current Notional Amount (EUR) | % of Total | Nr of Loanparts | % of Total | (%)       | (yrs)       |           |  |
| Unknown                                                        |           | -                             | -          | -               | -          | -         | -           | -         |  |
| <                                                              | 1,995     | 41,666,680                    | 1.22%      | 1,096           | 3.76%      | 6.73      | 7.78        | 50.58%    |  |
| 1995                                                           | 1,996     | 12,668,005                    | 0.37%      | 253             | 0.87%      | 6.35      | 9.35        | 52.17%    |  |
| 1996                                                           | 1,997     | 33,088,367                    | 0.97%      | 575             | 1.97%      | 6.04      | 11.28       | 56.02%    |  |
| 1997                                                           | 1,998     | 34,119,273                    | 1.00%      | 627             | 2.15%      | 6.05      | 12.46       | 60.67%    |  |
| 1998                                                           | 1,999     | 39,864,775                    | 1.17%      | 624             | 2.14%      | 5.74      | 13.77       | 64.67%    |  |
| 1999                                                           | 2,000     | 22,226,206                    | 0.65%      | 270             | 0.93%      | 4.86      | 15.08       | 75.47%    |  |
| 2000                                                           | 2,001     | 8,845,528                     | 0.26%      | 147             | 0.50%      | 4.99      | 16.10       | 74.09%    |  |
| 2001                                                           | 2,002     | 11,131,529                    | 0.33%      | 127             | 0.44%      | 4.91      | 17.39       | 80.62%    |  |
| 2002                                                           | 2,003     | 26,732,605                    | 0.79%      | 356             | 1.22%      | 3.96      | 19.31       | 74.99%    |  |
| 2003                                                           | 2,004     | 48,607,017                    | 1.43%      | 510             | 1.75%      | 4.37      | 19.84       | 86.20%    |  |
| 2004                                                           | 2,005     | 59,767,955                    | 1.76%      | 618             | 2.12%      | 3.75      | 21.15       | 86.04%    |  |
| 2005                                                           | 2,006     | 122,513,750                   | 3.60%      | 1,028           | 3.53%      | 3.99      | 21.99       | 91.41%    |  |
| 2006                                                           | 2,007     | 139,962,380                   | 4.11%      | 1,270           | 4.36%      | 4.43      | 22.65       | 86.02%    |  |
| 2007                                                           | 2,008     | 309,868,149                   | 9.10%      | 2,484           | 8.53%      | 4.92      | 23.85       | 91.33%    |  |
| 2008                                                           | 2,009     | 418,964,630                   | 12.31%     | 3,538           | 12.15%     | 5.18      | 24.79       | 95.41%    |  |
| 2009                                                           | 2,010     | 261,844,890                   | 7.69%      | 2,236           | 7.68%      | 4.83      | 25.38       | 94.75%    |  |
| 2010                                                           | 2,011     | 576,480,445                   | 16.94%     | 4,019           | 13.80%     | 4.41      | 26.49       | 99.17%    |  |
| 2011                                                           | 2,012     | 894,081,829                   | 26.27%     | 6,598           | 22.66%     | 4.52      | 26.20       | 101.55%   |  |
| 2012                                                           | 2,013     | 341,640,431                   | 10.04%     | 2,743           | 9.42%      | 4.41      | 26.01       | 101.33%   |  |
| 2013                                                           | >         | -                             | -          | -               | 0.00%      | -         | -           | -         |  |
| Total                                                          |           | 3,404,074,444                 | 100%       | 29,119          | 100%       | 4.67      | 24.40       | 94.81%    |  |
| * WA LTFV = Weighted Average Current Loan to Foreclosure Value |           |                               |            |                 |            |           |             |           |  |
| Weighted Average                                               |           | -                             |            |                 |            |           |             |           |  |
| Minimum                                                        |           | 2 Jan 90                      |            |                 |            |           |             |           |  |
| Maximum                                                        |           | 1 Oct 12                      |            |                 |            |           |             |           |  |

| 5. Seasoning                                                   |           |                               |             |                 |             |               |                   |               |   |
|----------------------------------------------------------------|-----------|-------------------------------|-------------|-----------------|-------------|---------------|-------------------|---------------|---|
| From (>=)                                                      | Until (<) | Aggregate Outstanding         |             | Nr of Loanparts | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |   |
|                                                                |           | Current Notional Amount (EUR) | % of Total  |                 |             |               |                   |               |   |
| Unknown                                                        |           | -                             | -           | -               | -           | -             | -                 | -             | - |
| <                                                              | 1 year    | 428,337,231                   | 12.58%      | 3,448           | 11.84%      | 4.40          | 25.93             | 101.06%       |   |
| 1 years                                                        | 2 years   | 987,186,906                   | 29.00%      | 7,114           | 24.43%      | 4.50          | 26.33             | 101.44%       |   |
| 2 years                                                        | 3 years   | 441,769,696                   | 12.98%      | 3,170           | 10.89%      | 4.45          | 26.37             | 98.36%        |   |
| 3 years                                                        | 4 years   | 290,849,537                   | 8.54%       | 2,486           | 8.54%       | 4.98          | 25.18             | 94.34%        |   |
| 4 years                                                        | 5 years   | 433,223,724                   | 12.73%      | 3,628           | 12.46%      | 5.11          | 24.68             | 95.52%        |   |
| 5 years                                                        | 6 years   | 250,124,089                   | 7.35%       | 2,009           | 6.90%       | 4.85          | 23.65             | 90.34%        |   |
| 6 years                                                        | 7 years   | 147,331,229                   | 4.33%       | 1,279           | 4.39%       | 4.27          | 22.41             | 86.18%        |   |
| 7 years                                                        | 8 years   | 98,831,040                    | 2.90%       | 900             | 3.09%       | 4.01          | 21.81             | 91.29%        |   |
| 8 years                                                        | 9 years   | 57,695,348                    | 1.69%       | 604             | 2.07%       | 3.74          | 21.03             | 85.34%        |   |
| 9 years                                                        | 10 years  | 44,767,353                    | 1.32%       | 485             | 1.67%       | 4.46          | 19.54             | 84.73%        |   |
| 10 years                                                       | 11 years  | 22,297,926                    | 0.66%       | 303             | 1.04%       | 3.96          | 19.22             | 74.17%        |   |
| 11 years                                                       | 12 years  | 10,470,809                    | 0.31%       | 125             | 0.43%       | 4.85          | 17.20             | 80.43%        |   |
| 12 years                                                       | 13 years  | 11,413,658                    | 0.34%       | 166             | 0.57%       | 4.83          | 16.11             | 76.43%        |   |
| 13 years                                                       | 14 years  | 24,995,947                    | 0.73%       | 343             | 1.18%       | 5.07          | 14.80             | 72.66%        |   |
| 14 years                                                       | 15 years  | 38,674,780                    | 1.14%       | 608             | 2.09%       | 5.89          | 13.50             | 63.92%        |   |
| 15 years                                                       | 16 years  | 36,261,605                    | 1.07%       | 660             | 2.27%       | 6.02          | 12.18             | 59.58%        |   |
| 16 years                                                       | 17 years  | 29,863,132                    | 0.88%       | 527             | 1.81%       | 6.01          | 11.02             | 55.51%        |   |
| 17 years                                                       | 18 years  | 10,008,260                    | 0.29%       | 201             | 0.69%       | 6.65          | 8.84              | 52.53%        |   |
| 18 years                                                       | 19 years  | 16,369,759                    | 0.48%       | 382             | 1.31%       | 6.86          | 8.13              | 52.02%        |   |
| 19 years                                                       | 20 years  | 13,618,651                    | 0.40%       | 396             | 1.36%       | 7.03          | 7.67              | 49.29%        |   |
| 20 years                                                       | >         | 9,983,765                     | 0.29%       | 285             | 0.98%       | 6.06          | 7.33              | 48.75%        |   |
| <b>Total</b>                                                   |           | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |   |
| * WA LTFV = Weighted Average Current Loan to Foreclosure Value |           |                               |             |                 |             |               |                   |               |   |
| <b>Weighted Average</b>                                        |           | <b>3.82</b>                   |             |                 |             |               |                   |               |   |
| <b>Minimum</b>                                                 |           | -                             |             |                 |             |               |                   |               |   |
| <b>Maximum</b>                                                 |           | <b>22.75</b>                  |             |                 |             |               |                   |               |   |

| 6. Legal Maturity                                              |           |                               |             |                 |             |               |                   |               |   |
|----------------------------------------------------------------|-----------|-------------------------------|-------------|-----------------|-------------|---------------|-------------------|---------------|---|
| From (>=)                                                      | Until (<) | Aggregate Outstanding         |             | Nr of Loanparts | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |   |
|                                                                |           | Current Notional Amount (EUR) | % of Total  |                 |             |               |                   |               |   |
| Unknown                                                        |           | -                             | -           | -               | -           | -             | -                 | -             | - |
| <                                                              | 2012      | -                             | -           | -               | -           | -             | -                 | -             | - |
| 2012                                                           | 2013      | 210,889                       | 0.01%       | 19              | 0.07%       | 8.96          | 0.15              | 28.56%        |   |
| 2013                                                           | 2014      | 3,284,375                     | 0.10%       | 224             | 0.77%       | 6.81          | 0.80              | 42.45%        |   |
| 2014                                                           | 2015      | 3,955,229                     | 0.12%       | 177             | 0.61%       | 7.27          | 1.75              | 45.23%        |   |
| 2015                                                           | 2016      | 3,859,537                     | 0.11%       | 139             | 0.48%       | 6.67          | 2.78              | 42.67%        |   |
| 2016                                                           | 2017      | 7,686,235                     | 0.23%       | 224             | 0.77%       | 6.40          | 3.74              | 44.90%        |   |
| 2017                                                           | 2018      | 6,356,320                     | 0.19%       | 188             | 0.65%       | 6.37          | 4.69              | 48.57%        |   |
| 2018                                                           | 2019      | 9,393,009                     | 0.28%       | 212             | 0.73%       | 6.11          | 5.76              | 50.49%        |   |
| 2019                                                           | 2020      | 8,050,937                     | 0.24%       | 154             | 0.53%       | 6.23          | 6.67              | 55.65%        |   |
| 2020                                                           | 2025      | 70,781,461                    | 2.08%       | 1,178           | 4.05%       | 5.92          | 10.05             | 60.33%        |   |
| 2025                                                           | 2030      | 184,859,187                   | 5.43%       | 2,389           | 8.20%       | 5.27          | 15.00             | 72.34%        |   |
| 2030                                                           | 2035      | 516,805,510                   | 15.18%      | 4,578           | 15.72%      | 4.51          | 19.90             | 89.88%        |   |
| 2035                                                           | 2040      | 1,316,279,989                 | 38.67%      | 10,440          | 35.85%      | 4.75          | 24.93             | 96.14%        |   |
| 2040                                                           | 2045      | 1,272,551,766                 | 37.38%      | 9,197           | 31.58%      | 4.43          | 28.52             | 102.19%       |   |
| 2045                                                           | 2050      | -                             | -           | -               | -           | -             | -                 | -             | - |
| 2050                                                           | >         | -                             | -           | -               | -           | -             | -                 | -             | - |
| <b>Total</b>                                                   |           | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |   |
| * WA LTFV = Weighted Average Current Loan to Foreclosure Value |           |                               |             |                 |             |               |                   |               |   |
| <b>Weighted Average</b>                                        |           | -                             |             |                 |             |               |                   |               |   |
| <b>Minimum</b>                                                 |           | <b>1 Nov 12</b>               |             |                 |             |               |                   |               |   |
| <b>Maximum</b>                                                 |           | <b>1 Nov 42</b>               |             |                 |             |               |                   |               |   |

| 7. Remaining Tenor                                            |              |                               |             |                 |             |               |                   |               |
|---------------------------------------------------------------|--------------|-------------------------------|-------------|-----------------|-------------|---------------|-------------------|---------------|
| From (>=)                                                     | Until (<)    | Aggregate Outstanding         |             | Nr of Loanparts | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                                                               |              | Current Notional Amount (EUR) | % of Total  |                 |             |               |                   |               |
| Unknown                                                       | -            | -                             | -           | -               | -           | -             | -                 | -             |
| <                                                             | 1 year       | 2,518,031                     | 0.07%       | 192             | 0.66%       | 7.26          | 0.63              | 45.18%        |
| 1 years                                                       | 2 years      | 4,033,661                     | 0.12%       | 196             | 0.67%       | 6.89          | 1.52              | 43.10%        |
| 2 years                                                       | 3 years      | 3,287,347                     | 0.10%       | 124             | 0.43%       | 7.12          | 2.44              | 41.75%        |
| 3 years                                                       | 4 years      | 7,667,474                     | 0.23%       | 224             | 0.77%       | 6.39          | 3.55              | 44.55%        |
| 4 years                                                       | 5 years      | 6,518,579                     | 0.19%       | 195             | 0.67%       | 6.38          | 4.48              | 48.18%        |
| 5 years                                                       | 6 years      | 7,790,489                     | 0.23%       | 194             | 0.67%       | 6.16          | 5.52              | 50.19%        |
| 6 years                                                       | 7 years      | 9,151,153                     | 0.27%       | 179             | 0.61%       | 6.25          | 6.40              | 52.82%        |
| 7 years                                                       | 8 years      | 9,027,139                     | 0.27%       | 178             | 0.61%       | 6.02          | 7.48              | 55.80%        |
| 8 years                                                       | 9 years      | 12,404,365                    | 0.36%       | 223             | 0.77%       | 5.83          | 8.49              | 58.48%        |
| 9 years                                                       | 10 years     | 12,138,312                    | 0.36%       | 215             | 0.74%       | 5.91          | 9.48              | 61.24%        |
| 10 years                                                      | 11 years     | 14,249,509                    | 0.42%       | 242             | 0.83%       | 6.13          | 10.54             | 54.31%        |
| 11 years                                                      | 12 years     | 20,939,761                    | 0.62%       | 298             | 1.02%       | 5.85          | 11.44             | 65.76%        |
| 12 years                                                      | 13 years     | 16,147,372                    | 0.47%       | 209             | 0.72%       | 5.54          | 12.50             | 68.19%        |
| 13 years                                                      | 14 years     | 32,643,661                    | 0.96%       | 446             | 1.53%       | 5.25          | 13.53             | 69.78%        |
| 14 years                                                      | 15 years     | 44,031,568                    | 1.29%       | 623             | 2.14%       | 5.28          | 14.47             | 70.97%        |
| 15 years                                                      | 16 years     | 44,380,497                    | 1.30%       | 575             | 1.97%       | 5.51          | 15.46             | 72.55%        |
| 16 years                                                      | 17 years     | 41,505,403                    | 1.22%       | 500             | 1.72%       | 5.15          | 16.43             | 75.27%        |
| 17 years                                                      | 18 years     | 40,737,382                    | 1.20%       | 414             | 1.42%       | 4.62          | 17.50             | 79.65%        |
| 18 years                                                      | 19 years     | 107,586,143                   | 3.16%       | 932             | 3.20%       | 4.74          | 18.60             | 88.56%        |
| 19 years                                                      | 20 years     | 148,980,180                   | 4.38%       | 1,257           | 4.32%       | 4.58          | 19.43             | 91.73%        |
| 20 years                                                      | 21 years     | 96,714,097                    | 2.84%       | 870             | 2.99%       | 4.51          | 20.47             | 89.96%        |
| 21 years                                                      | 22 years     | 105,086,913                   | 3.09%       | 941             | 3.23%       | 4.23          | 21.47             | 90.91%        |
| 22 years                                                      | 23 years     | 156,114,552                   | 4.59%       | 1,313           | 4.51%       | 4.15          | 22.53             | 94.51%        |
| 23 years                                                      | 24 years     | 219,067,616                   | 6.44%       | 1,637           | 5.62%       | 4.26          | 23.46             | 95.04%        |
| 24 years                                                      | 25 years     | 241,449,510                   | 7.09%       | 1,842           | 6.33%       | 4.70          | 24.53             | 93.49%        |
| 25 years                                                      | 26 years     | 399,337,080                   | 11.73%      | 3,173           | 10.90%      | 5.02          | 25.45             | 97.50%        |
| 26 years                                                      | 27 years     | 284,815,655                   | 8.37%       | 2,373           | 8.15%       | 5.10          | 26.39             | 97.69%        |
| 27 years                                                      | 28 years     | 289,590,043                   | 8.51%       | 2,111           | 7.25%       | 4.48          | 27.58             | 99.01%        |
| 28 years                                                      | 29 years     | 737,984,460                   | 21.68%      | 5,077           | 17.44%      | 4.44          | 28.45             | 102.42%       |
| 29 years                                                      | 30 years     | 275,372,309                   | 8.09%       | 2,252           | 7.73%       | 4.40          | 29.41             | 104.01%       |
| 30 years                                                      | >            | 12,804,185                    | 0.38%       | 114             | 0.39%       | 4.17          | 30.00             | 102.81%       |
| <b>Total</b>                                                  |              | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |
| * WALTFV = Weighted Average Current Loan to Foreclosure Value |              |                               |             |                 |             |               |                   |               |
| <b>Weighted Average</b>                                       | <b>24.40</b> |                               |             |                 |             |               |                   |               |
| <b>Minimum</b>                                                | <b>0.08</b>  |                               |             |                 |             |               |                   |               |
| <b>Maximum</b>                                                | <b>30.08</b> |                               |             |                 |             |               |                   |               |

| 8a. Original Loan to Original Foreclosure Value                                                                                                        |            |                               |            |             |            |           |             |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------|------------|-------------|------------|-----------|-------------|-----------|
|                                                                                                                                                        |            | Aggregate Outstanding         |            |             |            | WA Coupon | WA Maturity | WA LTFV * |
| From (>)                                                                                                                                               | Until (<=) | Current Notional Amount (EUR) | % of Total | Nr of Loans | % of Total | (%)       | (yrs)       |           |
| Unknown                                                                                                                                                |            |                               |            |             |            |           |             |           |
| <                                                                                                                                                      | 10%        |                               |            |             |            |           |             |           |
| 10%                                                                                                                                                    | 20%        |                               |            |             |            |           |             |           |
| 20%                                                                                                                                                    | 30%        |                               |            |             |            |           |             |           |
| 30%                                                                                                                                                    | 40%        |                               |            |             |            |           |             |           |
| 40%                                                                                                                                                    | 50%        |                               |            |             |            |           |             |           |
| 50%                                                                                                                                                    | 60%        |                               |            |             |            |           |             |           |
| 60%                                                                                                                                                    | 70%        |                               |            |             | n.a.*      |           |             |           |
| 70%                                                                                                                                                    | 80%        |                               |            |             |            |           |             |           |
| 80%                                                                                                                                                    | 90%        |                               |            |             |            |           |             |           |
| 90%                                                                                                                                                    | 100%       |                               |            |             |            |           |             |           |
| 100%                                                                                                                                                   | 110%       |                               |            |             |            |           |             |           |
| 110%                                                                                                                                                   | 120%       |                               |            |             |            |           |             |           |
| 120%                                                                                                                                                   | 130%       |                               |            |             |            |           |             |           |
| Total                                                                                                                                                  |            |                               |            |             |            |           |             |           |
| * WA LTFV = Weighted Average Current Loan to Foreclosure Value                                                                                         |            |                               |            |             |            |           |             |           |
| Weighted Average                                                                                                                                       |            | n.a.                          |            |             |            |           |             |           |
| Minimum                                                                                                                                                |            | n.a.                          |            |             |            |           |             |           |
| Maximum                                                                                                                                                |            | n.a.                          |            |             |            |           |             |           |
| * The original loan amounts are not readily available, as revisions to certain loans overstate the original loan amount in the administration systems. |            |                               |            |             |            |           |             |           |

| 8b. Original Loan to Original Foreclosure Value |            |                               |            |             |            |           |             |           |
|-------------------------------------------------|------------|-------------------------------|------------|-------------|------------|-----------|-------------|-----------|
| From (>)                                        | Until (<=) | Aggregate Outstanding         |            | Nr of Loans | % of Total | WA Coupon | WA Maturity | WA LTFV * |
|                                                 |            | Current Notional Amount (EUR) | % of Total |             |            | (%)       | (yrs)       |           |
| Unknown                                         |            |                               |            |             |            |           |             |           |
| NHG Guarantee                                   |            |                               |            |             |            |           |             |           |
| <                                               | 10%        |                               |            |             |            |           |             |           |
| 10%                                             | 20%        |                               |            |             |            |           |             |           |
| 20%                                             | 30%        |                               |            |             |            |           |             |           |
| 30%                                             | 40%        |                               |            |             |            |           |             |           |
| 40%                                             | 50%        |                               |            |             |            |           |             |           |
| 50%                                             | 60%        |                               |            |             |            |           |             |           |
| 60%                                             | 70%        |                               |            |             |            |           |             |           |
| 70%                                             | 80%        |                               |            |             |            |           |             |           |
| 80%                                             | 90%        |                               |            |             |            |           |             |           |
| 90%                                             | 100%       |                               |            |             |            |           |             |           |
| 100%                                            | 110%       |                               |            |             |            |           |             |           |
| 110%                                            | 120%       |                               |            |             |            |           |             |           |
| 120%                                            | 130%       |                               |            |             |            |           |             |           |
| <b>Total</b>                                    |            |                               |            |             |            |           |             |           |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |             |
|-------------------------|-------------|
| <b>Weighted Average</b> |             |
| <b>Minimum</b>          | <b>n.a.</b> |
| <b>Maximum</b>          |             |

\* The original loan amounts are not readily available, as revisions to certain loans overstate the original loan amount in the administration systems.

| 9a. Current Loan to Original Foreclosure Value |            |                               |             |               |             |             |              |               |
|------------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                       | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                                |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                        |            | -                             | -           | -             | -           | -           | -            | -             |
| <                                              | 10%        | 2,102,084                     | 0.06%       | 115           | 0.82%       | 6.40        | 9.43         | 6.51%         |
| 10%                                            | 20%        | 11,022,203                    | 0.32%       | 191           | 1.36%       | 5.41        | 15.02        | 16.07%        |
| 20%                                            | 30%        | 27,291,820                    | 0.80%       | 340           | 2.41%       | 5.18        | 17.21        | 25.95%        |
| 30%                                            | 40%        | 55,884,134                    | 1.64%       | 516           | 3.66%       | 5.14        | 18.15        | 35.67%        |
| 40%                                            | 50%        | 98,769,600                    | 2.90%       | 691           | 4.91%       | 4.89        | 19.29        | 45.21%        |
| 50%                                            | 60%        | 140,876,875                   | 4.14%       | 817           | 5.80%       | 4.90        | 20.56        | 55.19%        |
| 60%                                            | 70%        | 189,632,173                   | 5.57%       | 926           | 6.57%       | 4.87        | 21.45        | 65.30%        |
| 70%                                            | 80%        | 279,431,877                   | 8.21%       | 1,170         | 8.31%       | 4.69        | 23.05        | 75.29%        |
| 80%                                            | 90%        | 403,471,214                   | 11.85%      | 1,493         | 10.60%      | 4.67        | 24.07        | 85.52%        |
| 90%                                            | 100%       | 628,012,750                   | 18.45%      | 2,132         | 15.13%      | 4.60        | 24.96        | 95.63%        |
| 100%                                           | 110%       | 486,573,146                   | 14.29%      | 1,610         | 11.43%      | 4.49        | 25.73        | 105.19%       |
| 110%                                           | 120%       | 606,520,553                   | 17.82%      | 2,265         | 16.08%      | 4.66        | 25.96        | 115.43%       |
| 120%                                           | 130%       | 474,486,015                   | 13.94%      | 1,821         | 12.93%      | 4.65        | 26.23        | 123.15%       |
| 130%                                           | 140%       | -                             | -           | -             | -           | -           | -            | -             |
| 140%                                           | 150%       | -                             | -           | -             | -           | -           | -            | -             |
| 150%                                           | >          | -                             | -           | -             | -           | -           | -            | -             |
| <b>Total</b>                                   |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |                |
|-------------------------|----------------|
| <b>Weighted Average</b> | <b>94.81%</b>  |
| <b>Minimum</b>          | <b>0.16%</b>   |
| <b>Maximum</b>          | <b>130.00%</b> |



| 9b. Current Loan to Original Foreclosure Value |            |                               |             |               |             |             |              |               |
|------------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                       | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                                |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                        |            | -                             | -           | -             | -           | -           | -            | -             |
| NHG Guarantee                                  |            | 790,143,864                   | 23.21%      | 4,133         | 29.34%      | 4.60        | 25.22        | 104.04%       |
| <                                              | 10%        | 2,032,790                     | 0.06%       | 108           | 0.77%       | 6.43        | 9.14         | 6.51%         |
| 10%                                            | 20%        | 10,473,119                    | 0.31%       | 179           | 1.27%       | 5.45        | 14.80        | 16.01%        |
| 20%                                            | 30%        | 23,277,482                    | 0.68%       | 289           | 2.05%       | 5.34        | 16.66        | 25.87%        |
| 30%                                            | 40%        | 48,637,505                    | 1.43%       | 439           | 3.12%       | 5.23        | 17.72        | 35.65%        |
| 40%                                            | 50%        | 85,173,192                    | 2.50%       | 574           | 4.07%       | 4.98        | 18.84        | 45.22%        |
| 50%                                            | 60%        | 117,713,291                   | 3.46%       | 650           | 4.61%       | 4.99        | 20.11        | 55.15%        |
| 60%                                            | 70%        | 164,079,662                   | 4.82%       | 760           | 5.40%       | 4.91        | 21.31        | 65.33%        |
| 70%                                            | 80%        | 238,415,205                   | 7.00%       | 926           | 6.57%       | 4.72        | 23.00        | 75.27%        |
| 80%                                            | 90%        | 348,915,758                   | 10.25%      | 1,191         | 8.45%       | 4.68        | 24.12        | 85.53%        |
| 90%                                            | 100%       | 557,965,989                   | 16.39%      | 1,764         | 12.52%      | 4.60        | 25.00        | 95.65%        |
| 100%                                           | 110%       | 363,870,504                   | 10.69%      | 1,015         | 7.21%       | 4.47        | 25.79        | 105.14%       |
| 110%                                           | 120%       | 364,589,369                   | 10.71%      | 1,119         | 7.94%       | 4.68        | 25.86        | 115.27%       |
| 120%                                           | 130%       | 288,786,715                   | 8.48%       | 940           | 6.67%       | 4.65        | 26.31        | 122.99%       |
| 130%                                           | 140%       | -                             | -           | -             | -           | -           | -            | -             |
| 140%                                           | 150%       | -                             | -           | -             | -           | -           | -            | -             |
| 150%                                           | >          | -                             | -           | -             | -           | -           | -            | -             |
| <b>Total</b>                                   |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |                |
|-------------------------|----------------|
| <b>Weighted Average</b> | <b>94.81%</b>  |
| <b>Minimum</b>          | <b>0.16%</b>   |
| <b>Maximum</b>          | <b>130.00%</b> |

| 10a. Current Loan to Indexed Foreclosure Value |            |                               |             |               |             |             |              |               |
|------------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                       | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                                |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                        |            | -                             | -           | -             | -           | -           | -            | -             |
| <                                              | 10%        | 2,852,639                     | 0.08%       | 145           | 1.03%       | 6.76        | 7.47         | 9.67%         |
| 10%                                            | 20%        | 15,376,003                    | 0.45%       | 258           | 1.83%       | 5.72        | 13.65        | 22.61%        |
| 20%                                            | 30%        | 33,749,707                    | 0.99%       | 401           | 2.85%       | 5.35        | 16.22        | 32.00%        |
| 30%                                            | 40%        | 60,948,214                    | 1.79%       | 526           | 3.73%       | 5.09        | 17.71        | 39.47%        |
| 40%                                            | 50%        | 99,037,100                    | 2.91%       | 678           | 4.81%       | 4.93        | 19.13        | 47.34%        |
| 50%                                            | 60%        | 127,564,560                   | 3.75%       | 728           | 5.17%       | 4.82        | 20.58        | 55.78%        |
| 60%                                            | 70%        | 168,215,693                   | 4.94%       | 825           | 5.86%       | 4.78        | 21.56        | 64.77%        |
| 70%                                            | 80%        | 251,914,947                   | 7.40%       | 1,050         | 7.45%       | 4.65        | 22.77        | 74.25%        |
| 80%                                            | 90%        | 338,425,075                   | 9.94%       | 1,270         | 9.02%       | 4.62        | 23.94        | 83.73%        |
| 90%                                            | 100%       | 545,413,788                   | 16.02%      | 1,874         | 13.30%      | 4.59        | 24.79        | 93.34%        |
| 100%                                           | 110%       | 583,141,812                   | 17.13%      | 1,944         | 13.80%      | 4.55        | 25.53        | 102.44%       |
| 110%                                           | 120%       | 539,125,190                   | 15.84%      | 1,944         | 13.80%      | 4.57        | 25.99        | 113.25%       |
| 120%                                           | 130%       | 545,297,815                   | 16.02%      | 2,051         | 14.56%      | 4.73        | 26.45        | 120.84%       |
| 130%                                           | 140%       | 92,045,267                    | 2.70%       | 389           | 2.76%       | 4.92        | 25.62        | 123.98%       |
| 140%                                           | 150%       | 966,635                       | 0.03%       | 4             | 0.03%       | 5.37        | 26.63        | 128.65%       |
| 150%                                           | >          | -                             | -           | -             | 0.00%       | -           | -            | -             |
| <b>Total</b>                                   |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |                |
|-------------------------|----------------|
| <b>Weighted Average</b> | <b>96.64%</b>  |
| <b>Minimum</b>          | <b>0.16%</b>   |
| <b>Maximum</b>          | <b>140.76%</b> |

| 10b. Current Loan to Indexed Foreclosure Value |            |                               |             |               |             |             |              |               |
|------------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                       | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                                |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                        |            | -                             | -           | -             | -           | -           | -            | -             |
| NHG Guarantee                                  |            | 790,143,864                   | 23.21%      | 4,133         | 29.34%      | 4.60        | 25.22        | 104.04%       |
| <                                              | 10%        | 2,783,345                     | 0.08%       | 138           | 0.98%       | 6.80        | 7.21         | 9.75%         |
| 10%                                            | 20%        | 14,650,980                    | 0.43%       | 240           | 1.70%       | 5.75        | 13.54        | 22.56%        |
| 20%                                            | 30%        | 30,089,338                    | 0.88%       | 352           | 2.50%       | 5.47        | 15.73        | 32.56%        |
| 30%                                            | 40%        | 53,843,103                    | 1.58%       | 451           | 3.20%       | 5.21        | 17.36        | 39.93%        |
| 40%                                            | 50%        | 85,475,715                    | 2.51%       | 563           | 4.00%       | 5.02        | 18.67        | 47.57%        |
| 50%                                            | 60%        | 106,514,216                   | 3.13%       | 572           | 4.06%       | 4.88        | 20.19        | 55.89%        |
| 60%                                            | 70%        | 141,523,021                   | 4.16%       | 651           | 4.62%       | 4.84        | 21.44        | 64.84%        |
| 70%                                            | 80%        | 217,708,501                   | 6.40%       | 839           | 5.96%       | 4.67        | 22.69        | 74.24%        |
| 80%                                            | 90%        | 290,402,179                   | 8.53%       | 1,006         | 7.14%       | 4.64        | 24.00        | 83.78%        |
| 90%                                            | 100%       | 476,993,443                   | 14.01%      | 1,510         | 10.72%      | 4.60        | 24.85        | 93.27%        |
| 100%                                           | 110%       | 476,493,676                   | 14.00%      | 1,416         | 10.05%      | 4.56        | 25.62        | 102.03%       |
| 110%                                           | 120%       | 352,703,864                   | 10.36%      | 1,051         | 7.46%       | 4.62        | 25.94        | 113.19%       |
| 120%                                           | 130%       | 326,431,820                   | 9.59%       | 1,035         | 7.35%       | 4.70        | 26.51        | 121.29%       |
| 130%                                           | 140%       | 38,046,524                    | 1.12%       | 129           | 0.92%       | 4.78        | 25.18        | 123.72%       |
| 140%                                           | 150%       | 270,856                       | 0.01%       | 1             | 0.01%       | 6.09        | 28.41        | 128.98%       |
| 150%                                           | >          | -                             | -           | -             | 0.00%       | -           | -            | -             |
| <b>Total</b>                                   |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |                |
|-------------------------|----------------|
| <b>Weighted Average</b> | <b>96.64%</b>  |
| <b>Minimum</b>          | <b>0.16%</b>   |
| <b>Maximum</b>          | <b>140.76%</b> |

| 11a. Original Loan to Original Market Value |            |                               |            |             |            |           |             |           |
|---------------------------------------------|------------|-------------------------------|------------|-------------|------------|-----------|-------------|-----------|
| From (>)                                    | Until (<=) | Aggregate Outstanding         |            | Nr of Loans | % of Total | WA Coupon | WA Maturity | WA LTFV * |
|                                             |            | Current Notional Amount (EUR) | % of Total |             |            | (%)       | (yrs)       |           |
| Unknown                                     |            |                               |            |             |            |           |             |           |
| <                                           | 10%        |                               |            |             |            |           |             |           |
| 10%                                         | 20%        |                               |            |             |            |           |             |           |
| 20%                                         | 30%        |                               |            |             |            |           |             |           |
| 30%                                         | 40%        |                               |            |             |            |           |             |           |
| 40%                                         | 50%        |                               |            |             |            |           |             |           |
| 50%                                         | 60%        |                               |            |             |            |           |             |           |
| 60%                                         | 70%        |                               |            |             |            |           |             |           |
| 70%                                         | 80%        |                               |            |             |            |           |             |           |
| 80%                                         | 90%        |                               |            |             |            |           |             |           |
| 90%                                         | 100%       |                               |            |             |            |           |             |           |
| 100%                                        | 110%       |                               |            |             |            |           |             |           |
| 110%                                        | 120%       |                               |            |             |            |           |             |           |
| 120%                                        | 130%       |                               |            |             |            |           |             |           |
| <b>Total</b>                                |            |                               |            |             |            |           |             |           |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

\* The original loan amounts are not readily available, as revisions to certain loans overstate the original loan amount in the administration systems.

|                         |             |
|-------------------------|-------------|
| <b>Weighted Average</b> | <b>n.a.</b> |
| <b>Minimum</b>          |             |
| <b>Maximum</b>          |             |

| 11b. Original Loan to Original Market Value                                                                                                            |            |                               |            |             |            |           |             |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------|------------|-------------|------------|-----------|-------------|-----------|
| From (>)                                                                                                                                               | Until (<=) | Aggregate Outstanding         |            | Nr of Loans | % of Total | WA Coupon | WA Maturity | WA LTFV * |
|                                                                                                                                                        |            | Current Notional Amount (EUR) | % of Total |             |            | (%)       | (yrs)       |           |
| Unknown                                                                                                                                                |            |                               |            |             |            |           |             |           |
| NHG Guarantee                                                                                                                                          |            |                               |            |             |            |           |             |           |
| <                                                                                                                                                      | 10%        |                               |            |             |            |           |             |           |
| 10%                                                                                                                                                    | 20%        |                               |            |             |            |           |             |           |
| 20%                                                                                                                                                    | 30%        |                               |            |             |            |           |             |           |
| 30%                                                                                                                                                    | 40%        |                               |            |             |            |           |             |           |
| 40%                                                                                                                                                    | 50%        |                               |            |             |            |           |             |           |
| 50%                                                                                                                                                    | 60%        |                               |            |             |            |           |             |           |
| 60%                                                                                                                                                    | 70%        |                               |            |             |            |           |             |           |
| 70%                                                                                                                                                    | 80%        |                               |            |             |            |           |             |           |
| 80%                                                                                                                                                    | 90%        |                               |            |             |            |           |             |           |
| 90%                                                                                                                                                    | 100%       |                               |            |             |            |           |             |           |
| 100%                                                                                                                                                   | 110%       |                               |            |             |            |           |             |           |
| 110%                                                                                                                                                   | 120%       |                               |            |             |            |           |             |           |
| 120%                                                                                                                                                   | 130%       |                               |            |             |            |           |             |           |
| <b>Total</b>                                                                                                                                           |            |                               |            |             |            |           |             |           |
| * WA LTFV = Weighted Average Current Loan to Foreclosure Value                                                                                         |            |                               |            |             |            |           |             |           |
| * The original loan amounts are not readily available, as revisions to certain loans overstate the original loan amount in the administration systems. |            |                               |            |             |            |           |             |           |
| <b>Weighted Average</b>                                                                                                                                |            |                               |            |             |            |           |             |           |
| <b>Minimum</b>                                                                                                                                         |            | <b>n.a.</b>                   |            |             |            |           |             |           |
| <b>Maximum</b>                                                                                                                                         |            |                               |            |             |            |           |             |           |

| 12a. Current Loan to Original Market Value                     |            |                               |             |               |             |             |              |               |
|----------------------------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                                       | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                                                |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                                        |            | -                             | -           | -             | -           | -           | -            | -             |
| <                                                              | 10%        | 2,887,362                     | 0.08%       | 132           | 0.94%       | 6.38        | 10.04        | 7.72%         |
| 10%                                                            | 20%        | 14,168,787                    | 0.42%       | 235           | 1.67%       | 5.37        | 15.57        | 17.99%        |
| 20%                                                            | 30%        | 40,174,422                    | 1.18%       | 451           | 3.20%       | 5.17        | 17.83        | 29.35%        |
| 30%                                                            | 40%        | 90,714,103                    | 2.66%       | 702           | 4.98%       | 4.92        | 18.93        | 40.83%        |
| 40%                                                            | 50%        | 139,694,498                   | 4.10%       | 890           | 6.32%       | 4.91        | 20.13        | 51.94%        |
| 50%                                                            | 60%        | 186,359,113                   | 5.47%       | 954           | 6.77%       | 4.83        | 21.13        | 62.83%        |
| 60%                                                            | 70%        | 301,350,551                   | 8.85%       | 1,277         | 9.07%       | 4.72        | 22.74        | 74.13%        |
| 70%                                                            | 80%        | 387,098,878                   | 11.37%      | 1,463         | 10.39%      | 4.64        | 23.98        | 84.97%        |
| 80%                                                            | 90%        | 630,253,672                   | 18.51%      | 2,166         | 15.38%      | 4.61        | 24.90        | 95.06%        |
| 90%                                                            | 100%       | 558,532,288                   | 16.41%      | 1,932         | 13.71%      | 4.54        | 25.48        | 105.65%       |
| 100%                                                           | 110%       | 855,968,877                   | 25.15%      | 3,129         | 22.21%      | 4.68        | 26.30        | 117.03%       |
| 110%                                                           | 120%       | 190,388,412                   | 5.59%       | 731           | 5.19%       | 4.53        | 25.74        | 123.34%       |
| 120%                                                           | 130%       | 6,483,481                     | 0.19%       | 25            | 0.18%       | 4.79        | 24.91        | 124.14%       |
| 130%                                                           | 140%       | -                             | -           | -             | -           | -           | -            | -             |
| 140%                                                           | 150%       | -                             | -           | -             | -           | -           | -            | -             |
| 150%                                                           | >          | -                             | -           | -             | -           | -           | -            | -             |
| <b>Total</b>                                                   |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |
| * WA LTFV = Weighted Average Current Loan to Foreclosure Value |            |                               |             |               |             |             |              |               |
| <b>Weighted Average</b>                                        |            | <b>84.95%</b>                 |             |               |             |             |              |               |
| <b>Minimum</b>                                                 |            | <b>0.14%</b>                  |             |               |             |             |              |               |
| <b>Maximum</b>                                                 |            | <b>126.78%</b>                |             |               |             |             |              |               |

| 12b. Current Loan to Original Market Value |            |                               |             |               |             |             |              |               |
|--------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                   | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                            |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                    |            | -                             | -           | -             | -           | -           | -            | -             |
| NHG Guarantee                              |            | 790,143,864                   | 23.21%      | 4,133         | 29.34%      | 4.60        | 25.22        | 104.04%       |
| <                                          | 10%        | 2,818,068                     | 0.08%       | 125           | 0.89%       | 6.41        | 9.85         | 7.75%         |
| 10%                                        | 20%        | 13,228,623                    | 0.39%       | 216           | 1.53%       | 5.41        | 15.37        | 17.92%        |
| 20%                                        | 30%        | 34,774,901                    | 1.02%       | 385           | 2.73%       | 5.32        | 17.45        | 29.45%        |
| 30%                                        | 40%        | 78,016,186                    | 2.29%       | 586           | 4.16%       | 5.01        | 18.48        | 40.88%        |
| 40%                                        | 50%        | 118,250,015                   | 3.47%       | 722           | 5.13%       | 4.99        | 19.66        | 51.92%        |
| 50%                                        | 60%        | 160,195,042                   | 4.71%       | 781           | 5.54%       | 4.88        | 20.97        | 62.95%        |
| 60%                                        | 70%        | 258,248,708                   | 7.59%       | 1,015         | 7.21%       | 4.75        | 22.66        | 74.18%        |
| 70%                                        | 80%        | 330,979,308                   | 9.72%       | 1,147         | 8.14%       | 4.66        | 24.00        | 84.98%        |
| 80%                                        | 90%        | 552,000,615                   | 16.22%      | 1,756         | 12.47%      | 4.61        | 24.93        | 94.92%        |
| 90%                                        | 100%       | 410,444,584                   | 12.06%      | 1,210         | 8.59%       | 4.54        | 25.46        | 104.92%       |
| 100%                                       | 110%       | 525,954,312                   | 15.45%      | 1,583         | 11.24%      | 4.68        | 26.32        | 116.49%       |
| 110%                                       | 120%       | 125,156,907                   | 3.68%       | 415           | 2.95%       | 4.53        | 25.92        | 122.67%       |
| 120%                                       | 130%       | 3,863,312                     | 0.11%       | 13            | 0.09%       | 4.86        | 23.31        | 122.65%       |
| 130%                                       | 140%       | -                             | -           | -             | -           | -           | -            | -             |
| 140%                                       | 150%       | -                             | -           | -             | -           | -           | -            | -             |
| 150%                                       | >          | -                             | -           | -             | -           | -           | -            | -             |
| <b>Total</b>                               |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |                |
|-------------------------|----------------|
| <b>Weighted Average</b> | <b>84.95%</b>  |
| <b>Minimum</b>          | <b>0.14%</b>   |
| <b>Maximum</b>          | <b>126.78%</b> |

| 13a. Current Loan to Indexed Market Value |            |                               |             |               |             |             |              |               |
|-------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                  | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                           |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                   |            | -                             | -           | -             | -           | -           | -            | -             |
| <                                         | 10%        | 4,186,930                     | 0.12%       | 171           | 1.21%       | 6.46        | 9.34         | 11.06%        |
| 10%                                       | 20%        | 20,265,851                    | 0.60%       | 318           | 2.26%       | 5.61        | 14.18        | 24.65%        |
| 20%                                       | 30%        | 45,467,970                    | 1.34%       | 482           | 3.42%       | 5.21        | 17.11        | 34.86%        |
| 30%                                       | 40%        | 91,818,404                    | 2.70%       | 688           | 4.88%       | 5.02        | 18.43        | 43.30%        |
| 40%                                       | 50%        | 130,595,678                   | 3.84%       | 831           | 5.90%       | 4.86        | 20.04        | 52.62%        |
| 50%                                       | 60%        | 175,670,001                   | 5.16%       | 893           | 6.34%       | 4.78        | 21.27        | 62.57%        |
| 60%                                       | 70%        | 257,872,641                   | 7.58%       | 1,082         | 7.68%       | 4.63        | 22.69        | 73.43%        |
| 70%                                       | 80%        | 355,698,925                   | 10.45%      | 1,361         | 9.66%       | 4.61        | 23.86        | 83.27%        |
| 80%                                       | 90%        | 569,885,949                   | 16.74%      | 1,957         | 13.89%      | 4.59        | 24.75        | 93.61%        |
| 90%                                       | 100%       | 577,695,651                   | 16.97%      | 2,021         | 14.35%      | 4.56        | 25.34        | 103.40%       |
| 100%                                      | 110%       | 739,263,335                   | 21.72%      | 2,597         | 18.44%      | 4.62        | 26.33        | 114.34%       |
| 110%                                      | 120%       | 402,485,239                   | 11.82%      | 1,555         | 11.04%      | 4.79        | 26.14        | 120.50%       |
| 120%                                      | 130%       | 32,633,240                    | 0.96%       | 129           | 0.92%       | 4.85        | 25.72        | 124.06%       |
| 130%                                      | 140%       | 534,630                       | 0.02%       | 2             | 0.01%       | 5.26        | 25.82        | 122.59%       |
| 140%                                      | 150%       | -                             | -           | -             | 0.00%       | -           | -            | -             |
| 150%                                      | >          | -                             | -           | -             | 0.00%       | -           | -            | -             |
| <b>Total</b>                              |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |                |
|-------------------------|----------------|
| <b>Weighted Average</b> | <b>86.60%</b>  |
| <b>Minimum</b>          | <b>0.15%</b>   |
| <b>Maximum</b>          | <b>132.24%</b> |

| 13b. Current Loan to Indexed Market Value |            |                               |             |               |             |             |              |               |
|-------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|-------------|--------------|---------------|
| From (>)                                  | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                           |            | Current Notional Amount (EUR) | % of Total  |               |             | (%)         | (yrs)        |               |
| Unknown                                   |            | -                             | -           | -             | -           | -           | -            | -             |
| NHG Guarantee                             |            | 790,143,864                   | 23.21%      | 4,133         | 29.34%      | 4.60        | 25.22        | 104.04%       |
| <                                         | 10%        | 4,117,636                     | 0.12%       | 164           | 1.16%       | 6.48        | 9.19         | 11.14%        |
| 10%                                       | 20%        | 18,991,600                    | 0.56%       | 290           | 2.06%       | 5.65        | 13.99        | 24.77%        |
| 20%                                       | 30%        | 40,487,727                    | 1.19%       | 423           | 3.00%       | 5.35        | 16.70        | 35.49%        |
| 30%                                       | 40%        | 80,285,137                    | 2.36%       | 577           | 4.10%       | 5.09        | 18.06        | 43.65%        |
| 40%                                       | 50%        | 110,566,138                   | 3.25%       | 674           | 4.78%       | 4.95        | 19.63        | 52.79%        |
| 50%                                       | 60%        | 149,066,907                   | 4.38%       | 713           | 5.06%       | 4.81        | 21.06        | 62.86%        |
| 60%                                       | 70%        | 220,382,087                   | 6.47%       | 854           | 6.06%       | 4.67        | 22.60        | 73.52%        |
| 70%                                       | 80%        | 303,808,536                   | 8.92%       | 1,066         | 7.57%       | 4.62        | 23.90        | 83.30%        |
| 80%                                       | 90%        | 498,081,382                   | 14.63%      | 1,576         | 11.19%      | 4.61        | 24.80        | 93.50%        |
| 90%                                       | 100%       | 445,639,905                   | 13.09%      | 1,362         | 9.67%       | 4.58        | 25.41        | 102.38%       |
| 100%                                      | 110%       | 496,124,497                   | 14.57%      | 1,459         | 10.36%      | 4.66        | 26.28        | 113.80%       |
| 110%                                      | 120%       | 227,859,530                   | 6.69%       | 736           | 5.22%       | 4.69        | 26.25        | 120.35%       |
| 120%                                      | 130%       | 18,207,744                    | 0.53%       | 59            | 0.42%       | 4.69        | 25.36        | 123.30%       |
| 130%                                      | 140%       | 311,754                       | 0.01%       | 1             | 0.01%       | 5.55        | 26.29        | 120.32%       |
| 140%                                      | 150%       | -                             | -           | -             | -           | -           | -            | -             |
| 150%                                      | >          | -                             | -           | -             | -           | -           | -            | -             |
| <b>Total</b>                              |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |                |
|-------------------------|----------------|
| <b>Weighted Average</b> | <b>86.60%</b>  |
| <b>Minimum</b>          | <b>0.15%</b>   |
| <b>Maximum</b>          | <b>132.24%</b> |

| 14. Loanpart Coupon (interest rate bucket) |            |                               |             |                 |             |             |              |               |
|--------------------------------------------|------------|-------------------------------|-------------|-----------------|-------------|-------------|--------------|---------------|
| From (>)                                   | Until (<=) | Aggregate Outstanding         |             | Nr of Loanparts | % of Total  | WA Coupon   | WA Maturity  | WA LTFV *     |
|                                            |            | Current Notional Amount (EUR) | % of Total  |                 |             | (%)         | (yrs)        |               |
| Unknown                                    |            | -                             | -           | -               | -           | -           | -            | -             |
| <                                          | 0.5%       | -                             | -           | -               | -           | -           | -            | -             |
| 0.5%                                       | 1.0%       | 6,766,775                     | 0.20%       | 68              | 0.23%       | 0.80        | 21.75        | 83.16%        |
| 1.0%                                       | 1.5%       | 63,911,616                    | 1.88%       | 629             | 2.16%       | 1.11        | 22.07        | 84.73%        |
| 1.5%                                       | 2.0%       | 10,102,128                    | 0.30%       | 120             | 0.41%       | 1.70        | 20.60        | 82.94%        |
| 2.0%                                       | 2.5%       | 12,788,123                    | 0.38%       | 143             | 0.49%       | 2.31        | 22.92        | 94.57%        |
| 2.5%                                       | 3.0%       | 177,527,290                   | 5.22%       | 1,399           | 4.80%       | 2.69        | 25.73        | 91.12%        |
| 3.0%                                       | 3.5%       | 73,910,807                    | 2.17%       | 456             | 1.57%       | 3.21        | 26.32        | 108.57%       |
| 3.5%                                       | 4.0%       | 249,737,646                   | 7.34%       | 1,778           | 6.11%       | 3.84        | 25.48        | 95.53%        |
| 4.0%                                       | 4.5%       | 576,767,011                   | 16.94%      | 4,524           | 15.54%      | 4.29        | 25.49        | 97.77%        |
| 4.5%                                       | 5.0%       | 1,021,268,519                 | 30.00%      | 7,856           | 26.98%      | 4.78        | 25.11        | 97.64%        |
| 5.0%                                       | 5.5%       | 729,375,210                   | 21.43%      | 6,331           | 21.74%      | 5.25        | 24.49        | 96.20%        |
| 5.5%                                       | 6.0%       | 329,937,703                   | 9.69%       | 3,279           | 11.26%      | 5.73        | 23.26        | 90.91%        |
| 6.0%                                       | 6.5%       | 83,210,889                    | 2.44%       | 1,112           | 3.82%       | 6.23        | 18.09        | 77.14%        |
| 6.5%                                       | 7.0%       | 29,581,414                    | 0.87%       | 472             | 1.62%       | 6.75        | 14.15        | 65.36%        |
| 7.0%                                       | >          | 39,189,314                    | 1.15%       | 952             | 3.27%       | 7.89        | 8.50         | 51.86%        |
| <b>Total</b>                               |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |             |
|-------------------------|-------------|
| <b>Weighted Average</b> | <b>4.67</b> |
| <b>Minimum</b>          | <b>0.61</b> |
| <b>Maximum</b>          | <b>9.70</b> |

| 15. Remaining Fixed Interest Rate Period |            |                               |             |                 |             |               |                   |               |
|------------------------------------------|------------|-------------------------------|-------------|-----------------|-------------|---------------|-------------------|---------------|
| From (>)                                 | Until (<=) | Aggregate Outstanding         |             | Nr of Loanparts | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                                          |            | Current Notional Amount (EUR) | % of Total  |                 |             |               |                   |               |
| Unknown                                  | -          | -                             | -           | -               | -           | -             | -                 | -             |
| <                                        | 1 year     | 605,259,104                   | 17.78%      | 5,429           | 18.64%      | 3.29          | 24.51             | 94.33%        |
| 1 years                                  | 2 years    | 101,030,609                   | 2.97%       | 1,236           | 4.24%       | 5.02          | 22.12             | 88.14%        |
| 2 years                                  | 3 years    | 221,164,219                   | 6.50%       | 1,915           | 6.58%       | 4.59          | 24.61             | 96.11%        |
| 3 years                                  | 4 years    | 503,881,276                   | 14.80%      | 4,092           | 14.05%      | 4.53          | 24.90             | 97.62%        |
| 4 years                                  | 5 years    | 468,109,588                   | 13.75%      | 4,135           | 14.20%      | 4.72          | 24.57             | 97.43%        |
| 5 years                                  | 6 years    | 433,363,183                   | 12.73%      | 3,815           | 13.10%      | 5.19          | 24.00             | 95.33%        |
| 6 years                                  | 7 years    | 192,517,943                   | 5.66%       | 1,751           | 6.01%       | 5.46          | 24.10             | 93.01%        |
| 7 years                                  | 8 years    | 190,204,516                   | 5.59%       | 1,370           | 4.70%       | 5.15          | 25.85             | 96.96%        |
| 8 years                                  | 9 years    | 255,749,761                   | 7.51%       | 1,692           | 5.81%       | 5.00          | 26.05             | 99.54%        |
| 9 years                                  | 10 years   | 80,133,225                    | 2.35%       | 678             | 2.33%       | 5.27          | 24.49             | 94.38%        |
| 10 years                                 | 11 years   | 25,788,553                    | 0.76%       | 264             | 0.91%       | 5.64          | 20.38             | 77.87%        |
| 11 years                                 | 12 years   | 17,000,488                    | 0.50%       | 213             | 0.73%       | 6.15          | 17.58             | 68.14%        |
| 12 years                                 | 13 years   | 10,353,079                    | 0.30%       | 125             | 0.43%       | 5.98          | 18.23             | 69.57%        |
| 13 years                                 | 14 years   | 37,119,295                    | 1.09%       | 352             | 1.21%       | 5.18          | 20.67             | 80.31%        |
| 14 years                                 | 15 years   | 104,385,542                   | 3.07%       | 822             | 2.82%       | 5.01          | 22.68             | 84.90%        |
| 15 years                                 | 16 years   | 77,210,902                    | 2.27%       | 623             | 2.14%       | 5.31          | 23.97             | 89.62%        |
| 16 years                                 | 17 years   | 42,920,169                    | 1.26%       | 346             | 1.19%       | 5.81          | 23.95             | 87.88%        |
| 17 years                                 | 18 years   | 8,173,057                     | 0.24%       | 64              | 0.22%       | 5.89          | 23.47             | 87.39%        |
| 18 years                                 | 19 years   | 18,553,019                    | 0.55%       | 122             | 0.42%       | 5.94          | 23.95             | 95.90%        |
| 19 years                                 | 20 years   | 11,039,547                    | 0.32%       | 73              | 0.25%       | 5.84          | 23.91             | 98.23%        |
| 20 years                                 | 21 years   | 62,928                        | -           | 1               | 0.00%       | 4.80          | 21.00             | 45.41%        |
| 21 years                                 | 22 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 22 years                                 | 23 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 23 years                                 | 24 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 24 years                                 | 25 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 25 years                                 | 26 years   | 54,441                        | -           | 1               | 0.00%       | 6.40          | 25.50             | 60.91%        |
| 26 years                                 | 27 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 27 years                                 | 28 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 28 years                                 | 29 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 29 years                                 | 30 years   | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| 30 years                                 | >          | -                             | -           | -               | 0.00%       | -             | -                 | -             |
| <b>Total</b>                             |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WALTFV = Weighted Average Current Loan to Foreclosure Value

|                         |              |
|-------------------------|--------------|
| <b>Weighted Average</b> | <b>5.33</b>  |
| <b>Minimum</b>          | <b>0.08</b>  |
| <b>Maximum</b>          | <b>25.50</b> |

| 16. Interest Payment Type |                               |             |                 |             |               |                   |               |
|---------------------------|-------------------------------|-------------|-----------------|-------------|---------------|-------------------|---------------|
| Description               | Aggregate Outstanding         |             | Nr of Loanparts | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                           | Current Notional Amount (EUR) | % of Total  |                 |             |               |                   |               |
| Fixed                     | 3,054,799,451                 | 89.74%      | 26,269          | 90.21%      | 4.91          | 24.33             | 94.84%        |
| Floating                  | 349,274,994                   | 10.26%      | 2,850           | 9.79%       | 2.57          | 25.05             | 94.54%        |
| <b>Total</b>              | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WALTFV = Weighted Average Current Loan to Foreclosure Value

| 17. Property Description |                               |             |               |             |               |                   |               |
|--------------------------|-------------------------------|-------------|---------------|-------------|---------------|-------------------|---------------|
| Property                 | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                          | Current Notional Amount (EUR) | % of Total  |               |             |               |                   |               |
| Bungalow                 | 378,746                       | 0.01%       | 4             | 0.03%       | 4.13          | 22.03             | 73.66%        |
| Flat / Apartment         | 338,790,463                   | 9.95%       | 1,634         | 11.60%      | 4.62          | 25.49             | 102.40%       |
| House                    | 3,042,295,205                 | 89.37%      | 12,384        | 87.91%      | 4.68          | 24.28             | 93.99%        |
| House > 50% / Shop       | 22,610,031                    | 0.66%       | 65            | 0.46%       | 4.60          | 24.37             | 91.90%        |
| <b>Total</b>             | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WALTFV = Weighted Average Current Loan to Foreclosure Value

| 18. Geographical Distribution (by province) |                       |                       |               |             |               |                   |               |
|---------------------------------------------|-----------------------|-----------------------|---------------|-------------|---------------|-------------------|---------------|
| Province                                    | Aggregate Outstanding |                       | Hr of Loans   | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                                             | Current               | Notional Amount (EUR) |               |             |               |                   |               |
| Drenthe                                     | 62,070,894            | 1.82%                 | 312           | 2.21%       | 4.62          | 24.46             | 94.96%        |
| Flevoland                                   | 68,024,207            | 2.00%                 | 305           | 2.17%       | 4.62          | 24.70             | 104.20%       |
| Friesland                                   | 66,415,692            | 1.95%                 | 329           | 2.34%       | 4.44          | 24.51             | 94.46%        |
| Gelderland                                  | 410,338,423           | 12.05%                | 1,735         | 12.32%      | 4.69          | 24.23             | 92.65%        |
| Groningen                                   | 60,225,478            | 1.77%                 | 325           | 2.31%       | 4.69          | 24.36             | 95.78%        |
| Limburg                                     | 201,038,281           | 5.91%                 | 998           | 7.08%       | 4.81          | 23.47             | 93.52%        |
| Noord-Brabant                               | 732,274,328           | 21.51%                | 2,883         | 20.47%      | 4.56          | 24.69             | 94.49%        |
| Noord-Holland                               | 599,947,495           | 17.62%                | 2,217         | 15.74%      | 4.65          | 24.84             | 95.94%        |
| Overijssel                                  | 162,744,078           | 4.78%                 | 754           | 5.35%       | 4.77          | 24.34             | 95.52%        |
| Utrecht                                     | 337,057,698           | 9.90%                 | 1,235         | 8.77%       | 4.64          | 24.23             | 93.00%        |
| Zeeland                                     | 48,577,175            | 1.43%                 | 252           | 1.79%       | 4.83          | 23.95             | 91.26%        |
| Zuid-Holland                                | 655,360,696           | 19.25%                | 2,742         | 19.46%      | 4.76          | 24.17             | 95.86%        |
| <b>Total</b>                                | <b>3,404,074,444</b>  | <b>100%</b>           | <b>14,087</b> | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

| 19. Geographical distribution (by economic region) |                       |                       |               |             |               |                   |               |
|----------------------------------------------------|-----------------------|-----------------------|---------------|-------------|---------------|-------------------|---------------|
| Economic region                                    | Aggregate Outstanding |                       | Hr of Loans   | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                                                    | Current               | Notional Amount (EUR) |               |             |               |                   |               |
| NL111 Oost-Groningen                               | 11,174,605            | 0.33%                 | 70            | 0.50%       | 4.57          | 26.17             | 101.78%       |
| NL112 Delfzijl en omgeving                         | 3,980,102             | 0.12%                 | 26            | 0.18%       | 4.61          | 25.31             | 106.95%       |
| NL113 Overig Groningen                             | 45,070,771            | 1.32%                 | 229           | 1.63%       | 4.73          | 23.83             | 93.31%        |
| NL121 Noord-Friesland                              | 37,633,654            | 1.11%                 | 195           | 1.38%       | 4.26          | 24.79             | 95.83%        |
| NL122 Zuidwest-Friesland                           | 8,924,408             | 0.26%                 | 46            | 0.33%       | 4.45          | 24.65             | 97.51%        |
| NL123 Zuidoost-Friesland                           | 19,857,629            | 0.58%                 | 88            | 0.62%       | 4.78          | 23.94             | 90.50%        |
| NL131 Noord-Drenthe                                | 29,092,459            | 0.85%                 | 145           | 1.03%       | 4.66          | 24.29             | 95.21%        |
| NL132 Zuidoost-Drenthe                             | 18,006,024            | 0.53%                 | 94            | 0.67%       | 4.55          | 24.61             | 98.33%        |
| NL133 Zuidwest-Drenthe                             | 14,972,411            | 0.44%                 | 73            | 0.52%       | 4.62          | 24.63             | 90.43%        |
| NL211 Noord-Overijssel                             | 52,393,107            | 1.54%                 | 245           | 1.74%       | 4.81          | 24.95             | 97.18%        |
| NL212 Zuidwest-Overijssel                          | 22,280,841            | 0.65%                 | 105           | 0.75%       | 4.94          | 23.27             | 89.42%        |
| NL213 Twente                                       | 88,070,129            | 2.59%                 | 404           | 2.87%       | 4.71          | 24.26             | 96.08%        |
| NL221 Veluwe                                       | 129,054,309           | 3.79%                 | 525           | 3.73%       | 4.70          | 24.19             | 91.49%        |
| NL224 Zuidwest-Gelderland                          | 51,824,336            | 1.52%                 | 206           | 1.46%       | 4.67          | 25.04             | 92.93%        |
| NL225 Achterhoek                                   | 51,741,351            | 1.52%                 | 236           | 1.68%       | 4.56          | 23.87             | 91.85%        |
| NL226 Arnhem/Nijmegen                              | 177,718,427           | 5.22%                 | 768           | 5.45%       | 4.73          | 24.12             | 93.63%        |
| NL230 Flevoland                                    | 68,024,207            | 2.00%                 | 305           | 2.17%       | 4.62          | 24.70             | 104.20%       |
| NL310 Utrecht                                      | 337,057,698           | 9.90%                 | 1,235         | 8.77%       | 4.64          | 24.23             | 93.00%        |
| NL321 Kop van Noord-Holland                        | 42,263,468            | 1.24%                 | 189           | 1.34%       | 4.74          | 24.51             | 95.78%        |
| NL322 Alkmaar en omgeving                          | 51,531,986            | 1.51%                 | 208           | 1.48%       | 4.65          | 24.56             | 94.86%        |
| NL323 IJmond                                       | 38,141,723            | 1.12%                 | 169           | 1.20%       | 4.67          | 24.22             | 90.85%        |
| NL324 Agglomeratie Haarlem                         | 72,819,600            | 2.14%                 | 246           | 1.75%       | 4.74          | 24.28             | 91.99%        |
| NL325 Zaanstreek                                   | 19,193,341            | 0.56%                 | 82            | 0.58%       | 4.67          | 25.72             | 102.33%       |
| NL326 Groot-Amsterdam                              | 302,940,913           | 8.90%                 | 1,102         | 7.82%       | 4.60          | 25.25             | 98.12%        |
| NL327 Het Gooi en Vechtstreek                      | 73,056,464            | 2.15%                 | 221           | 1.57%       | 4.72          | 24.21             | 92.72%        |
| NL331 Agglomeratie Leiden en Bollen                | 77,955,038            | 2.29%                 | 290           | 2.06%       | 4.75          | 24.28             | 91.04%        |
| NL332 Agglomeratie 's-Gravenhage                   | 167,699,120           | 4.93%                 | 685           | 4.86%       | 4.73          | 23.94             | 95.37%        |
| NL333 Delft en Westland                            | 28,798,957            | 0.85%                 | 112           | 0.80%       | 4.88          | 23.96             | 88.93%        |
| NL334 Oost-Zuid-Holland                            | 57,473,087            | 1.69%                 | 230           | 1.63%       | 4.74          | 23.70             | 93.85%        |
| NL335 Groot-Rijnmond                               | 255,432,897           | 7.50%                 | 1,118         | 7.94%       | 4.77          | 24.37             | 99.09%        |
| NL336 Zuidoost-Zuid-Holland                        | 68,001,597            | 2.00%                 | 307           | 2.18%       | 4.73          | 24.35             | 95.07%        |
| NL341 Zeeuwsch-Vlaanderen                          | 6,744,476             | 0.20%                 | 42            | 0.30%       | 4.93          | 24.31             | 94.26%        |
| NL342 Overig Zeeland                               | 41,832,699            | 1.23%                 | 210           | 1.49%       | 4.81          | 23.90             | 90.77%        |
| NL411 West-Noord-Brabant                           | 158,462,790           | 4.66%                 | 677           | 4.81%       | 4.63          | 24.12             | 93.28%        |
| NL412 Midden-Noord-Brabant                         | 113,365,480           | 3.33%                 | 469           | 3.33%       | 4.63          | 24.49             | 94.27%        |
| NL413 Noordoost-Noord-Brabant                      | 157,819,900           | 4.64%                 | 601           | 4.27%       | 4.57          | 24.67             | 92.41%        |
| NL414 Zuidoost-Noord-Brabant                       | 302,626,157           | 8.89%                 | 1,136         | 8.06%       | 4.50          | 25.08             | 96.28%        |
| NL421 Noord-Limburg                                | 36,176,502            | 1.06%                 | 161           | 1.14%       | 4.66          | 23.70             | 92.08%        |
| NL422 Midden-Limburg                               | 39,437,974            | 1.16%                 | 191           | 1.36%       | 4.78          | 23.49             | 92.92%        |
| NL423 Zuid-Limburg                                 | 125,423,806           | 3.68%                 | 646           | 4.59%       | 4.87          | 23.40             | 94.13%        |
| <b>Total</b>                                       | <b>3,404,074,444</b>  | <b>100%</b>           | <b>14,087</b> | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

| 20. Construction Deposits (as percentage of net principal outstanding amount) |            |                               |             |               |             |               |                   |               |
|-------------------------------------------------------------------------------|------------|-------------------------------|-------------|---------------|-------------|---------------|-------------------|---------------|
| From (>)                                                                      | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                                                                               |            | Current Notional Amount (EUR) | % of Total  |               |             |               |                   |               |
| <                                                                             | 5.0%       | 3,404,074,444                 | 100.00%     | 14,087        | 100.00%     | 4.67          | 24.40             | 94.81%        |
| 5.00%                                                                         | 10.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 10.00%                                                                        | 15.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 15.00%                                                                        | 20.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 20.00%                                                                        | 25.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 25.00%                                                                        | 30.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 30.00%                                                                        | 35.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 35.00%                                                                        | 40.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 40.00%                                                                        | 45.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 45.00%                                                                        | 50.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 50.00%                                                                        | 55.0%      | -                             | -           | -             | -           | -             | -                 | -             |
| 60.00%                                                                        | >          | -                             | -           | -             | -           | -             | -                 | -             |
| <b>Total</b>                                                                  |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|         |   |
|---------|---|
| Average | - |
| Minimum | - |
| Maximum | - |

| 21. Occupancy  |                               |             |                 |             |             |              |               |
|----------------|-------------------------------|-------------|-----------------|-------------|-------------|--------------|---------------|
|                | Aggregate Outstanding         |             |                 |             | WA Coupon   | WA Maturity  | WA LTFV *     |
| Description    | Current Notional Amount (EUR) | % of Total  | Nr of Loanparts | % of Total  | (%)         | (yrs)        |               |
| Owner Occupied | 3,404,074,444                 | 100.00%     | 29,119          | 100.00%     | 4.67        | 24.40        | 94.81%        |
| <b>Total</b>   | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b> | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

| 22. Employment Status Borrower |                                                        |            |             |            |                  |                      |           |
|--------------------------------|--------------------------------------------------------|------------|-------------|------------|------------------|----------------------|-----------|
| Description                    | Aggregate Outstanding<br>Current Notional Amount (EUR) | % of Total | Nr of Loans | % of Total | WA Coupon<br>(%) | WA Maturity<br>(yrs) | WA LTFV * |
| Employed                       | 2,826,992,652                                          | 83.05%     | 12,234      | 86.85%     | 4.69             | 24.26                | 95.20%    |
| Self Employed                  | 577,081,793                                            | 16.95%     | 1,853       | 13.15%     | 4.56             | 25.11                | 92.89%    |
| Total                          | 3,404,074,444                                          | 100%       | 14,087      | 100%       | 4.67             | 24.40                | 94.81%    |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

| 23. Loan to Income |            |                               |             |               |             |               |                   |               |
|--------------------|------------|-------------------------------|-------------|---------------|-------------|---------------|-------------------|---------------|
| From (>)           | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                    |            | Current Notional Amount (EUR) | % of Total  |               |             |               |                   |               |
| Unknown            |            | -                             | -           | -             | -           | -             | -                 | -             |
| <                  | 0.5        | 4,342,973                     | 0.13%       | 167           | 1.19%       | 6.2           | 10.38             | 22.39%        |
| 0.5                | 1.0        | 20,352,236                    | 0.60%       | 290           | 2.06%       | 5.6           | 14.77             | 35.90%        |
| 1.0                | 1.5        | 60,628,078                    | 1.78%       | 595           | 4.22%       | 5.4           | 16.76             | 45.94%        |
| 1.5                | 2.0        | 91,840,618                    | 2.70%       | 692           | 4.91%       | 5.1           | 18.77             | 56.41%        |
| 2.0                | 2.5        | 147,077,645                   | 4.32%       | 856           | 6.08%       | 4.9           | 20.76             | 69.19%        |
| 2.5                | 3.0        | 211,290,138                   | 6.21%       | 1,058         | 7.51%       | 4.7           | 22.27             | 80.01%        |
| 3.0                | 3.5        | 315,889,359                   | 9.28%       | 1,389         | 9.86%       | 4.7           | 23.62             | 90.24%        |
| 3.5                | 4.0        | 462,658,343                   | 13.59%      | 1,874         | 13.30%      | 4.6           | 24.65             | 98.36%        |
| 4.0                | 4.5        | 600,536,025                   | 17.64%      | 2,365         | 16.79%      | 4.6           | 25.46             | 103.12%       |
| 4.5                | 5.0        | 559,647,934                   | 16.44%      | 2,039         | 14.47%      | 4.6           | 25.62             | 102.27%       |
| 5.0                | 5.5        | 404,779,823                   | 11.89%      | 1,295         | 9.19%       | 4.6           | 25.65             | 101.77%       |
| 5.5                | 6.0        | 276,472,473                   | 8.12%       | 790           | 5.61%       | 4.6           | 25.55             | 100.33%       |
| 6.0                | 6.5        | 158,126,586                   | 4.65%       | 432           | 3.07%       | 4.5           | 25.16             | 98.09%        |
| 6.5                | 7.0        | 90,432,216                    | 2.66%       | 245           | 1.74%       | 4.5           | 25.52             | 102.24%       |
| 7.0                | >          | -                             | -           | -             | -           | -             | -                 | -             |
| <b>Total</b>       |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                  |      |
|------------------|------|
| Weighted Average | 4.25 |
| Minimum          | 0.01 |
| Maximum          | 7.00 |



| 24. Debt Service to Income |            |                               |             |               |             |               |                   |               |
|----------------------------|------------|-------------------------------|-------------|---------------|-------------|---------------|-------------------|---------------|
| From (>)                   | Until (<=) | Aggregate Outstanding         |             | Nr of Loans   | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                            |            | Current Notional Amount (EUR) | % of Total  |               |             |               |                   |               |
| Unknown                    |            | -                             | -           | -             | -           | -             | -                 | -             |
| <                          | 5.0%       | 26,793,677                    | 0.79%       | 196           | 1.39%       | 1.7           | 22.5              | 73.8%         |
| 5.0%                       | 10.0%      | 87,354,724                    | 2.57%       | 584           | 4.15%       | 3.3           | 22.6              | 75.3%         |
| 10.0%                      | 15.0%      | 258,228,197                   | 7.59%       | 1,444         | 10.25%      | 4.2           | 22.9              | 81.3%         |
| 15.0%                      | 20.0%      | 637,164,007                   | 18.72%      | 2,877         | 20.42%      | 4.5           | 24.2              | 91.6%         |
| 20.0%                      | 25.0%      | 910,354,101                   | 26.74%      | 3,645         | 25.87%      | 4.7           | 25.0              | 98.7%         |
| 25.0%                      | 30.0%      | 723,087,242                   | 21.24%      | 2,688         | 19.08%      | 4.9           | 24.9              | 100.1%        |
| 30.0%                      | 35.0%      | 384,268,451                   | 11.29%      | 1,365         | 9.69%       | 5.0           | 24.6              | 96.1%         |
| 35.0%                      | 40.0%      | 178,840,707                   | 5.25%       | 627           | 4.45%       | 5.0           | 24.3              | 94.8%         |
| 40.0%                      | 45.0%      | 90,230,380                    | 2.65%       | 303           | 2.15%       | 5.0           | 23.8              | 92.5%         |
| 45.0%                      | 50.0%      | 45,290,278                    | 1.33%       | 143           | 1.02%       | 4.7           | 23.7              | 97.2%         |
| 50.0%                      | 55.0%      | 28,768,813                    | 0.85%       | 94            | 0.67%       | 4.8           | 23.2              | 98.7%         |
| 55.0%                      | 60.0%      | 13,037,724                    | 0.38%       | 50            | 0.35%       | 4.8           | 23.0              | 94.9%         |
| 60.0%                      | 65.0%      | 6,520,122                     | 0.19%       | 23            | 0.16%       | 4.9           | 22.5              | 91.6%         |
| 65.0%                      | 70.0%      | 5,153,136                     | 0.15%       | 18            | 0.13%       | 4.6           | 21.7              | 91.7%         |
| 70.0%                      | >          | 8,982,884                     | 0.26%       | 30            | 0.21%       | 5.0           | 20.5              | 91.5%         |
| <b>Total</b>               |            | <b>3,404,074,444</b>          | <b>100%</b> | <b>14,087</b> | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

|                         |               |
|-------------------------|---------------|
| <b>Weighted Average</b> | <b>24.8%</b>  |
| <b>Minimum</b>          | <b>0.0%</b>   |
| <b>Maximum</b>          | <b>107.5%</b> |

| 25. Loanpart Payment Frequency |                               |            |                 |            |               |                   |           |
|--------------------------------|-------------------------------|------------|-----------------|------------|---------------|-------------------|-----------|
| Description                    | Aggregate Outstanding         |            | Nr of Loanparts | % of Total | WA Coupon (%) | WA Maturity (yrs) | WA LTFV * |
|                                | Current Notional Amount (EUR) | % of Total |                 |            |               |                   |           |
| Monthly                        | 3,404,074,444                 | 100.00%    | 29,119          | 100.00%    | 4.67          | 24.40             | 94.81%    |
| Total                          | 3,404,074,444                 | 100%       | 29,119          | 100%       | 4.67          | 24.40             | 94.81%    |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

| 26. Guarantee Type (NHG / Non NHG) |                               |             |                   |               |                   |              |               |
|------------------------------------|-------------------------------|-------------|-------------------|---------------|-------------------|--------------|---------------|
| Description                        | Aggregate Outstanding         |             |                   | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *    |               |
|                                    | Current Notional Amount (EUR) | % of Total  | Nr of Loanparts** |               |                   |              |               |
| NHG Guarantee                      | 790,143,864                   | 23.21%      | 7,321             | 25.14%        | 4.60              | 25.22        | 104.04%       |
| No NHG Guarantee                   | 2,613,930,581                 | 76.79%      | 21,798            | 74.86%        | 4.69              | 24.16        | 92.02%        |
| <b>Total</b>                       | <b>3,404,074,444</b>          | <b>100%</b> | <b>29,119</b>     | <b>100%</b>   | <b>4.67</b>       | <b>24.40</b> | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

\*\* The number of loan parts excludes loan parts that correspond to loans that are not fully covered by NHG

| 27. Originator        |                                                        |             |                 |             |                  |                      |               |
|-----------------------|--------------------------------------------------------|-------------|-----------------|-------------|------------------|----------------------|---------------|
| Description           | Aggregate Outstanding<br>Current Notional Amount (EUR) | % of Total  | Nr of Loanparts | % of Total  | WA Coupon<br>(%) | WA Maturity<br>(yrs) | WA LTFV *     |
| Westland Utrecht Bank | 3,404,074,444                                          | 100.00%     | 29,119          | 100.00%     | 4.67             | 24.40                | 94.81%        |
| <b>Total</b>          | <b>3,404,074,444</b>                                   | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>      | <b>24.40</b>         | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

| 28. Servicer**        |                                                        |             |                 |             |                  |                      |               |
|-----------------------|--------------------------------------------------------|-------------|-----------------|-------------|------------------|----------------------|---------------|
| Description           | Aggregate Outstanding<br>Current Notional Amount (EUR) | % of Total  | Nr of Loanparts | % of Total  | WA Coupon<br>(%) | WA Maturity<br>(yrs) | WA LTFV *     |
| Westland Utrecht Bank | 3,404,074,444                                          | 100.00%     | 29,119          | 100.00%     | 4.67             | 24.40                | 94.81%        |
| <b>Total</b>          | <b>3,404,074,444</b>                                   | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>      | <b>24.40</b>         | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

\*\* As of the Closing Date the Servicer will be ING Bank N.V., the servicing will remain to be done by WUB as sub-servicer.

| 29. Capital Insurance Policy Provider |                       |                       |             |                 |             |               |                   |               |
|---------------------------------------|-----------------------|-----------------------|-------------|-----------------|-------------|---------------|-------------------|---------------|
| Description                           | Aggregate Outstanding |                       | % of Total  | Nr of Loanparts | % of Total  | WA Coupon (%) | WA Maturity (yrs) | WA LTFV *     |
|                                       | Current               | Notional Amount (EUR) |             |                 |             |               |                   |               |
| No life insurance                     | 3,165,663,395         |                       | 93.00%      | 27,549          | 94.61%      | 4.69          | 24.47             | 94.32%        |
| Unknown                               | 796,000               |                       | 0.02%       | 5               | 0.02%       | 4.80          | 20.22             | 89.45%        |
| ABN AMRO                              | 90,756                |                       | -           | 1               | -           | 4.95          | 22.67             | 109.32%       |
| ABN AMRO Verzekeringen                | 293,994               |                       | 0.01%       | 2               | 0.01%       | 4.59          | 23.03             | 91.64%        |
| AEGON                                 | 15,103,301            |                       | 0.44%       | 95              | 0.33%       | 4.46          | 23.64             | 99.39%        |
| Aegon van Nierop                      | 554,444               |                       | 0.02%       | 2               | 0.01%       | 2.26          | 16.38             | 83.23%        |
| Algemene Levenshervverz. Mij. nv      | 49,500                |                       | -           | 1               | -           | 4.05          | 28.50             | 77.33%        |
| Allianz                               | 9,365,759             |                       | 0.28%       | 50              | 0.17%       | 4.74          | 23.47             | 91.39%        |
| Allianz Nederland Levensverz. N.V.    | 535,100               |                       | 0.02%       | 3               | 0.01%       | 4.59          | 22.05             | 99.74%        |
| Amersfoortse                          | 177,000               |                       | 0.01%       | 1               | -           | 4.95          | 19.67             | 123.55%       |
| ASR                                   | 14,231,471            |                       | 0.42%       | 93              | 0.32%       | 4.64          | 24.07             | 103.98%       |
| ASR Levensverz. Mij                   | 5,490,565             |                       | 0.16%       | 32              | 0.11%       | 4.65          | 24.89             | 108.48%       |
| ASR Verzekeringen N.V.                | 14,823,729            |                       | 0.44%       | 91              | 0.31%       | 4.34          | 24.29             | 106.44%       |
| Avero Achmea                          | 5,675,448             |                       | 0.17%       | 38              | 0.13%       | 4.09          | 22.64             | 100.93%       |
| AXA                                   | 6,617,196             |                       | 0.19%       | 48              | 0.16%       | 3.95          | 20.35             | 88.67%        |
| Basic-Life                            | 210,260               |                       | 0.01%       | 1               | -           | 4.80          | 22.75             | 121.19%       |
| Cardif                                | 90,000                |                       | -           | 1               | -           | 4.50          | 27.50             | 107.06%       |
| CONSERVATRIX                          | 7,357,446             |                       | 0.22%       | 62              | 0.21%       | 4.44          | 26.23             | 100.00%       |
| DBV                                   | 889,741               |                       | 0.03%       | 8               | 0.03%       | 5.23          | 17.62             | 96.16%        |
| DBV Leven                             | 81,509                |                       | -           | 1               | -           | 5.00          | 24.25             | 66.79%        |
| DELA                                  | 852,408               |                       | 0.03%       | 6               | 0.02%       | 3.96          | 23.37             | 103.00%       |
| Delta Lloyd Levensverzekering N.V.    | 3,398,712             |                       | 0.10%       | 30              | 0.10%       | 4.33          | 23.09             | 98.18%        |
| Dsb Leven N.V.                        | 210,000               |                       | 0.01%       | 1               | -           | 4.95          | 25.42             | 127.27%       |
| Erasmus Leven                         | 11,508,553            |                       | 0.34%       | 71              | 0.24%       | 4.19          | 26.87             | 105.12%       |
| FairGo                                | 485,915               |                       | 0.01%       | 4               | 0.01%       | 4.76          | 20.22             | 77.94%        |
| Falcon                                | 90,000                |                       | -           | 1               | -           | 4.00          | 23.25             | 120.94%       |
| Florius                               | 322,631               |                       | 0.01%       | 2               | 0.01%       | 4.46          | 23.91             | 104.33%       |
| Fortis Asr                            | 3,682,379             |                       | 0.11%       | 27              | 0.09%       | 4.39          | 19.21             | 92.61%        |
| Generali                              | 4,257,784             |                       | 0.13%       | 30              | 0.10%       | 4.71          | 23.56             | 94.56%        |
| Generali Verzekeringsgroep            | 245,019               |                       | 0.01%       | 1               | -           | 4.80          | 22.17             | 86.59%        |
| Goudse                                | 3,274,520             |                       | 0.10%       | 25              | 0.09%       | 4.45          | 24.62             | 104.59%       |
| Gravenhage                            | 19,349,064            |                       | 0.57%       | 125             | 0.43%       | 4.59          | 24.86             | 106.76%       |
| Hamburg-Mannheimer                    | 102,000               |                       | -           | 1               | -           | 4.60          | 23.75             | 75.48%        |
| Het Goudse Assuratiekantoor B.V.      | 75,000                |                       | -           | 1               | -           | 5.30          | 17.92             | 119.90%       |
| Hooge Huys Levensverzekeringen N      | 112,014               |                       | -           | 2               | 0.01%       | 5.45          | 24.17             | 112.65%       |
| ING                                   | 25,000                |                       | -           | 1               | -           | 5.05          | 0.25              | 66.41%        |
| Interpolis                            | 647,500               |                       | 0.02%       | 5               | 0.02%       | 4.05          | 18.84             | 96.85%        |
| Klaverblad                            | 804,615               |                       | 0.02%       | 6               | 0.02%       | 4.91          | 25.15             | 90.12%        |
| Klaverblad Onderlinge                 | 199,500               |                       | 0.01%       | 2               | 0.01%       | 3.90          | 27.67             | 124.69%       |
| Legal & General Nederland             | 2,267,213             |                       | 0.07%       | 14              | 0.05%       | 4.61          | 26.45             | 113.72%       |
| Leidsche                              | 908,066               |                       | 0.03%       | 7               | 0.02%       | 4.93          | 20.58             | 108.30%       |
| Levob Levensverzekering N.V.          | 417,000               |                       | 0.01%       | 5               | 0.02%       | 3.84          | 21.79             | 95.03%        |
| Loyalis                               | 196,670               |                       | 0.01%       | 1               | -           | 4.00          | 23.25             | 124.51%       |
| Monuta                                | 30,000                |                       | -           | 1               | -           | 5.30          | 9.67              | 107.81%       |
| N.O.T.G.                              | 83,949                |                       | -           | 1               | -           | 3.80          | 17.17             | 48.22%        |
| Nationale-Nederlanden                 | 14,700,003            |                       | 0.43%       | 93              | 0.32%       | 4.05          | 21.58             | 92.28%        |
| Nieuwe Hollandse Lloyd                | 150,328               |                       | -           | 2               | 0.01%       | 2.78          | 18.90             | 105.20%       |
| Onderlinge Verz. My van Geneeskun-    | 2,429,342             |                       | 0.07%       | 15              | 0.05%       | 4.42          | 25.79             | 105.04%       |
| Paerel                                | 205,000               |                       | 0.01%       | 1               | -           | 4.86          | 21.58             | 117.19%       |
| Quantum Leben AG                      | 512,719               |                       | 0.02%       | 4               | 0.01%       | 4.75          | 20.42             | 107.95%       |
| REAAL                                 | 30,539,855            |                       | 0.90%       | 206             | 0.71%       | 4.40          | 23.37             | 103.63%       |
| Royal & Sun Alliance                  | 190,172               |                       | 0.01%       | 1               | -           | 3.90          | 23.17             | 70.43%        |
| Royal Levensverzekeringsmij. N.V.     | 581,857               |                       | 0.02%       | 5               | 0.02%       | 4.28          | 20.09             | 85.27%        |
| Royal Nederland                       | 166,197               |                       | -           | 2               | 0.01%       | 5.49          | 15.81             | 96.18%        |
| RVS                                   | 1,804,246             |                       | 0.05%       | 15              | 0.05%       | 4.86          | 23.67             | 97.67%        |
| SNS Reaal                             | 158,051               |                       | -           | 1               | -           | 5.15          | 25.17             | 111.30%       |
| SRLEV                                 | 2,552,564             |                       | 0.07%       | 14              | 0.05%       | 4.69          | 22.50             | 98.63%        |
| SRLEV N.V.                            | 19,593,943            |                       | 0.58%       | 126             | 0.43%       | 4.63          | 23.43             | 108.51%       |
| Stad Rotterdam                        | 2,184,500             |                       | 0.06%       | 12              | 0.04%       | 4.30          | 23.53             | 97.16%        |
| Taf B.V.                              | 3,573,561             |                       | 0.10%       | 23              | 0.08%       | 4.55          | 24.51             | 113.78%       |
| UAP Verzekeringen /AXA Leven N.v      | 171,464               |                       | 0.01%       | 2               | 0.01%       | 4.95          | 22.25             | 124.29%       |
| Universal                             | 4,781,847             |                       | 0.14%       | 26              | 0.09%       | 4.97          | 22.24             | 84.06%        |
| VCN Verz. Comb. Ned. BV               | 140,000               |                       | -           | 1               | -           | 4.90          | 28.67             | 112.50%       |
| Verzekerings Unie                     | 574,559               |                       | 0.02%       | 7               | 0.02%       | 4.67          | 25.14             | 65.14%        |
| W.U. Pers. Life                       | 1,567,497             |                       | 0.05%       | 11              | 0.04%       | 4.09          | 19.79             | 94.33%        |
| WestlandUtrecht Bank N.V.             | 50,000                |                       | -           | 1               | -           | 4.03          | 19.83             | 90.64%        |
| Winterthur                            | 4,422,106             |                       | 0.13%       | 31              | 0.11%       | 4.51          | 23.38             | 106.38%       |
| Woudsend Ao 1816                      | 183,272               |                       | 0.01%       | 1               | -           | 4.30          | 18.00             | 105.32%       |
| Zurich Leven                          | 152,000               |                       | -           | 2               | 0.01%       | 4.70          | 18.50             | 91.29%        |
| Zwitserleven                          | 9,686,192             |                       | 0.28%       | 54              | 0.19%       | 4.43          | 22.42             | 100.06%       |
| Zwolsche Algemeene                    | 1,361,045             |                       | 0.04%       | 9               | 0.03%       | 4.45          | 20.62             | 90.31%        |
| <b>Total</b>                          | <b>3,404,074,444</b>  |                       | <b>100%</b> | <b>29,119</b>   | <b>100%</b> | <b>4.67</b>   | <b>24.40</b>      | <b>94.81%</b> |

\* WA LTFV = Weighted Average Current Loan to Foreclosure Value

## 6.2 Description of Mortgage Loans

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one loan part, (*leningdelen*) the aggregate of such loan parts (*leningdelen*)) are secured by a first-ranking or, as the case may be, a first and sequentially lower ranking, mortgage right, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) and some of the Mortgage Loans have the benefit of a Municipality Guarantee (*Gemeentegarantie*) or an NHG Guarantee (*Nationale Hypotheek Garantie*). The mortgage rights secure the relevant Mortgage Loans and are vested over property situated in the Netherlands. The Mortgage Loans and the mortgage rights securing the liabilities arising therefrom are governed by Netherlands law.

### Mortgage Loan Types

The Mortgage Loans (or any loan parts comprising a Mortgage Loan) may consist of any of the following types of redemption:

- (i) linear mortgage loans (*lineaire hypotheek*);
- (ii) annuity mortgage loans (*annuïteitenhypotheek*);
- (iii) interest-only mortgage loans (*aflossingsvrije hypotheek*);
- (iv) investment mortgage loans (*beleggingshypotheek*);
- (v) savings mortgage loans (*spaarhypotheek*);
- (vi) bank savings mortgage loans (*bankspaarhypotheek*);
- (vii) unit-linked mortgage loans (*unit-linked hypotheek*);
- (viii) universal life mortgage loans (*universeel levenhypotheek*);
- (ix) life mortgage loans with the option to choose between the Savings Element and the Unit-linked Alternative (*levenhypotheek*);
- (x) traditional life and with an external insurance policy mortgage loans (*levenhypotheek op basis van traditioneel gemengde verzekering*); and/or
- (xi) a combination of any of the above mentioned types of mortgage loans.

| Mortgage Loan Type             | Description                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Linear Mortgage Loans:</b>  | Under a Linear Mortgage Loan, the Borrower pays a decreasing monthly payment, made up of an initially high and subsequently decreasing interest portion and a fixed principal portion, and calculated in such a manner that the Linear Mortgage Loan will be fully redeemed at maturity.                                             |
| <b>Annuity Mortgage Loans:</b> | Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at maturity. |

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Interest-only Mortgage Loans:</b> | Under an Interest-only Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal is due upon maturity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Investment Mortgage Loans:</b>    | The Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. The Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by means of a <b>Borrower Investment Account</b> , defined amounts in (a) selected investment funds, (b) placing these amounts in his Borrower Investment Account or (c) a combination of options (a) and (b). A bullet payment for the (remainder of the) principal is due upon maturity. Depending on the type of Investment Mortgage Loan, it is envisaged that the Borrower pays (part of) either the bullet payment or (part of) the interest with funds which have been accumulated through investments. The Seller has represented that under the Investment Mortgage Loans, the securities are purchased on behalf of the relevant Borrower by the Seller for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises ( <i>Nadere regeling gedragstoezicht financiële ondernemingen Wft</i> ). The Borrower Investment Accounts are pledged to the Seller. See <i>Risk of set-off or defences in respect of investments under Investment Mortgage Loans</i> in section 2 ( <i>Risk Factors</i> ). |
| <b>Savings Mortgage Loans:</b>       | A portion of the Mortgage Loans will be in the form of Savings Mortgage Loans, which consist of mortgage loans combined with a Savings Insurance Policy with the Insurance Savings Participant. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with a Savings Insurance Company in connection with the relevant Savings Mortgage Loan. Under a Savings Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal towards redemption is due upon maturity of such Savings Mortgage Loan. In relation to the Savings Insurance Policies the Savings Premium 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 to the relevant Borrower is equal to the amount due by the Borrower to the Seller at maturity. The Savings Insurance Policies are pledged to the Seller. See <i>Risk of set-off and defences by Borrowers in case of insolvency of any of the Insurance Companies</i> in Section 2 ( <i>Risk Factors</i> ).                                                                                                                                                                                                                                                                                                                     |
| <b>Bank Savings</b>                  | A portion of the Mortgage Loans (or parts thereof) will be in                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

**Mortgage Loans:**

the form of Bank Savings Mortgage Loans, which consist of Mortgage Loans combined with a blocked savings account, the Bank Savings Account, held with the Bank Savings Participant. Under a Bank Savings Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. The Borrower undertakes to pay a monthly deposit in the Bank Savings Account. The monthly Bank Savings Deposit Instalment is calculated in such a manner that, on an annuity basis, the Bank Savings Deposit is equal to the amount due by upon maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposit is pledged to the Seller. See *Risk of set-off defences with respect to Mortgage Receivables resulting from Bank Savings Mortgage Loans* in Section 2 (*Risk Factors*).

**Life Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of Life Mortgage Loans, i.e. mortgage loans which have the benefit of combined Life Insurance Policies taken out by Borrowers with (a) the Insurance Savings Participant or (b) a Life Insurance Company. Under a Life Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal is due upon maturity. The Life Insurance Policies connected to such Life Mortgage Loans are offered by a Life Insurance Company in several alternatives. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out (**Universal Life Mortgage Loans**), (ii) the Unit-Linked Alternative or (iii), a combination of (i) and (ii), in which case the Borrower has the option to switch between the Unit-Linked Alternative and the Savings Alternative. **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. **Savings Alternative** means the alternative under which a certain pre-agreed amount to be received upon pay out of the Life Insurance Policy with, in such case, the relevant Insurance Company and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the amount due by the Borrower to the Seller at maturity of (part of) the relevant Life Mortgage Loan. Life Mortgage Loans of which the relevant Borrower has opted for a Savings Alternative are referred to as **Life Mortgage Loans with a Savings Element**, and the Life Insurance Policies connected to such Life Mortgage Loans are referred to as **Life Insurance Policies with the Savings Alternative**. Under the traditional life mortgage loan with an external insurance policy, the relevant Insurance Company agrees to pay upon decease of the insured, an amount equal to Outstanding Principal Amount. The Insurance Policies are pledged to the Seller. See *Risk of set-off and defences by Borrowers in case of insolvency of any of the Insurance Companies* in Section 2 (*Risk Factors*).

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date include any and all rights (whether actual or contingent) of the Seller against the Borrower under or in connection with any Mortgage Loans selected by agreement between the Seller and the Issuer. Payment for such sale shall occur on the Closing Date.

Based on the numerical information set out above in *Stratification Tables*, but subject to what is set out in *Risk Factors* above, the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

### **Mortgage Loan Interest Rates**

The interest rate of each Mortgage Loan is floating or fixed, subject to a reset from time to time. On the Cut-Off Date the weighted average current interest rate of the Mortgage Loans is expected to be 4.66 per cent. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Stratification Tables* and the section *Portfolio Information*.

The actual amount of revenue received by the Issuer under the Mortgage Receivables Purchase Agreement will vary during the life of the Notes as a result of the level of resets, delinquencies, defaults, repayments and prepayments of the Mortgage Receivables. Similarly, the actual amounts payable under the Revenue Priority of Payments will vary during the life of the transaction as a result of fluctuations in Euribor and possible variations in certain other costs and expenses of the Issuer. The eventual effect of such variations could lead to drawings, and the replenishment of such drawings, from the Reserve Account and to non-payment of certain items under the Revenue Priority of Payments.

### **Mortgage pool**

All of the Mortgage Loans met the underwriting components set out above, any other Eligibility Criteria and the Portfolio Condition as of the Cut-Off Date. In case of a loan with an NHG Guarantee, the NHG Underwriting Criteria apply. See section 6.5 (*NHG Guarantee Programme*).

All of the loans forming part of the pool were originated by the Seller between 1990 up to and including 2012. For a description of the representations and warranties given by the Seller with respect to the Mortgage Loans, see section 7.2 (

*Representations and Warranties).*

## 6.3 Origination and Servicing

### Origination

#### Introduction

WestlandUtrecht Bank N.V. (in its capacity as Seller), a subsidiary of ING Groep N.V., is supervised by the Dutch Central Bank. The mortgage loans are distributed through independent broker agents.

WestlandUtrecht Bank has stopped offering new loans as of 1 December 2012. After that date clients of WestlandUtrecht Bank will, on their request, be allowed to raise their principal if the acceptance criteria are met. New mortgage loans have always been accepted on the basis of a fixed underwriting protocol.

The principal items in the latest underwriting protocol were:

#### *Code of Conduct (1 January 2007)*

The Code of Conduct of Gedragscode Hypothecaire Financieringen (**GHF**) (the Code of Conduct) on mortgage financing has been applicable to all Dutch financial institutions offering mortgage loans for the purchase, reconstruction or refinancing of the Borrower's property. The Code of Conduct prescribes among 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 Contactorgaan Hypothecair Financiers and the maximum debt-to-income ratios (housing ratios).

#### *New Code of Conduct (1 August 2011)*

On 1 August 2011, the amended GHF-code for underwriting of Dutch residential mortgage loans - proposed by the NVB (*Nederlandse Vereniging van Banken*) and Verbond van Verzekeraars - became effective. The new Code of Conduct intends to find a balance between customer protection and ongoing access to the housing market. It does fully comply with the existing legislation set by the Ministry of Finance.

The main consequences of the code are threefold: (1) mortgage loans may be granted up to 110 per cent. of the market value (including transfer tax), (2) mortgage loans may be granted up to a maximum of 50 per cent. in an 'interest only' loan part, and (3) deviations from the income norm will only be possible given very stringent conditions. AFM will closely monitor the mortgage lenders to see whether they will indeed apply the code.

#### *Income*

A majority of the mortgage Borrowers of WestlandUtrecht Bank receive income from paid employment. For most other mortgage Borrowers, the income is generated from self-employed activity, pensions, social benefits and alimony. The income components are stipulated in the protocol. A check on the income is conducted by requesting a recent employer's declaration. Self-employed persons have to submit full annual accounts (including an 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 in Tiel. A negative credit registration on the Borrower's name will, in principle, lead to a rejection of the mortgage request.

#### *Collateral*

To determine the foreclosure value of the property either a valuation or a WOZ value statement may be used (which is a value statement of the property by the Dutch Tax authorities).

In case that 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. All valuation reports must be validated by a validation institute (e.g. the Nederlands Woning Waarde Instituut (the Dutch Housing Valuation Institute)).

A valuation report will be required:

- (a) if a mortgage loan is intended to have the benefit of a guarantee under the *Nationale Hypotheek Garantie*;
- (b) in case of a newly built property, provided that the principal amount of the mortgage loan exceeds €1,000,000; and
- (c) in case of an owner-built property,

In all other cases, a WOZ value statement may also be used. If a WOZ value statement is used, the foreclosure value of a property is defined as a certain percentage of the WOZ value, being as of 1 September 2009 80%.

A valuation report that is not older than 6 months or WOZ value statement that is not older than 12 months and that adheres to all other criteria set by the Seller, is deemed acceptable.

The maximum principal amount outstanding under a mortgage loan varies between 100% and 125% of the foreclosure value of the property. The foreclosure value is approximately 90% of the market value of the property.

#### *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, (iii) mortgage loans are granted on the Borrower's own residential property only and (iv) at least 50 per cent. of the property must be occupied by the owner. A maximum of 3 residential properties that are let can be granted to a maximum of 75% of the foreclosure value in rented status (Borrower's own residential property has to be financed by WestlandUtrecht Bank as well).

#### *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 five 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 'IKV', 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 land register (*Kadaster*). When a mortgage deed is first presented 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. WestlandUtrecht Bank accepts in principle a second (and sequentially lower) mortgage right if the first entry of a mortgage right is made in the name of WestlandUtrecht Bank.

## **Servicing**

### *Introduction*

The Servicer is responsible for the mortgage administration of the Seller, including contact with clients. Currently, the Servicer provides mortgage administration services for approximately 73,200 customers with over 131,000 loan parts, amounting to approximately €19.6 billion (gross principal amount). The Servicer is located in Amsterdam. The Servicer's arrears management is carried out from the offices in Rotterdam.

### *Mortgage administration*

Following the granting of the loan and the creation of the mortgage, the normal administration of the mortgage loan in the mortgage system 'IKV' commences. The Servicer's portfolio administrative tasks are divided into collection, administration, arrears management, technical administrative control, interest rate reviews and file creation.

### *Interest collection*

For the vast majority of the Mortgage Loans, interest is collected by direct debit. Each month, IKV automatically calculates the amount of interest due. The interest on loans originated by the Seller is collected in arrears on the last calendar day of each month (following business day convention). The interest received is recorded in each Borrower's ledger account. The Servicer has no recollection facilities. The Borrower will receive a first reminder on the seventh day following an unsuccessful automatic collection.

### *Arrears management*

If a borrower fails to meet his payment obligations, the file is transferred to the arrears management department. The arrears management activities globally consist of two phases. In the first phase, the goal is to re-instate the normal payment pattern and to retain the customer. In this phase, contact is made with the borrower and possibly with the employer of the borrower. The borrower receives personal attention by a team that has, on average, more than four years of experience in arrears management. The second phase consists of preventing losses and/or liquidation where the goal is to control risk, with the intent to maximise collections. A final effort can be made to re-instate the payment pattern. Priority is given to urge customers to voluntarily sell the collateral (private sale), a process that is co-ordinated by arrears management and an estate agent to maximise the recoveries. 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, active attention is given to the foreclosure procedure in order to maximize revenues. However, the procedure can be adjusted to reflect risk considerations. The arrears administrative control procedure is as follows:

- (i) The amount to be debited will be updated according to the payments due at that date; premium, penalty, interest and repayments. In this direct debit procedure the outstanding amounts to be collected are credited in the following order: first, premium (insurance, investment and/or savings), second, penalty payment, third, interest and finally, repayment.
- (ii) Since June 2010, the Support & Information (S&I) team has been established. During the first two months, this team sends various additional letters to the client to emphasize the arrears situation once more. These letters are sent after seven (7), twenty-two (22) and thirty-seven (37) days. Finally the so-called consequence letter is sent after fifty-four (54) days.
- (iii) If, fifty-nine (59) days after the due date, payment has still not been received, the file is transferred to the arrears management department. A notice is sent out to the debtor consisting of a status update that specifies the due amount (premium, interest and repayment) including the penalty payment. The borrower received a first manually prepared letter which announces that he will be subjected to a test in BKR to check for other outstanding debts. Depending on the outcome of this test, arrears management can decide to speed-up the process. At this stage an arrears management employee becomes directly involved and enters in telephone contact with the Borrower.
- (iv) If, more than ninety (90) days after the due date the payment still has not been received, the arrears management employee calls the Borrower, request that a budget survey is filled and considers to make an attachment of earnings.
- (v) If no payment has been received one hundred and ten (110) to one hundred and thirty (130) days after the due date, a stronger letter is sent, the borrower is reported to the BKR and the loan is accelerated seven (7) days after notification thereof.
- (vi) After one hundred and twenty-seven (127) days, further efforts will be made to return to normal payment behaviour of the client. The type and frequency of the contact can differ for

each borrower. The file is transferred to a senior arrears management employee. Getting the borrower back to perform is not excluded at this stage, but the emphasis shifts to minimising the credit losses. In specific more risky situations the file will be transferred to such employee at an earlier stage not to unnecessarily delay the (foreclosure) process.

- (vii) During the period in which arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrower and the Seller. This typically happens within the notice period of a maximum of 14 months delinquency.

#### *Foreclosure procedures*

The third phase consists of preventing losses and/or liquidation where the goal is to control risk, with the intention of maximising collections.

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. The directive within the Servicer is that this does not take place later than six months after the date of the second monthly payment in arrears. Foreclosure on the property is only undertaken if the intensive arrears management department determines that there is no prospect of a foreseeable solution. The Seller 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, the Seller does not have to obtain court permission prior to foreclosing on the mortgaged property. If the proceeds from the sale (auction) of the mortgaged property do not fully cover the Seller's claims, the Seller may also sell any pledged insurance policy or deposit. However, after giving such notification, Netherlands 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 case of a Borrower's bankruptcy, the Seller may foreclose on the Borrower's property as if there was no bankruptcy. Nevertheless, foreclosure must take place within a reasonable time. Failure to meet this deadline could cause the bankruptcy trustee to take over the foreclosure proceedings. If this occurs, the Seller must contribute to the general bankruptcy costs.

If the Seller 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, the Seller will calculate the best method of maximising the sale value of the mortgaged property. Based on this calculation, the Seller 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 the Seller, 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, six weeks of this instruction (depending on the region and the number of other foreclosure auctions at the time). 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, the Seller follows the requirements set forth in the laws of The Netherlands and its so-called Intensive Arrears Management Manual.

#### *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 the Seller, 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.

The Servicer actively manages mortgage fraud by giving anti-fraud presentations to all parties involved in the origination process. In addition, a fraud site has been created on the intranet within the 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.

## 6.4 Dutch Residential Mortgage Market

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a wide range of mortgage loan products and a high degree of competition between mortgage lenders. The latter has recently been questioned by consumer organisations. In their view margins have become too high due to government interference. Banks who received government support were restricted in the sense that they are not allowed to be a price leader. The Dutch competition authority concluded that this was not the case.<sup>1</sup> Furthermore, historic practices, culture and most importantly tax legislation (especially those pertaining to the deductibility of mortgage interest) have shaped the Dutch residential mortgage market in quite a unique way.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a period of between 5 and 10 years. The historically low mortgage loan 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, which gives people almost life-long certainty).<sup>2</sup> For this reason Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.<sup>3</sup>

Even though Dutch house prices have declined since 2008, the principal amount outstanding of Dutch mortgage loans has continued to increase until the second quarter of 2011. Since then the aggregate outstanding mortgage debt of Dutch households is stabilising (Chart 1)<sup>4</sup>. 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.

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. The relatively risky mortgage loan products have since the start of the credit crisis in 2007 lost their attraction and are nowadays no longer provided.<sup>5</sup>

### Tax deductibility and regulation

The mortgage loan products offered by lenders reflect the tax deductibility of mortgage loan interest (which was deductible in full until 2001, see next paragraph) and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high loan to foreclosure values and the extensive use of interest-only mortgage loans (which need only be redeemed at maturity). For borrowers wanting 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.

As from January 2001, mortgage loan interest tax deductibility has been restricted 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 top tax rate has been reduced from 60% to 52%. 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> NMA, Sectorstudie Hypotheekmarkt, 30 May 2011

<sup>2</sup> Dutch Central Bank, statistiek, statistieken DNB, financiële markten, rentes, T1.2.2 (31 October 2012)

<sup>3</sup> Maarten van der Molen en Hans Stegeman, 2011, De ongekende stabiliteit van de Nederlandse woningmarkt, 7 May 2011

<sup>4</sup> Dutch Central Bank, statistiek, statistieken DNB, huishoudens T11.1 (31 October 2012)

<sup>5</sup> Boonstra and Treur (2012) "Reactie op: Hollands hoge hypotheekrentes" ESB, 12 October 2012

On top of the limitations that came into force in 2001, tax deductibility of mortgage loan interest payments has been further restricted as from 1 January 2004 for borrowers that relocate to a new house and refinance their mortgage loan. Under the 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.

Since 1 August 2011, the requirements for mortgage lending have been tightened by the Financial Markets Authority (*AFM*) leading to a revised Code of Conduct for Mortgage Lending (*Gedragscode Hypothecaire Financieringen*), to limit the risks of over-crediting. Under those tightened requirements, the principal amount of a mortgage loan may not exceed 104% of the market value of the mortgaged property plus transfer tax. In addition, only a maximum of 50% 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 lead to additional borrowing capacity.<sup>7</sup>

### Recent changes in regulation

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 complying with a statutory formula.

Furthermore, the maximum loan-to-value (mortgage loan versus the market value of the house) will be gradually lowered to 100%. The transfer tax that was already temporarily lowered from 6% to 2% on 1 July 2011 with effect from 15 June 2011, will remain at 2%.<sup>8</sup>

In addition to these changes further restrictions on the interest deductibility are proposed. On 29 October 2012 the coalition agreement (*Regeerakkoord*) was published, in which it is proposed to gradually reduce the income tax rate against which the mortgage interest may be deducted as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest tax rate) the interest deductibility would be reduced from 52% to 42% in 20 years, so a 0.5%-point reduction per year.

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. There can be no assurance that the currently proposed changes in tax deductibility will be implemented as proposed and/or whether or not other further changes will be implemented. In addition, 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, linear, 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 repaid during the term of the contract. Instead, save in the case of interest-only mortgage loans, the Borrower makes payments into a savings account, towards endowment

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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, 2012, *Aanschaffen woning is makkelijker*, January 2012

<sup>8</sup> Rijksoverheid, 2012, *Stabiliteitsprogramma Nederland*, april 2012 actualisatie

insurance or into an investment fund. Upon maturity, amounts available pursuant to the savings account, the insurance contract or the investment fund 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.

### **Recent trend in house prices and transactions<sup>9</sup>**

The Dutch residential property market is still not showing any signs of recovery. In the third quarter of 2012 the average house price fell by 8.0% as compared to the same period last year (Chart 2). A lack of confidence among house buyers has sapped momentum from the market. From peak-to-trough the price decline amounts to 15.6% (Chart 3). Residential property sales went down in the third quarter and still fluctuate at a low level. On a twelve-month basis, the number of transactions amounts to 113,637 which is around 45% lower than pre-crisis (Chart 4).<sup>10</sup>

### **Foreclosures**

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>11</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 foreclosures was therefore limited compared to the number of owner-occupied houses.<sup>12</sup>

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 (Chart 5). The number of foreclosures 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 (*Kadaster*) recorded 2,811 forced sales in 2011. In the third quarter of 2012 the number of foreclosures amounted to 520, compared to 432 in the same period in 2011 (Chart 5). 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>13</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 foreclosures 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.

<sup>9</sup> Rabobank Economic Research Department - Dutch Housing Market Quarterly August 2012

<sup>10</sup> Statistics Netherlands, cijfers, cijfers per thema, bouwen en wonen, verkochte woningen (31 October 2012)

<sup>11</sup> Comparison of S&P 90+ day delinquency data

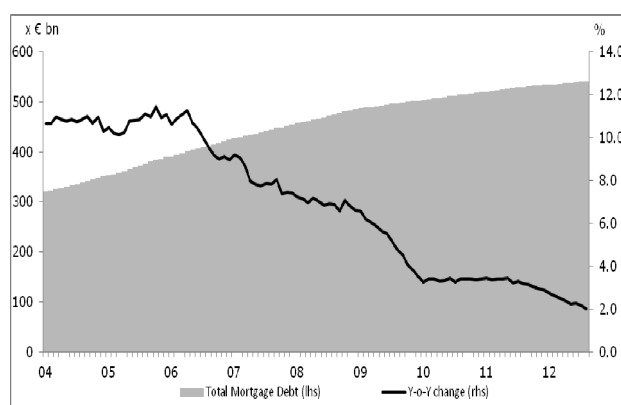
<sup>12</sup> Kadaster and CBS, cijfers, cijfers per thema, bouwen en wonen, verkochte woningen (31 October 2012)

<sup>13</sup> Standard & Poor's, 2010, Mortgage lending business supports some European banking systems



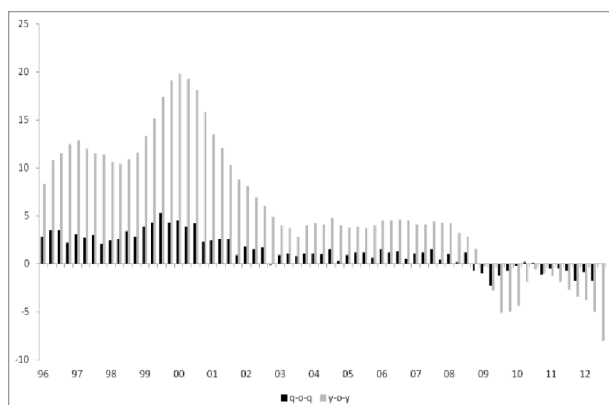
Even though in a relative sense the increase over the last years is substantial, the absolute number of forced<sup>14</sup> sales is obviously still small compared to the total number of residential mortgage loans outstanding. There is no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding<sup>15</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 foreclosures per year since 2005 therefore corresponds to approximately 0.1% of the total number of residential mortgage loans outstanding.

Chart 1: Total mortgage debt



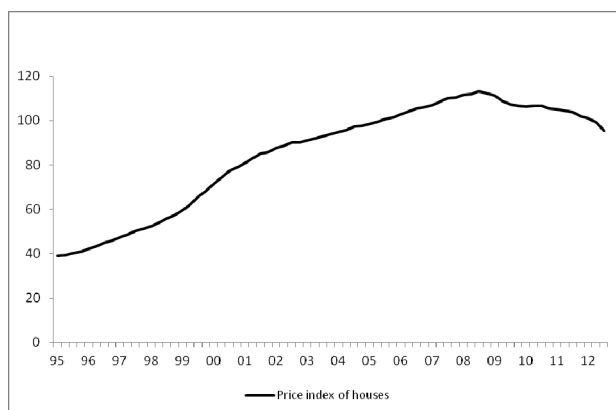
Source: DNB

Chart 2: Dutch property price development

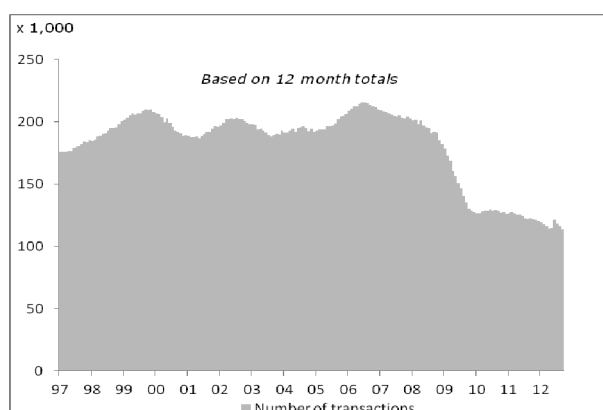


Source: NVM

Chart 3: Development house price index Chart 4: Number of house sale transactions



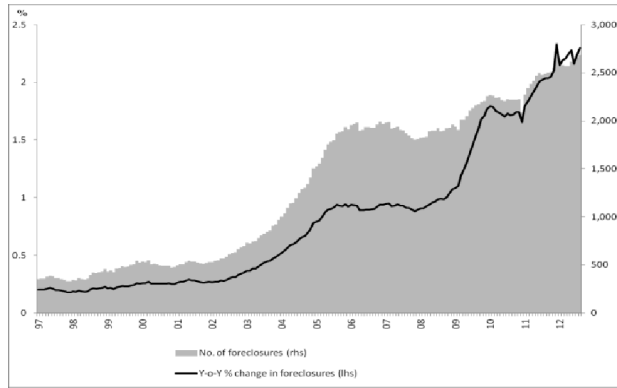
Source: Statistics Netherlands/State Registry



Source: Land Registry

Chart 5: Number of foreclosures

<sup>14</sup> Kadaster  
<sup>15</sup> Dutch Central Bank, statistiek, statistieken DNB, huishoudens T11.1 (31 October 2012)



Source: Land Registry

## 6.5 NHG Guarantee Programme

### NHG Guarantee

In 1960, the Netherlands government introduced the 'municipal government participation scheme', an open ended scheme in which both the Dutch State and the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorised lenders to eligible borrowers to purchase a primary family residence. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free loan to the municipality to cover its obligations. The aim was to promote house ownership among the lower income groups.

Since 1 January 1995 Stichting WEW (a central privatised entity) is responsible for administration and granting of the NHG Guarantee under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (See section 2 (*Risk Factors*)).

### Financing of Stichting WEW

Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.70 per cent. 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 the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, 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. Municipalities participating in the NHG scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the difference. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the NHG to register the mortgage and establish the guarantee. Stichting WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee, which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

The specific terms and conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc., are set forth in published documents by Stichting WEW.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the BKR, a central credit agency used by all financial institutions in the Netherlands. All financial commitments 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 property.

The Mortgage Conditions should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

### **Claiming under the NHG Guarantees**

When a borrower is in arrears with payments under the mortgage loan for a period of four months, a lender informs Stichting WEW in writing within 30 days of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. When the borrower is in arrears 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 sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless Stichting WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within three months of the private or forced sale of the property, the lender must make a formal request to Stichting WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, 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, 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 have the right to request Stichting WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The 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, *inter alia*, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.

### **Main NHG Underwriting Criteria (*Normen*) per 1 January 2012**

With respect to a borrower, the underwriting criteria include but are not limited to:

- (a) The lender has to perform a BKR check. "A" and "A1" registrations are allowed in certain circumstances.
- (b) As a valid source of income the following applies: indefinite contract of employment, temporarily contract of employment if the employer states that the employee will be provided with an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers or during a probationary period (*proeftijd*) a three year history of income statements, and a three year annual statements for those who are self employed.
- (c) The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with fixed interest terms of less than 10 years on the basis of a percentage determined by the Dutch Association of Mortgage Lenders (*Contactorgaan Hypothecair Financiers* or *CHF*) which is in turn based on the market interest on loans to the Dutch State of the Netherlands with a remaining life of 10 years, plus such margin as may be determined by the CHF. This margin is fixed for the time being at 1 percentage point. 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:

- (a) As of 1 July 2012 the absolute maximum loan amount is EUR 320,000 (previously this was EUR 365,000). The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
  - (i) For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements and (iii) 8 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying transfer taxes (*vrij op naam*), the purchase amount under (i) is multiplied by 97 per cent.

- (ii) For the purchase of a property to be built, the maximum loan amount is broadly based on the sum of (i) purchase/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost) and (ii) 8 per cent. of the amount under (i).
- (b) The maximum loan amount that is interest-only is 50% of the original value of the property.
- (c) The risk insurance policy should, at a minimum, cover the loan amount in excess of 80% of the market value.

## **7. PORTFOLIO DOCUMENTATION**

### **7.1 Purchase, Repurchase and Sale**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Mortgage Receivables and will accept the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. The assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers, except that notification of the assignment of the Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events (see paragraph Assignment Notification Events below). Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of the Cut-Off Date.

#### **Purchase Price**

The purchase price for the Mortgage Receivables shall consist of the Initial Purchase Price and the Deferred Purchase Price. The Initial Purchase Price payable by the Issuer for the Mortgage Receivables assigned to it on the Closing Date will be EUR 3,453,712,090.00.

The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments (see section 5 (*Credit Structure*)).

#### **Mandatory Repurchase**

##### *Breach of representations and warranties*

If at any time after the Closing Date any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables given by the Seller proves to have been untrue or incorrect in any material respect, the Seller shall within 14 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 14 days, the Seller shall repurchase and accept re-assignment of (legal title to) the relevant Mortgage Receivable on the immediately succeeding Notes Payment Date.

##### *Breach of Portfolio Condition*

If at any time after the Closing Date it becomes apparent that the Mortgage Loans did not meet the Portfolio Condition (for the avoidance of doubt, as at the Cut-Off Date), the Seller shall on the immediately succeeding Notes Payment Date repurchase and accept re-assignment of (legal title to) such Mortgage Receivables as selected by or on behalf of the Issuer that as a result the Mortgage Loans meet the Portfolio Condition.

##### *Repurchase in case of amendment of terms of Mortgage Loan*

If at any time the Seller (or the Servicer on its behalf) agrees with a Borrower to amend 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) such Mortgage Loan or, as the case may be, Mortgage Receivable no longer meets the Eligibility Criteria (as set out above), the Portfolio Condition and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above), the Seller shall

repurchase and accept re-assignment of such Mortgage Receivables on the immediately succeeding Notes Payment Date.

#### *Other Claim(s)*

On the Mortgage Collection Payment Date immediately following the date on which the Seller has obtained any Other Claim(s) *vis-à-vis* any Borrower including resulting from a Further Advance, it shall repurchase and accept re-assignment of the Mortgage Receivable on the terms and conditions set forth above on such Mortgage Collection Payment Date.

#### *Breach of NHG Criteria*

The Seller will repurchase and accept re-assignment of the NHG Mortgage Receivables

- (a) on the Mortgage Collection Payment Date immediately following the date on which the NHG Mortgage Loan no longer has the benefit of the NHG Guarantee;
- (b) on the Mortgage Collection Payment Date immediately following the date on which the Servicer receives notice from a regulatory agency, the Seller, a Borrower or any other party indicating that the Seller has not originated and/or administered the NHG Mortgage Loans, including the foreclosure thereof, in accordance with the terms and conditions (*voorwaarden en normen*) of *Stichting Waarborgfonds Eigen Woningen*; and/or
- (c) in respect of an NHG Mortgage Loan, on the Mortgage Collection Payment Date immediately following the date on which after foreclosure the Net Foreclosure Proceeds (excluding the amount to be received under the NHG Guarantee) are not sufficient to repay the relevant NHG Mortgage Receivable in full and the Originator, Seller or the Servicer Provider decides not to make a claim under the NHG Guarantee.

#### *Switch*

Furthermore, the Seller shall on the Notes Payment Date immediately following the date on which it agrees with a Borrower to switch a Participation-Linked Mortgage Loan or a Bank Savings Mortgage Loan or an Annuity Loan into (a part of) any type of Mortgage Loan other than a Participation-Linked Mortgage Loan or a Bank Savings Mortgage Loan or an Annuity Loan.

#### *(Re)purchase Price*

The purchase price for the Mortgage Receivable in such events will be equal to (i) the then Outstanding Principal Amount of such Mortgage Receivable together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable and (ii) reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment).

Other than in the events set out above, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer.

#### **Clean-up Call Option**

On each Notes Payment Date, the Seller may, but is not obliged to, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables (excluding the Saving Parts, if any, which are repurchased by the Insurance Savings Participant (unless agreed otherwise)) if on the Notes Calculation Date immediately preceding such Notes Payment Date the aggregate principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the



Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date (the **Clean-up Call Option**). 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, in the event that the Seller exercises the Clean-up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes, subject to and in accordance with the Conditions.

The purchase price of each Mortgage Receivable in the event of such sale shall be (1) sufficient to redeem the Class A Notes at their Principal Amount Outstanding less the relevant Principal Shortfall and the other Classes of Notes at their Principal Amount Outstanding less the relevant Principal Shortfall, (2) sufficient to make any payment due by the Issuer to the Swap Counterparty in connection with the termination of the Swap Agreement unless the Issuer has other available funds to make such payment to the Swap Counterparty and (3) equal to at least the relevant Outstanding Principal Amount of the relevant Mortgage Receivable, together with accrued interest due but unpaid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that (A) with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the relevant Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivables up to the relevant date of sale or repurchase and (b) an amount equal to the sum of (i) the Foreclosure Value or, if no valuation report of less than 12 months old is available, the Indexed Foreclosure Value and (ii) the amount of other collateral and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) and (B) in respect of Mortgage Receivables which have been foreclosed, the foreclosed Mortgage Loan (*restschuld*) will be repurchased by the Seller for an amount of EUR 1.00 (one euro), except if such foreclosed Mortgage Loan has a 'premium-free' policy (*premievrije polis*) attached to it with an accumulated policy value, in which case the relevant foreclosed Mortgage Loans will be repurchased by the Seller for an amount equal to the lesser of (i) the remaining outstanding loan balance and (ii) the accumulated policy value.

### **Regulatory Call Option**

On each Notes Payment Date the Seller has the option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change (the **Regulatory Call Option**). The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Regulatory Call Option.

Regulatory Change means a change that is announced, published and/or enforced on or after the Closing Date in (i) the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision (the **Basel Accord**), or the Solvency II Framework Directive, (ii) in the international, European or Dutch regulations, rules and instructions (which includes rules on solvency requirements) (the **Bank Regulations**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord), or (iii) a change in the manner in which the Basel Accord, Basel II Accord or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority), which, in the reasonable opinion of the Seller, has the effect of materially adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes.

### Repurchase/sale on Optional Redemption Date

In addition, the Issuer has the right to sell and assign all but not some of the Mortgage Receivables on any Optional Redemption Date. If the Issuer decides to sell and assign all but not some of the Mortgage Receivables on an Optional Redemption Date, it shall on the Notes Payment Date immediately preceding such Optional Redemption Date, first offer all of the Mortgage Receivables for sale on such Optional Redemption Date to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase all of the Mortgage Receivables. If for whatever reason the Seller would on such date not repurchase and accept re-assignment of the Mortgage Receivables, the Issuer will select a third party provided that the Issuer shall apply the proceeds of such sale to redeem the Notes in accordance with Condition 6(e). The purchase price will be as set out in the chapter *Credit Structure* above.

### Assignment Notification Events

If, *inter alia*:

- (a) the Seller fails to make payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or by the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or to comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the Transaction Documents (as defined in Condition 3 of the Notes) to which it is a party and such failure, if capable of being remedied, is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or for any analogous insolvency proceedings under applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*) or legal demerger (*juridische splitsing*) or its assets are placed under administration (for the avoidance of doubt, any merger or demerger as a result of which assets are being transferred to Nationale Nederlanden Bank or to ING Bank does not constitute an Assignment Notification Event as meant in this item); or
- (e) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Transaction Documents; or
- (f) the Seller has given materially incorrect information or has not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into of the Mortgage Receivables Purchase Agreement and/or any of the Transaction Documents; or
- (g) a Pledge Notification Event occurs.

(each such event an **Assignment Notification Event**) then, within 10 Business Days the Seller shall notify the relevant Borrowers, the Insurance Companies and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables and the

Beneficiary Rights to the Issuer unless an appropriate remedy to the satisfaction of the Security Trustee is found or the Security Trustee is comfortable that no notice will not result in a downgrade of the then current rating assigned to the Notes, except on the occurrence of the events mentioned under (d) and (e) where no remedy shall apply. At its option, the Issuer shall be entitled to make such notifications itself within a timeframe to be decided upon by the Issuer.

In addition, pursuant to the Beneficiary Waiver Agreements the Seller and each Insurance Savings Participant (other than WestlandUtrecht Bank) will use their best efforts to obtain the co-operation from the Borrowers and all other parties to (a) appoint as first beneficiary (x) the Issuer until the occurrence of a Pledge Notification Event and (y) the Security Trustee upon the occurrence of a Pledge Notification Event, (b) waive its rights as first beneficiary under the Insurance Policies up to the Outstanding Principal Amount of the relevant Mortgage Receivable and (c) with respect to Insurance Policies whereby the initial appointment of the first beneficiary has remained in force as a result of a Borrower Insurance Proceeds Instruction in favour of the Seller to the relevant Savings Insurance Company, withdraw such Borrower Insurance Proceeds Instruction and to issue a Borrower Insurance Proceeds Instruction up to the Outstanding Principal Amount of the relevant Mortgage Receivable in favour of (x) the Issuer until the occurrence of a Pledge Notification Event and (y) the Security Trustee upon the occurrence of a Pledge Notification Event.

## 7.2 Representations and Warranties

The Seller has represented and warranted on the Closing Date with respect to the Mortgage Receivables that it will sell and the Mortgage Loans to which such Mortgage Receivables relate, *inter alia*, that:

- (a) Each Mortgage Receivable and Beneficiary Right is validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date.
- (b) Each Mortgage Loan was originated by the Seller.
- (c) Each Mortgage Loan is denominated in euro.
- (d) Each of the Mortgage Loans conforms to the Eligibility Criteria and the Mortgage Loans meet the Portfolio Condition.
- (e) The Seller has full right and title (*titel*) to the Mortgage Receivables and no restrictions on the sale and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being sold and assigned.
- (f) The Mortgage Deeds in respect of the Mortgage Loans originated by the Seller (i) contain the provision that the mortgage right will partially follow, *pro rata*, the receivable upon its assignment or (ii) do not contain, nor does any other agreements between the Seller and the relevant Borrower in respect of the relevant Mortgage Receivables contain, any explicit provision on the issue whether (x) the Borrower Pledge follows the receivable upon its assignment or pledge and (y) the mortgage right follows the receivable upon its pledge.
- (g) The Seller has power (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables.
- (h) The Mortgage Loan and the right of pledge securing the Mortgage Receivables resulting therefrom constitutes legal, valid, binding and enforceable obligations of the relevant Borrower.
- (i) The Mortgage Receivables and Beneficiary Rights, are free and clear of any rights of pledge or other or similar rights (*bepaalde rechten*), encumbrances and attachments (*beslagen*) and no rights have been granted in favour of any third party with regard to the acquisition or encumbrances in respect of the Mortgage Receivables and Beneficiary Rights.
- (j) The Mortgage Loans and the Mortgage Conditions at their time of origination complied with the laws of the Netherlands applicable thereto, including mortgage credit and consumer protection legislation.
- (k) Each Mortgage Receivable is secured by a mortgage right (*hypotheekrecht*) on a residential property located in the Netherlands and is governed by Netherlands law.
- (l) All Mortgages and Borrower Pledges: (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the assets which are purported to be the subject of the Mortgages and the Borrower Pledges, as applicable, and, to the extent relating to the Mortgages, have been entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*); (ii) have first priority (*eerste in rang*) or, as the case may be, first and one or more sequential lower ranking priorities (*opvolgend in rang*); and (iii) were vested to secure the repayment of a principal sum which at least

equals the principal sum of the relevant Mortgage Loan when originated, increased with interest, penalties, costs and any damages, together up to an amount equal to 140 per cent. of the outstanding principal amount of the relevant Mortgage Receivable.

- (m) Each Mortgage Receivable, the Mortgage and the Borrower Pledge securing such receivable, if any, constitutes legal, valid, binding and enforceable obligations of the relevant Borrower *vis-à-vis* the Seller except for any limitation on enforceability due to applicable bankruptcy or insolvency laws.
- (n) Each Mortgaged Asset concerned was valued when application for a Mortgage Loan was made in accordance with the then prevailing guidelines.
- (o) Each Mortgage Loan has been granted to a Borrower in accordance with all applicable legal requirements as prevailing at the time of origination, including, after coming into force, the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) and each Mortgage Loan meets in all material respects the underwriting criteria and procedures of the Seller, including Borrower income requirements and those relating to manual overrides, as prevailing at the time of origination.
- (p) The Borrowers have been committed in the Mortgage Conditions to take out a building insurance policy (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*) at the time the relevant Mortgage Loan was advanced.
- (q) Payments in respect of the Mortgage Receivables are made in arrears in monthly instalments.
- (r) On the Cut-Off Date, the aggregate Outstanding Principal Amount of all Mortgage Receivables was equal to EUR 3,453,712,090.
- (s) The notarial mortgage deeds (*minuut*) relating to the mortgage rights are kept by a civil law notary at the time of execution of the deed and the Seller is not aware that such notarial mortgage deeds are not kept by a civil law notary in the Netherlands, while the loan files, which include authentic copies of the notarial mortgage deeds, and which loan files may otherwise be in electronic form, are kept by or to the order of the Seller or, as the case may be, the Issuer or the Security Trustee.
- (t) Each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the Mortgage and not merely one or more loan parts (*leningdelen*).
- (u) The Borrowers are not in default of any provision of their Mortgage Loans.
- (v) The Mortgage Conditions provide that (i) all payments by the Borrowers should be made without any deduction or set-off and (ii) set-off by Borrowers is forbidden.
- (w) With respect to each of the Mortgage Receivables secured by a Mortgage on a long lease (*erfpacht*) provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates as a result of a breach by the leaseholder, the leaseholder materially breaches or ceases to perform his payment obligation under the long lease (*canon*) or if the leaseholder in any other manner breaches the conditions of the long lease.
- (x) It can be determined in the administration of the Seller without any uncertainty which Beneficiary Rights belong to the Mortgage Receivables.

- (y) The Seller has not offered Life Insurance Policies to Borrowers as one combined mortgage and life insurance product under one name and the Borrowers were free to choose the Life Insurance Company which is not part of the same group as the Seller.
- (z) For each of the Mortgage Receivables which has the benefit of an Insurance Policy with the Insurance Company either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Insurance Policies upon the terms of the Mortgage Loans and the relevant Insurance Policies or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable.
- (aa) The particulars of each Mortgage Receivable, as set forth in (i) the List of Loans attached to the Deed of Assignment and Pledge and (ii) the relevant Escrow List of Loans are correct and complete in all material respects.
- (bb) In the administration of the Seller, the Mortgage Receivables can be identified without uncertainty and there are no receivables (other than those intended to be assigned or pledged) having the same details, and in the administration of the Seller the Life Beneficiary Rights which are purported to be assigned or pledged, can be identified without uncertainty and there are no other beneficiary rights having the same details.
- (cc) With respect to each of the Life Mortgage Receivables and Savings Mortgage Receivables, the Seller has the benefit of a Borrower Insurance Pledge and such right of pledge has been notified to the relevant Insurance Company.
- (dd) The Savings Insurance Policies and the Life Insurance Policies are in full force and effect.
- (ee) To the best of the Seller's knowledge, with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a valid pledge agreement has been entered into by the Seller and the relevant Borrower with respect to the relevant Borrower Investment Accounts and the right of pledge is valid and has been notified to the entity with which the Borrower Investment Accounts are held.
- (ff) The Seller does not have an Other Claim against the Borrower which is secured by the same Mortgage or Borrower Pledge securing the relevant Mortgage Receivable.
- (gg) The securities administered on the Borrower Investment Accounts are either in the form of (i) Wge-effecten (securities regulated under the Netherlands Securities Transfer Act (*Wet Giraal Effectenverkeer*) or (ii) securities held by (a) an independent custodian (*bewaarder*) or (b) a *beleggersgiro* and thus, in case of a bankruptcy, separated from the capital of the bank offering the Borrower Investment Account.
- (hh) On the Cut-Off Date, it has not accepted any deposits from the relevant Borrowers (except for (a) deposits under Bank Savings Mortgage Loans and (b) amounts held in deposit with respect to the Mortgage Loans as premiums and interest payments (*rente- en premiedepot*))) and it, at the date thereof, does not have any current account relationships with such Borrowers.
- (ii) For each Mortgage Loan that is flagged in the Mortgage Portfolio as being valued by "full valuation", the relevant Mortgaged Asset actually was visited and a valuation report was produced by a broker that is a member of a selected organisation, as outlined in the section *Origination and Servicing of the Mortgage Loans* above.
- (jj) (i) WestlandUtrecht Effectenbank N.V. does not offer any current accounts (*betaalrekening*) or savings deposits (*spaarrekeningen*) as products which are in any way legally connected

with the relevant Mortgage Loans by means of cross references in the underlying documentation or marketing materials, (ii) the relevant Mortgage Loan is not connected to any current account or any savings deposit with WestlandUtrecht Effectenbank N.V. by means of set-off provisions, (iii) the relevant Mortgage Loan is not offered in combination with a current account or the savings deposit with WestlandUtrecht Effectenbank N.V. and (iv) no rights under a current account or savings deposit with WestlandUtrecht Effectenbank N.V. will be pledged to the Seller as security for the relevant Mortgage Loan.

- (kk) Each NHG Mortgage Loan has the benefit of an NHG Guarantee and (i) each such NHG Guarantee connected to the NHG Mortgage Loan (A) was granted for the full amount of the NHG Mortgage Loan at origination, (B) constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms, (C) all terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee at the time of origination of the NHG Mortgage Loans were complied with, and (ii) the Seller is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of any NHG Mortgage Loan should not be met in full and in a customary manner.
- (ll) Each NHG Mortgage Loan meets in all material respects the NHG Underwriting Criteria and procedures of the Seller, including Borrower income requirements, prevailing at the time of origination.
- (mm) At origination the property was intended primarily for use as the primary residence of the borrower.
- (nn) At the Cut-Off Date, the number of Borrowers is not less than 1,000.
- (oo) The Mortgage Loans do not include self-certified mortgage loans or equity-release mortgage loans 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.
- (pp) No Mortgage Loan agreement contains a requirement for the Borrower to consent to the transfer of the rights of the Seller under such Mortgage Loan as contemplated by the transaction or where such consent is required, written evidence of such consent has been, or prior to the Closing Date will be, received.
- (qq) No Mortgage Loan agreement contains confidentiality provisions which purport to restrict the purchaser's exercise of its rights as owner of the Mortgage Loan.
- (rr) Each Mortgage Loan agreement has been concluded at arm's length in compliance with all applicable consumer protection legislation;
- (ss) No Mortgage Loan agreement has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its terms or its enforceability or collectability.
- (tt) No Mortgage Loan agreement has been terminated or frustrated, nor has any event occurred which would make any Mortgage Loan agreement subject to force majeure or any right of rescission and there is no right or entitlement of any kind for the non-payment of the full amount of each Mortgage Loan when due.
- (uu) No Mortgage Loan agreement has been entered into fraudulently by the Borrower or has been passed to the claims or legal department or referred to external lawyers other than in

respect of the issue by the Seller of letters demanding payment which are issued in the ordinary course of business.

- (vv) No Mortgage Loan agreement has been entered into as a consequence of any conduct constituting fraud, misrepresentation, duress or undue influence by the Seller, its directors, officers, employees or agents or by any other person acting on behalf of the Seller;
- (ww) At the Cut-off Date, no Borrower which is not an individual will be subject to an insolvency event; or in the case the Borrower is an individual, deceased; and
- (xx) At the Cut-Off Date, no Borrower will be subject to an insolvency event;
- (yy) At the Cut-Off Date, no Borrower is in default under another financial obligation owing to the Seller.



### 7.3 Eligibility Criteria

Each of the Mortgage Loans meets the following Eligibility Criteria on the Cut-Off Date:

- (a) the Mortgage Loans are either in the form of:
  - (1) Savings Mortgage Loans (*spaarhypotheken*);
  - (2) Bank Savings Mortgage Loans (*bankspaarhypotheken*);
  - (3) Linear Mortgage Loans (*lineaire hypotheken*);
  - (4) Annuity Mortgage Loans (*annuïteiten hypotheken*);
  - (5) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*);
  - (6) Investment Mortgage Loans (*beleggingshypotheken*);
  - (7) Unit-linked Mortgage Loans (*unit-linked hypotheek*);
  - (8) Universal life Mortgage Loans (*universeel levenhypotheek*);
  - (9) Life Mortgage Loans with the option to choose between the Savings Element and the Unit-linked Alternative (*levenhypotheek*);
  - (10) Traditional life and with an external insurance policy (*levenhypotheek op basis van traditioneel gemengde verzekering*); and/or
  - (11) a combination of any of the above mentioned types of mortgage loans;
- (b) the Borrower is a resident of the Netherlands and not employed by the Seller;
- (c) each Mortgage Loan is covered by a first ranking or first ranking and sequentially lower ranking right of mortgage on real property situated in the Netherlands;
- (d) in respect of each Mortgage Loan, at least one (interest) payment has been made;
- (e) no Mortgage Loan or part thereof qualifies as a bridge loan (*overbruggingshypotheek*);
- (f) each Mortgaged Asset is used primarily for residential purposes;
- (g) the interest rate on the Mortgage Loan (and on each Loan Part) is a floating rate or a fixed rate, subject to an interest reset from time to time;
- (h) the aggregate net outstanding principal amount of a Mortgage Loan does not exceed EUR 1,000,000;
- (i) interest payments on the Mortgage Loans are scheduled to be made monthly in arrears by direct debit;
- (j) on the Cut-Off Date, no amounts due under any of the Mortgage Loans were overdue and unpaid (to an amount in excess of one monthly payment);
- (k) no Mortgage Loan has an origination date earlier than 1 January 1990;

- (l) no Mortgage Loan will have a legal maturity beyond 1 November 2042;
- (m) the Outstanding Principal Amount of each Mortgage Loan did not equal to or exceed 130 per cent. of the Foreclosure Value;
- (n) the Outstanding Principal Amount of each of the NHG Mortgage Loans did not exceed the maximum loan amount as stipulated by the NHG Underwriting Criteria at the time of origination;
- (o) in respect of a Mortgage Loan which consists of one Loan Part that qualifies as an Interest-only Mortgage Loan (not being a Loan Part of an NHG Mortgage Loan) or in respect of a Mortgage Loan which is made up of a combination of loan types, the interest-only loan part hereof (except if that loan part is a Loan Part on an NHG Mortgage Loan), does not exceed 100 per cent. of the Foreclosure Value (*executiewaarde*) (or 50 per cent. of the market value in case the Mortgage Loan is granted after 1 August 2011) of the relevant Mortgaged Asset upon origination of the Mortgage Loan;
- (p) each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the Mortgage and not merely one or more loan parts (*leningdelen*); and
- (q) each Mortgage Loan has a positive principal amount.

#### **7.4 Portfolio Condition**

- (a) the weighted average current loan to original market value of the Mortgage Loans as at the Cut-Off Date was not greater than 110 per cent.

## 7.5 Servicing Agreement

### Services

In the Servicing Agreement (i) the Servicer has agreed to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables, and including the direction of amounts received by the Seller to the Issuer Collection Account and the production of monthly reports in relation thereto and prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer, as required by law, for submission to the relevant regulatory authorities and (ii) the Non-performing Mortgage Loan Servicer has agreed to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further section 6.3 (*Origination and Servicing*)) and to provide information on the Savings Participation in the Participation-Linked Mortgage Loans.

The Issuer has outsourced the servicing and administration of the Mortgage Loans and the implementation of arrears procedures, respectively, to ING Bank as the Servicer and the Non-performing Mortgage Loan Servicer. ING Bank holds a banking licence under the Wft. As a result, the Issuer benefits from an exemption from the licence requirement pursuant to the Wft (see also the risk factor *Licence requirement under the Wft* in section 2 (*Risk Factors*)). Pursuant to the Servicing Agreement, in its role as the Servicer and the Non-performing Mortgage Loan Servicer, ING Bank will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as it administers mortgage loans in its own portfolio.

### Termination

The appointment of the Servicers under the Servicing Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including:

- (a) a default by the relevant party in the payment on the due date of any payment due and payable by it under the Servicing Agreement, without being remedied within the agreed period;
- (b) a default by the relevant party in the performance or observance of any of its other covenants and obligations under the Servicing Agreement without being remedied within the agreed period; or
- (c) the relevant party has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into or emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets; or
- (d) the Servicer and/or Non-performing Mortgage Loan Servicer no longer holds a licence as intermediary (*bemiddelaar*) or offeror of credit (*aanbieder*) under the Wft.

Items (a) to (d) above are together referred to as a **Servicer Termination Event**.

Following the occurrence of a Servicer Termination Event and termination of the appointment of the Servicer and/or the Non-performing Mortgage Loan Servicer (as the case may be), a back-up servicer will take over the services of the Servicer and/or the Non-performing Mortgage Loan Servicer (as the case may be) under the Servicing Agreement.

The appointment of the Servicers under the Servicing Agreement may be terminated by the relevant party, the Issuer and/or the Security Trustee upon the expiry of not less than 12 months' notice of termination given by the relevant party to each of the Issuer and the Security Trustee provided that - *inter alia*- the Security Trustee consents in writing to such termination.

### **Sub-delegation**

The Servicer has, in accordance with the Servicing Agreement, appointed WestlandUtrecht Bank as its sub-servicer to carry out the activities of the Servicer as provided for in the Servicing Agreement. WestlandUtrecht Bank has accepted this appointment and has committed itself, in favour of the Issuer, to carry out the servicing as provided for in the Servicing Agreement subject to and on the terms agreed with ING Bank. The Issuer and the Security Trustee have consented to the appointment of WestlandUtrecht Bank as sub-servicer. The appointment of WestlandUtrecht Bank as sub-servicer of ING Bank is without prejudice to the obligations of ING Bank under the Servicing Agreement and ING Bank shall continue to be liable as if no such appointment had been made and as if the acts and omissions of WestlandUtrecht Bank were the acts and omissions of ING Bank.

## 7.6 Sub -Participation

### **Insurance Savings Participation Agreement**

Under the Insurance Savings Participation Agreement the Issuer will grant to the Savings Insurance Companies an Insurance Savings Participation in the Participation-Linked Mortgage Receivables.

### **Insurance Savings Participation**

In the Insurance Savings Participation Agreement the Savings Insurance Company will undertake to pay to the Issuer:

- (a) on the Closing Date, the Initial Insurance Savings Participation in relation to each of the Participation-Linked Mortgage Receivables; and
- (b) on each Mortgage Collection Payment Date an amount equal to the amount received by the Savings Insurance Company as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Participation-Linked Mortgage Receivable;

provided that no amounts will be paid to the extent that, as a result thereof, the Insurance Savings Participation in such relevant Participation-Linked Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Participation-Linked Mortgage Receivable.

As a consequence of such payments, the Savings Insurance Company will acquire the Insurance Savings Participation in each of the relevant Participation-Linked Mortgage Receivables, which is equal to the Initial Savings Participation in respect of the relevant Participation-Linked Mortgage Receivables increased during each Mortgage Calculation Period with the Insurance Savings Participation Increase.

In consideration for the undertakings of the Savings Insurance Company described above, the Issuer will undertake to pay to the Savings Insurance Company on each Mortgage Collection Payment Date an amount equal to the Insurance Savings Participation in each of the Participation-Linked Mortgage Receivables in respect of which amounts have been received during the relevant Mortgage Calculation Period or, in the case of the first Mortgage Collection Payment Date, during the period which commences on the Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date: (i) by means of repayment and prepayment under the relevant Participation-Linked Mortgage Receivables, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Participation-Linked Mortgage Receivables; (ii) in connection with a repurchase of Participation-Linked Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal; (iii) in connection with a sale of Participation-Linked Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Participation-Linked Mortgage Receivables to the extent such amounts relate to principal (the **Insurance Savings Participation Redemption Available Amount**).

### **Reduction of Insurance Savings Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Participation-Linked Mortgage Receivable if, for whatever reason, the relevant Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or the Savings Investment Insurance Policy, respectively, and, as a consequence thereof, the Issuer will not have received any

amount outstanding prior to such event in respect of such Participation-Linked Mortgage Receivable, the Insurance Savings Participation of the Savings Insurance Company in respect of such Participation-Linked Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

### ***Enforcement Notice***

If an Enforcement Notice is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of a Savings Insurance Company may, and if so directed by the relevant Savings Insurance Company shall, by notice to the Issuer:

- (a) declare that the obligations of the Savings Insurance Company under the Insurance Savings Participation Agreement are terminated; and
- (b) declare the Insurance Savings Participation to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Insurance Savings Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Participation-Linked Mortgage Receivables.

### **Termination**

If one or more of the Participation-Linked Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed, and the Issuer has sufficient funds available to repay the Insurance Savings Participation, the Insurance Savings Participation in such Participation-Linked Mortgage Receivables will terminate and the Insurance Savings Participation Redemption Available Amount in respect of the relevant Participation-Linked Mortgage Receivables will be paid by the Issuer to the Savings Insurance Company. If so requested by the relevant Savings Insurance Company, the Issuer will use its best efforts to ensure that the acquirer of the relevant Participation-Linked Mortgage Receivable will enter into an insurance savings participation agreement with the relevant Savings Insurance Company in a form similar to the Insurance Savings Participation Agreement. Furthermore, the Insurance Savings Participation envisaged in the Insurance Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the relevant Savings Insurance Company has received the Insurance Savings Participation in respect of the relevant Participation-Linked Mortgage Receivable.

### **Bank Savings Participation Agreement**

Under the Bank Savings Participation Agreement the Issuer will grant to the Bank Savings Participant a Participation in the Bank Savings Mortgage Receivables.

### **Bank Savings Accounts**

The conditions applicable to the Bank Savings Mortgage Loans stipulate that amounts paid by the Borrowers will be deposited by the Bank Savings Participant on the relevant Bank Savings Account held with WestlandUtrecht Bank.

### **Bank Savings Participation**

In the Bank Savings Participation Agreement the Bank Savings Participant will undertake to pay to the Issuer:

- (a) on the Closing Date, the Initial Bank Savings Participation in relation to each of the Bank Savings Mortgage Receivables; and
- (b) on each Mortgage Collection Payment Date an amount equal to the amount received by the Bank Savings Participant on the relevant Bank Savings Account in relation to the Bank Savings Mortgage Receivables during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date,

provided that no amounts will be paid to the extent that, as a result thereof, the Bank Savings Participation in the Bank Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the Bank Savings Mortgage Receivable.

As a consequence of such payments, the Bank Savings Participant will acquire a Bank Savings Participation in each of the Bank Savings Mortgage Receivables, which is equal to the Initial Bank Savings Participation in respect of the Bank Savings Mortgage Receivables, increased during each Mortgage Calculation Period with the Bank Savings Participation Increase.

In consideration for the undertakings of the Bank Savings Participant described above, the Issuer will undertake to pay to the Bank Savings Participant on each Mortgage Collection Payment Date an amount equal to the Bank Savings Participation in each of the Bank Savings Mortgage Receivables in respect of which amounts have been received by the Issuer during the relevant Mortgage Calculation Period or, in the case of the first Mortgage Collection Payment Date, during the period which commences on the Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date (i) by means of repayment and prepayment under the Bank Savings Mortgage Receivables, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Bank Savings Mortgage Receivable, (ii) in connection with a repurchase of Bank Savings Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Bank Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Bank Savings Mortgage Receivables to the extent such amounts relate to principal (the **Bank Savings Participation Redemption Available Amount**).

### **Reduction of Bank Savings Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Bank Savings Mortgage Receivable if, for whatever reason, any Bank Savings Participant does not pay the amounts due under the Bank Savings Mortgage Receivable, whether in full or in part, and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Bank Savings Mortgage Receivable, the Bank Savings Participation of the Bank Savings Participant in respect of such Bank Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

### **Enforcement Notice**

If an Enforcement Notice is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Bank Savings Participant may, and if so directed by the Bank Savings Participant shall, by notice to the Issuer:

- (a) declare that the obligations of the relevant Bank Savings Participant under the Bank Savings Participation Agreement are terminated; and



- (b) declare the Bank Savings Participation in relation to the Bank Savings Mortgage Receivables to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Bank Savings Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Bank Savings Mortgage Receivables.

### **Termination**

If one or more of the Bank Savings Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement, or (ii) sold by the Issuer to a third party pursuant to the Trust Deed and the Issuer has sufficient funds available to repay the Bank Savings Participation, the Bank Savings Participation in such Bank Savings Mortgage Receivables will terminate and the Bank Savings Participation Redemption Available Amount in respect of the Bank Savings Mortgage Receivables will be paid by the Issuer to the Bank Savings Participant. If so requested by the Bank Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the Bank Savings Mortgage Receivables will enter into a bank savings participation agreement with the Bank Savings Participant in a form similar to the Bank Savings Participation Agreement. Furthermore, the Bank Savings Participation envisaged in the Bank Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the Bank Savings Participant has received the Bank Savings Participation in respect of the Bank Savings Mortgage Receivables.

## **8. GENERAL**

- (a) The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 23 January 2013.
- (b) 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 EUR 1,000 annually).
- (c) 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 087347273 and ISIN Code NL0010365896.
- (d) The Class B Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 087347338 and ISIN Code NL0010365904.
- (e) The Class C Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 087347354 and ISIN Code NL0010365912.
- (f) The address of Euroclear Netherlands is Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., Herengracht 459-469, 1017 BS Amsterdam, The Netherlands.
- (g) There have been no legal, arbitration or governmental proceedings since the date of incorporation of the Issuer 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.
- (h) Hard copies of the following documents may be inspected at the specified offices of the Security Trustee and the Principal Paying Agent free of charge during normal business hours as long as any Notes are outstanding:
  - (i) the Deed of Incorporation including the Articles of Association of the Issuer;
  - (ii) the Mortgage Receivables Purchase Agreement;
  - (iii) the Paying Agency Agreement;
  - (iv) the Trust Deed;
  - (v) the Parallel Debt Agreement;
  - (vi) the Issuer Mortgage Receivables Pledge Agreement;
  - (vii) the Issuer Rights Pledge Agreement;
  - (viii) the Servicing Agreement;
  - (ix) the Administration Agreement;
  - (x) the Insurance Savings Participation Agreement;
  - (xi) the Bank Savings Participation Agreement;

- (xii) the Issuer Account Agreement;
  - (xiii) the Swap Agreement;
  - (xiv) the Master Definitions Agreement;
  - (xv) the Financial Collateral Agreement;
  - (xvi) the Participation Collateral Agreement;
  - (xvii) the Beneficiary Waiver Agreement;
  - (xviii) the Back-up Servicing Agreement (if and when entered into);
  - (xix) the Issuer Management Agreement;
  - (xx) the Security Trustee Management Agreement; and
  - (xxi) the Shareholder Management Agreement.
- (i) A copy of the Prospectus and the articles of association of the Issuer which are incorporated herein by reference 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, *inter alios*, the Issuer: [www.atccapitalmarkets.com](http://www.atccapitalmarkets.com).
- (j) U.S. taxes:
- 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'.
- 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.
- (k) The Mortgage Loans are not subject to any withholding tax in The Netherlands.
- (l) 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. The individual auditors of Ernst & Young Accountants LLP are members of the Royal Dutch Institute for registered accountants (*Koninklijk Nederlands Instituut van Registeraccountants* (NIVRA)).
- (m) A monthly report on the performance, including the arrears and the losses, of the transaction together with current stratification tables and, on a quarterly basis, loan level data can be obtained by investors and potential investors at: [www.loanbyloan.eu](http://www.loanbyloan.eu) and/or [www.atccapitalmarkets.com](http://www.atccapitalmarkets.com) and/or on the website of the DSA: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).
- (n) Such information will remain available until all Notes have been fully redeemed.
- (o) The Mortgage Loans have been subject to a third-party review according to agreed procedures of a random sample which was completed on or about 21 December 2012, being a date on or about the Closing Date.

- (p) All material Seller and Issuer undertakings, representations and warranties (including but not limited to, corporate and asset matters) have been disclosed in this Prospectus.
- (q) The Issuer is responsible for the 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 (except for the information for which the Seller is responsible as referred to in the following paragraph) 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 CRD in section 1.4 (Notes), 1.6 (Portfolio Information), 3.4 (Seller/Originator), 3.5 (Servicer), 4.4 (Regulatory & 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 disclosure in this Prospectus in respect of Article 122a of the CRD. 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 other section 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 WestlandUtrecht Bank N.V., 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.

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, the Lead Manager or either of the Arrangers.

## 9. GLOSSARY OF DEFINED TERMS

### 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 otherwise requires, the following defined terms used in this Prospectus have the meaning set out below:

**AFM** means the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);

- + **Algemene Levensherverzekering Maatschappij** means Algemene Levensherverzekering Maatschappij N.V. incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*);

**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 Seller 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 Seller;

**All Moneys Pledge** means any right of pledge (*pandrecht*) which secures (i) not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller 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 Seller;

**All Moneys Security Rights** means any All Moneys Mortgages and All Moneys Pledges jointly;

**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;

**Arrangers** means J.P. Morgan, ING Bank and WestlandUtrecht Bank;

**Assignment Notification Event** means any of the events set out in section 7.1 (*Purchase, Repurchase and Sale*);

**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 in the name of a Borrower held with the Bank Savings Participant;

**Bank Savings Deposit** means, in relation to 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 WestlandUtrecht Bank;

**Bank Savings Participation** means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable increased with each Bank Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;

**Bank Savings Participation Agreement** means the bank savings participation agreement between the Issuer, the Bank Savings Participant and the Security Trustee dated the Signing Date;

**Bank Savings Participation Increase** means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:  $(P \times I) + S$ , whereby:

P = the Participation Fraction;

S = the amount received by the Issuer pursuant to the Bank Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Bank Savings Mortgage Receivable from the Bank Savings Participant; and

I = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;

**Bank Savings Participation Redemption Available Amount** has the meaning ascribed thereto in section 7.6 (*Sub -Participation*) of this Prospectus;

**Basic Terms Change** has the meaning set forth as such in Condition 14(b);

**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 in connection with the relevant Mortgage Receivable;

**Beneficiary Waiver Agreement** means the beneficiary waiver agreement between, among others, the Seller, the Security Trustee and the Issuer dated the Signing 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 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;

**Business Day** means when used in the definition of Notes Payment Date and in the Conditions a TARGET 2 Settlement Day, and in any other case a day on which banks are generally open for business in Amsterdam and London;

**Class** means either the Class A Notes, the Class B Notes or the Class C Notes;

**Class A Notes** means the EUR 3,000,000,000 class A mortgage-backed notes due 2044;

**Class B Notes** means the EUR 191,500,000 class B mortgage-backed notes due 2044;

**Class C Notes** means the EUR 95,745,000 class C notes due 2044;

**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 on which the aggregate Outstanding Principal Amount of the Mortgage Receivables (in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off;

**Closing Date** means 29 January 2013 or such later date as may be agreed between the Issuer, the Seller and the Arrangers;

**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*) and amended from time to time;

**Conditions** means the terms and conditions of the Notes set out in Schedule 5 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;

**Coupons** means the interest coupons appertaining to the Notes;

+ **CRA Regulation** means Regulation (EU) No 1060/2009;

**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 Issuer, 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:

- (a) 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**");
- (b) 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
- (c) 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:
  - (i) 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
  - (ii) 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;



**Cut-Off Date** means 31 December 2012;

**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;

- + **Delivery Amount** means, on any Notes Payment Date, the higher of (i) the Potential Set-Off Required Amount minus the Posted Collateral Value and (ii) zero;

**Directors** means ATC Management B.V. as the sole director of each of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor as the sole director of the Security Trustee collectively;

**DNB** means the Dutch central bank (*De Nederlandsche Bank N.V.*);

**DSA** means the Dutch Securitisation Association;

- + **Eligible Collateral** means, in respect of the Financial Collateral Agreement, euro denominated cash;

- + **Eligible Participation Collateral** means, in respect of the Participation Collateral Agreement, euro denominated cash;

**Eligibility Criteria** means the criteria relating to the Mortgage Loans set forth as such in section 7.3 of this Prospectus;

**Enforcement Date** means the date of an Enforcement Notice;

**Enforcement Notice** means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 (*Events of Default*);

**EONIA** means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;

- + **Equivalent Eligible Collateral** means, in relation to any Eligible Collateral comprised in the Posted Collateral, collateral of the same type as Eligible Collateral;

- + **Equivalent Eligible Participation Collateral** means, in relation to any Eligible Participation Collateral comprised in the Posted Participation Collateral, collateral of the same type as Eligible Participation Collateral;

**ESMA** means the European Securities and Markets Association;

**EUR** or **euro** 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 to it in Condition 4(e) (*Interest*);

**Euroclear** means Euroclear Bank SA/NV as operator of the Euroclear System;

**Euroclear Netherlands** means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.;

**Euronext Amsterdam** means NYSE Euronext in Amsterdam;

**Eurosystem Eligible Collateral** means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;

**Events of Default** means any of the events specified as such in Condition 10 (*Events of Default*);

- + **Excess Swap Collateral** means (x) in respect of the date the Swap Agreement is terminated an amount equal to the amount by which (i) the value of the Credit Support Balance (as defined in the credit support annex forming part of the Swap Agreement) exceeds (ii) the value of the amounts owed by the Swap Counterparty (if any) to the Issuer pursuant to Section 6(e) of the Swap Agreement, provided that for the purposes of this calculation under this limb (x)(ii) only, the value of the Credit Support Balance (as defined in the credit support annex forming part of the Swap Agreement) shall be deemed to zero and (y) in respect of any other valuation date under the Swap Agreement an amount equal to the amount by which the Credit Support Balance exceeds the Swap Counterparty's collateral posting requirements under the credit support annex forming part of the Swap Agreement on such date;

**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;

**Extraordinary Resolution** has the meaning ascribed to it in Condition 14;

**Final Maturity Date** means the Notes Payment Date falling in November 2044;

- + **Financial Collateral Account** means the account held in the name of the Issuer for the purpose of depositing any Eligible Collateral transferred by the Seller to the Issuer under the Financial Collateral Agreement in accordance with the Administration Agreement;
- + **Financial Collateral Agreement** means the financial collateral agreement between the Issuer, the Seller and the Security Trustee dated the Closing Date;
- + **Financial Collateral Funds** means, on any day, the Posted Collateral standing to the credit of the Financial Collateral Account at the close of business of such day;
- + **Financial Collateral Interest Amount** means, with respect to a Mortgage Calculation Period, any amount of interest calculated for each day in that Mortgage Calculation Period on the Financial Collateral Funds;

**First Optional Redemption Date** means the Notes Payment Date falling in February 2019;

**Fitch** means Fitch Ratings Ltd., and includes any successor to its rating business;

**Foreclosure Value** means the original foreclosure value of the Mortgaged Asset or, if applicable, an updated foreclosure value of such Mortgaged Asset that has been provided to

WestlandUtrecht Bank;

**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;

**Global Note** means any Temporary Global Note or Permanent Global Note;

**Indexed Foreclosure Value** means the value calculated by indexing the Original Foreclosure Value with a property price index (weighted average of houses and apartments prices), as provided by CBS (Central Bureau of Statistics) for the province where the property is located;

**Indexed Market Value** means the market value calculated by indexing the Original Market Value with a property price index (weighted average of houses and apartments prices), as provided by CBS (Central Bureau of Statistics) for the province where the property is located;

+ **ING Bank** means ING Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*);

**Initial Bank Savings Participation** means (a) on the Closing Date in respect of a Bank Savings Mortgage Receivable assigned to the Issuer on such date, or (b) on the relevant Mortgage Collection Payment Date following a switch from any other type of Mortgage Loan into a Bank Savings Mortgage Loan, an amount equal to the relevant Bank Savings Deposit with accrued interest up to the first calendar day of the month of the Closing Date or the relevant Mortgage Collection Payment Date, as the case may be;

**Initial Insurance Savings Participation** means on (a) on the Closing Date in respect of a Participation-Linked Mortgage Receivable assigned to the Issuer on such date, or (b) on the relevant Mortgage Collection Payment Date following a switch from any type of Mortgage Loan, other than a Participation-Linked Mortgage Loan, into a Participation-Linked Mortgage Loan, an amount equal to the sum of the Savings Premiums received by the Savings Insurance Company with accrued interest up to the first calendar day of the month of the Closing Date or the relevant Mortgage Collection Payment Date, as the case may be;

+ **Initial Issuer Accounts** means any of the Swap Collateral Account, Issuer Collection Account, the Reserve Account and the Sub-Participation Collateral Account;

+ **Initial Issuer Accounts Funds** means, on any day, the balance standing to the credit of the Initial Issuer Accounts at the close of business on such day;

**Initial Purchase Price** means, in respect of any Mortgage Receivable, its Outstanding Principal Amount on the Cut-Off Date;

**Initial Savings Participation** means an Initial Bank Savings Participation and/or an Initial Insurance Savings Participation;

+ **Initial Swap Payment** means any premium payment to be made by the Issuer to or received by the Issuer from a replacement swap counterparty (as applicable) upon entry into a replacement swap agreement;

**Insurance Company** means any insurance company established in the Netherlands, other than the Savings Insurance Company;

**Insurance Policy** means a Life Insurance Policy, Savings Insurance Policy or Savings Investment Insurance Policy;

**Insurance Savings Participant** means each of Nationale-Nederlanden, Algemene Herverzekering Maatschappij, WestlandUtrecht Bank and any other Savings Insurance Company that enters into an Insurance Savings Participation Agreement;

**Insurance Savings Participation** means on a Mortgage Calculation Date in respect of each Participation-Linked Mortgage Receivable an amount equal to the Initial Savings Participation in respect of such Participation-Linked Mortgage Receivable increased with the relevant Insurance Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Participation-Linked Mortgage Receivable;

**Insurance Savings Participation Agreement** means the insurance savings participation agreement between the Issuer, the relevant Savings Insurance Company and the Security Trustee dated the Signing Date;

**Insurance Savings Participation Increase** means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:  $(P \times I) + S$ , whereby:

P = Participation Fraction in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;

S = the amount received by the Issuer pursuant to the relevant Insurance Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Participation-Linked Mortgage Receivables; and

I = the amount of interest due by the Borrower on the relevant Participation-Linked Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;

**Insurance Savings Participation Redemption Available Amount** has the meaning ascribed thereto in section 7.6 (*Sub -Participation*) of the Prospectus;

**Interest Period** means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in May 2013 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 4(e) (*Interest*);

**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;

**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.;

**Issuer** means Orange Lion 2013-8 RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Netherlands 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 Bank;

**Issuer Accounts** means any of the Swap Collateral Account, Financial Collateral Account, Sub-Participation Collateral Account, Issuer Collection Account and the Reserve Account;

**Issuer Administrator** means ING Bank;

**Issuer Collection Account** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**Issuer Management Agreement** means the issuer management agreement between the Issuer, ATC Management B.V., the Security Trustee and the Seller dated the Signing Date;

**Issuer Mortgage Receivables Pledge Agreement** means the mortgage receivables pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) dated the Signing Date;

**Issuer Rights** means any and all rights of the Issuer under and in connection with the Mortgage Receivables Purchase Agreement *vis-à-vis* the Seller, the Issuer Account Agreement (except for any rights in respect of the Swap Collateral Account and the Sub-Participation Collateral Account) including the Issuer Account Funds *vis-à-vis* the Issuer Account Bank, the Servicing Agreement *vis-à-vis* the Servicer and the Non-performing Mortgage Loan Servicer, the Administration Agreement *vis-à-vis* the Issuer Administrator, the Swap Agreement *vis-à-vis* the Swap Counterparty and the Participation Agreements *vis-à-vis* the Bank Savings Participant and each Savings Insurance Company, respectively;

**Issuer Rights Pledge Agreement** means the pledge agreement between, among others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;

**Issuer Transaction Account** means any of the Issuer Collection Account and the Reserve Account;

+ **J.P. Morgan** means J.P. Morgan Securities plc;

**Land Registry** means the Dutch land registry (*het Kadaster*);

**Lead Manager** means J.P. Morgan;

**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 Loan with a Savings Element** means a Life Mortgage Loan of which the relevant Borrower has opted for a Savings Alternative;

**Life Mortgage Receivable** means the Mortgage Receivable resulting from a Life Mortgage Loan;

**Life Mortgage Receivable with a Savings Element** means a Mortgage Receivable resulting from a Life Mortgage Loan with a Savings Element;

**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 Bank;

**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;

**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 plus additional works (if any);

**Master Definitions Agreement** means the master definitions agreement between, among others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

**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, the 10th day of each month or, in case such day is not a Business Day, the next succeeding Business Day;

**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 January 2013;

**Mortgage Collection Payment Date** means the first Business Day of each calendar month

**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 to the relevant borrowers which may consist of one or more loan parts (*leningdelen*) as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement, to the extent 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;

**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** means the Class A Notes or if there are no Class A Notes outstanding, the Class B Notes, or if there are no Class B Notes outstanding, the Class C Notes;

+ **Nationale-Nederlanden** means Nationale-Nederlanden Levensverzekering Maatschappij N.V. incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*);

**Net Foreclosure Proceeds** means (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 the 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 Amount** has the meaning given thereto in Condition 6 (*Redemption*);

**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 Receivable** means the Mortgage Receivable resulting from an NHG Mortgage Loan;

**NHG Mortgage Loan** means a Mortgage Loan that has the benefit of an NHG Guarantee;

+ **Non-performing Mortgage Loan Servicer** means ING Bank;

**Non-performing Mortgage Loan Services** means the services to be provided by the Non-Performing Mortgage Loan Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans in arrears, as set out as such in the Servicing Agreement;

**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 relation to a Notes Payment Date, the fourth Business Day prior to such Notes Payment Date;

**Notes Calculation Period** means, in relation to a Notes Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Cut-Off Date and ends on and includes the last day of April 2013;

**Notes Payment Date** means the 17th day of February, May, August and November 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;

**Notes Purchase Agreement** means the purchase agreement relating to the Notes, between the Issuer, the Seller, the Arrangers and the Lead Manager, dated 28 January 2013;

**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;

**Originator** means WestlandUtrecht Bank;

**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 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 of the type (a) and (b), zero;

**Parallel Debt** has the meaning ascribed thereto in section 4.7 (Security)) of this Prospectus;

**Parallel Debt Agreement** means the parallel debt agreement between, among others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;

**Participant** means each of the Bank Savings Participant and the Savings Insurance Companies;

**Participation** means, in respect of each Participation-Linked Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;



**Participation Agreement** means the Bank Savings Participation Agreement or the Insurance Savings Participation Agreement;

**Participation Collateral Agreement** means the participation collateral agreement between the Issuer, the Seller and the Security Trustee dated the Closing Date;

**Participation Collateral Amount** means EUR 75,055,823.68;

**Participation Fraction** means in respect of each Participation-Linked Mortgage Receivable and/or Bank Savings Mortgage Receivable, an amount equal to the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Participation-Linked Mortgage Receivable and/or Bank Savings Mortgage Receivable, as the case may be, on the first day of the relevant Mortgage Calculation Period;

+ **Participation-Linked Mortgage Loan** means Savings Mortgage Loans and Life Mortgage Loans with a Savings Element;

+ **Participation-Linked Mortgage Receivables** means Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element;

+ **Participation Return Amount** means (A) if (i) SRLEV enters into an Insurance Savings Participation Agreement with the Issuer, (ii) SRLEV is dissolved (*ontbonden*), subjected to emergency regulations (*noodregeling*) or declared bankrupt (*failliet verklaard*) or (iii) all Notes have been redeemed in full, the amount standing to the credit of the Participation Collateral Account at the time of the occurrence of such event or (B) if any Borrower is subjected to any debt restructuring scheme (*schuldsanering natuurlijke personen*) or declared bankrupt (*failliet verklaard*), an amount equal to the Savings Premiums that were scheduled to be paid by such Borrower to SRLEV after the date of the occurrence of such event or (C) if payments are made from the Seller (in its capacity as Insurance Savings Participant) to the Issuer under the relevant Insurance Savings Participation Agreement, an amount equal to such amount paid by the Seller (in its capacity as Insurance Savings Participant) to the Issuer under the relevant Insurance Savings Participation Agreement;

**Paying Agency Agreement** means the paying agency agreement between the Issuer, the Principal Paying Agent, the Reference Agent, and the Security Trustee dated the Signing Date;

**Paying Agent** means the Principal Paying Agent;

**Permanent Global Note** means a permanent global note in respect of a Class of Notes;

**Pledge Agreements** means the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement;

**Pledge Notification Event** means any of the events specified in Clause 5 of the Issuer Mortgage Receivables Pledge Agreement;

+ **Posted Collateral** means, on the relevant Notes Payment Date, the aggregate Eligible Collateral that has been transferred by the Seller and received by the Issuer pursuant to the Financial Collateral Agreement, together with any Financial Collateral Interest Amount, and standing to the credit of the Financial Collateral Account;

+ **Posted Collateral Value** means, on any day, the balance standing to the credit of the

Financial Collateral Account with accrued interest at the close of business of such day;

- + **Posted Participation Collateral** means on any day the aggregate Eligible Participation Collateral that has been transferred by the Seller and received by the Issuer pursuant to the Participation Collateral Agreement, together with any Participation Collateral Interest Amount, and standing to the credit of the Sub-Participation Collateral Account;
- + **Posted Participation Collateral Value** means, on any day, the balance standing to the credit of the Sub-Participation Collateral Account with accrued interest at the close of business of such day;
- + **Potential Set-Off Amount** has the meaning ascribed thereto in section 5.1 (*Available Funds*);
- + **Potential Set-Off Required Amount** has the meaning ascribed thereto in section 5.1 (*Available Funds*);

**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 to it in Condition 6(h)(v) (*Definitions*);

**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 Paying Agent** means ING Bank;

**Principal Shortfall** means an amount equal to the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Notes Payment Date divided by the number of the Notes of the relevant Class on such Notes Payment Date;

**Priority of Payments** means any of the Revenue Priority of Payments, Redemption Priority of Payments or Post-Enforcement Priority of Payments;

**Professional Market Party** means a professional market party (*professionele marktpartij*) as defined in the Wft;

**Prospectus** means this prospectus dated 28 January 2013 relating to the issue of the Notes;

**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;

**Realised Loss** has the meaning ascribed thereto in section 5.3 (*Loss Allocation*) of this Prospectus;

**Redemption Amount** means the principal amount redeemable in respect of a Note as defined in Condition 6(h)(vi) (*Definitions*);

**Redemption Priority of Payments** means the priority of payments set out as such in section 5.2 of this Prospectus;

**Reference Agent** means ING Bank;

- + **Regulatory Call Option** has the meaning given thereto in section 7.1 (*Purchase, Repurchase and Sale*);

**Regulatory Change** has the meaning given thereto in section 7.1 (*Purchase, Repurchase and Sale*);

**Regulation S** means Regulation S of the Securities Act;

**Requisite Credit Rating** means (i) a rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the relevant entity are assigned a rating of no less than F1 by Fitch or P-1 by Moody's, and (ii) a long-term issuer default rating of at least A by Fitch;

**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 3.0 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date or (b) zero, on the Notes Payment Date on which the Notes have been or are to be redeemed in full;

- \* **Reserve Fund** means, at any time, the amount standing to the credit of the Reserve Account;

**Retained Notes** means the Notes initially purchased by the Retained Notes Purchaser;

**Retained Notes Purchaser** means ING Bank;

- + **Return Amount** means, on any Notes Payment Date, the higher of (i) the Posted Collateral Value minus the Potential Set-Off Required Amount and (ii) zero;

**Revenue Priority of Payments** means the priority of payments set out in Section 5.2 (*Priorities of Payments*) 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 Alternative** means, in respect of the alternative under a Savings Investment Policy under which a certain pre-agreed amount to be received upon pay-out of the policy with, in such case, the Savings Insurance Company and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of investment are equal to the amount due by the Borrower to the Seller at maturity of (part of) the relevant Life Mortgage Loan;

**Savings Insurance Company** means each of Nationale-Nederlanden, Algemene Levensherverzekering Maatschappij and SRLEV;

**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;

**Savings Investment Insurance Policy** means an insurance policy taken out by any Borrower, in connection with a Life Mortgage Loan with a Savings Element, 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 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 savings amounts paid by the relevant Borrower, if any, to the relevant Savings Insurance Company on the basis of the Savings Insurance Policy or the Savings Investment Insurance Policy;

**Secured Creditors** means (a) the Noteholders under the Notes (b) the Directors under the Management Agreements, (c) the Servicer and the Non-performing Mortgage Loan Servicer under the Servicing Agreement, (d) the Issuer Administrator under the Administration Agreement, (e) the Principal Paying Agent and the Reference Agent under the Paying Agency Agreement, (f) the Swap Counterparty under the Swap Agreement, (g) the Seller under the Mortgage Receivables Purchase Agreement, (h) the Savings Insurance Companies under the Insurance Savings Participation Agreements, (i) the Bank Savings Participant under the Bank Savings Participation Agreement and (j) the Issuer Account Bank under the Issuer Account Agreement;

**Securities Act** means the United States Securities Act of 1933 (as amended);

**Security** means any and all security interest created pursuant to the Pledge Agreements;

**Security Trustee** means Stichting Security Trustee Orange Lion 2013-8 RMBS, a foundation (*stichting*) organised under Netherlands law and established in Amsterdam, the Netherlands;

**Security Trustee Management Agreement** means the security trustee management agreement between the Security Trustee, Amsterdamsch Trustee's Kantoor B.V., the Issuer and the Seller dated the Signing Date;

**Seller** means WestlandUtrecht Bank;

**Seller Collection Account** means the bank account maintained by the Seller with the Seller Collection Account Bank to which payments made by the relevant Borrowers under or in connection with the Mortgage Receivables will be paid;

**Seller Collection Account Bank** means ING Bank;

**Servicer** means ING Bank;

**Servicing Agreement** means the servicing agreement between the Servicer, the Non-performing Mortgage Loan Servicer, the Issuer and the Security Trustee dated the Signing Date;

+ **Set-Off Amount** means, in respect of any relevant Mortgage Receivable on any Notes

Payment Date, an amount equal to the full amount due but unpaid in respect of such relevant Mortgage Receivable during the Notes Calculation Period immediately preceding such Notes Payment Date if and to the extent the Issuer, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount on the relevant Notes Payment Date, has not received such amount during the Notes Calculation Period immediately preceding such Notes Payment Date;

**Shareholder** means Stichting Holding Orange Lion 2013-8 RMBS, a foundation (*stichting*) organised under Netherlands law and established in Amsterdam, the Netherlands;

**Shareholder Management Agreement** means the shareholder management agreement between the Shareholder, ATC Management B.V., the Security Trustee and the Seller dated the Signing Date;

**Signing Date** means 25 January 2013 or such later date as may be agreed between the Issuer, the Seller and the Arrangers;

- + **SRLEV** means SRLEV N.V. incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*);

**Stichting WEW** means Stichting Waarborgfonds Eigen Woningen;

**Sub-Servicer** means any sub-agent of the Servicer;

- + **Sub-Participation Collateral Account** means the account held in the name of the Issuer for the purpose of depositing any Eligible Participation Collateral transferred by the Seller to the Issuer under the Participation Collateral Agreement;

**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 on or around the Signing 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 Bank;

- + **Swap Counterparty Default Payment** means any termination payment due or payable as a result of the occurrence of an Event of Default where the Swap Counterparty is the Defaulting Party or as a result of the occurrence of an Additional Termination Event relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement);
- + **Swap Required Ratings** means the ratings that each of Moody's and Fitch require the Swap Counterparty to hold in respect of its long-term unsecured, unsubordinated and unguaranteed debt obligations, its long-term issuer default rating and short-term unsecured, unsubordinated and unguaranteed debt obligations in order to perform the role of Swap Counterparty without posting collateral or obtaining a guarantor or co-obligor, in accordance with the highest rating

afforded to any Class of Notes outstanding from time to time and, as at the Closing Date, meaning that the Swap Counterparty is required to have (i) in respect of its long-term unsecured, unsubordinated and unguaranteed debt obligations, a rating of at least A2 by Moody's, (ii) in respect of its long-term issuer default rating of at least A by Fitch and (iii) in respect of its short-term unsecured, unsubordinated and unguaranteed debt obligations, a rating of at least Prime-1 by Moody's and F1 by Fitch;

- + **Swap Termination Payment Ledger** means the ledger created in the Issuer Collection Account for the purpose of recording any amounts received by the Issuer from the Swap Counterparty upon early termination of the Swap Agreement (whether or not through application of any collateral standing to the credit of the Swap Collateral Account);

**Swap Transaction** means the swap transaction entered into under the Swap Agreement;

**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 Change** has the meaning given thereto in Condition 6(e)(i);

- + **Tax Credit** means the cash benefit of any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction obtained by the Issuer relating to any deduction or withholding giving rise to a payment made by the Swap Counterparty in accordance with the Swap Agreement, the cash benefit in respect of which shall be paid directly (i.e., outside of any Priority of Payments) by the Issuer to the Swap Counterparty pursuant to the terms of the Swap Agreement;

**Temporary Global Note** means a temporary global note in respect of a Class of Notes;

**Transaction Documents** means the Mortgage Receivables Purchase Agreement, the Deed of Assignment and Pledge, the Master Definitions Agreement, the Servicing Agreement, the Pledge Agreements, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Trust Deed, the Swap Agreement, the Participation Agreements, the Issuer Account Agreement, the Management Agreements, the Beneficiary Waiver Agreement, the Financial Collateral Agreement, the Participation Collateral Agreement and the Parallel Debt Agreement;

**Trust Deed** means the trust deed entered into by, among others, the Issuer and the Security Trustee dated the Closing Date;

**Unit-Linked Alternative** has the meaning ascribed thereto in section 6.2 (*Description of Mortgage Loans*) of this Prospectus;

**United States Person** means (i) a citizen 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.

- + **WestlandUtrecht Bank** means WestlandUtrecht Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*);

**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.

## **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 or the Class B Notes, as applicable;

a "Class A" or "Class B" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Deficiency Limit or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, a Principal Deficiency Limit, the Principal Deficiency Ledger or a Redemption pertaining to, as applicable, the relevant Class of Notes;

a "Class C" Noteholder shall be construed as a reference to a Noteholder of the Class C Notes;

"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" 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 surséance 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", directive, regulation or "treaty" shall be construed as a reference to such statute, directive or regulation 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.



## **REGISTERED OFFICES**

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### **SELLER**

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