

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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By accessing the attached document you shall be deemed to have confirmed and represented that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the attached document by electronic transmission and (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any States of the United States or the District of Columbia.

You are reminded that the attached document has been delivered to you on the basis that you are a person into whose possession the attached document may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached document to any other person.

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 the 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 Arranger or the Manager.

The attached document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Manager, the Arranger nor the Issuer nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Arranger or the Manager.

Prospectus dated 17 April 2014

SME Lion II B.V.

(incorporated with limited liability under the laws of the Netherlands)

Euro 6,293,500,000 Senior Class A Asset-Backed Notes 2014 due 2060, issue price 100 per cent.
Euro 2,697,200,000 Mezzanine Class B Asset-Backed Notes 2014 due 2060, issue price 100 per cent.
Euro 269,700,000 Subordinated Class C Notes 2014 due 2060, issue price 100 per cent.

ING Bank N.V.
as Seller

This document comprises a prospectus (the **Prospectus**) for the purpose of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area (the **Prospectus Directive**). Application has been made to The Netherlands Authority for the Financial Markets (the **AFM**) in its capacity as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht* or *Wft*) relating to prospectuses for securities, for the approval of this Prospectus for the purposes of the Prospectus Directive. Application has been made to Euronext Amsterdam N.V. for the Euro 6,293,500,000 Senior Class A Asset-Backed Notes 2014 due 2060 (the **Senior Class A Notes**), the Euro 2,697,200,000 Mezzanine Class B Asset-Backed Notes 2014 due 2060 (the **Mezzanine Class B Notes**) and the Euro 269,700,000 Subordinated Class C Notes 2014 due 2060 (the **Subordinated Class C Notes** and together with the Senior Class A Notes and the Mezzanine Class B Notes, the **Notes**) to be listed on NYSE Euronext in Amsterdam (**Euronext Amsterdam**). References in this Prospectus to the Securities being "listed" (and all related references) shall mean that the Securities have been listed and admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Notes will be issued by SME Lion II B.V. (the **Issuer**). The Notes are expected to be issued on or about 17 April 2014 (the **Closing Date**).

The Senior Class A Notes will carry floating rates of interest, payable quarterly in arrear on each Quarterly Notes Payment Date. Except for the first Quarterly Notes Payment Date, falling in August 2014, on which the interest rate will be referenced to the linear interpolation of 3 and 6 months Euribor, the respective rates of interest will be equal to three months Euribor plus a margin per annum which will be Notes 1.25 per cent. per annum. No interest is payable in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes.

The Notes are scheduled to mature on the Quarterly Notes Payment Date falling in August 2060 (the **Final Maturity Date**). On the Quarterly Notes Payment Date falling in May 2019 and on each Quarterly Notes Payment Date thereafter (each an **Optional Redemption Date** and the Optional Redemption Date falling in May 2019, the **First Optional Redemption Date**), the Issuer will have the option to redeem all (but not some only) of the Notes then outstanding at their Principal Amount Outstanding plus accrued but unpaid interest thereon, subject to and in accordance with the Conditions of the Notes. In addition, the Issuer has the option to redeem all of the Notes in whole but not in part upon the occurrence of a Tax Change and if the Seller exercises the Clean-up Call Option.

It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned an AAA(sf) rating by Fitch Ratings Ltd. (Fitch) and an Aaa(sf) rating by Moody's Investors Service Limited (Moody's). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Notes of each Class will be initially represented by a temporary global note (the **Temporary Global Note**) in bearer form, without coupons, which will be deposited with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (**Euroclear Netherlands**) as common safekeeper on or about the issue date thereof. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant Class (each a **Permanent Global Note**), without coupons not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Notes will, in certain limited circumstances, be exchangeable for Definitive Notes in bearer form as described in the Conditions of the Notes (the expression **Global Note** means each Temporary Global Note and each Permanent Global Note, as the context may require). The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**). The Notes are in bearer form and 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 to U.S. persons.

The Notes are secured by a pledge over the Receivables and a pledge over certain of the assets of the Issuer in favour of Stichting Security SME Lion II (the **Security Trustee**). The right to receive payment of principal on the Mezzanine Class B Notes and the Subordinated Class C Notes will be subordinated and may be limited as further described herein. For a discussion of the risks associated with an investment in the Notes, see *Risk Factors* herein.

The Seller has covenanted to, during the life of the Notes and in compliance with Article 405 of Regulation (EU) No 575/2013 (the Capital Requirements Regulation, the **CRR**) retain a material net economic interest in the securitisation transaction of at least 5% of the Notes. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche within the meaning of Article 405(1)(d) of the CRR and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors as required by the text of each of Article 405 of the CRR. Such retention requirement will be satisfied at the Closing Date by the Seller as the Seller will be initially holding all Notes which represent a (first loss) economic interest in the securitisation well in excess of the required 5%.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings as set out in Annex A to this Prospectus. The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Arranger and Manager
ING Bank N.V.

Neither the delivery of this Prospectus at any time nor any sale or allotment made in connection with the offering of the Notes shall under any circumstances constitute a representation or create any implication that there has been no change in the information contained herein since the date of this Prospectus. The Issuer and the Seller have no obligation to update this Prospectus.

This Prospectus does not, and any part thereof does not, constitute an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this document (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the section entitled *Subscription and Sale* below.

No one is authorised by the Issuer or the Seller to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

ING Bank N.V. (**ING Bank**) (in its capacity as the **Manager**) has not independently verified the information contained herein. Accordingly, the Manager makes no representation, warranty or undertaking, express or implied, nor accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information in this Prospectus (save for the information contained in section *Subscription and Sale*) or part thereof or any other information provided by the Issuer in connection with the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the information in this Prospectus, or part thereof or any other information provided by the Issuer. The Manager expressly does not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Notes and neither this document nor any part hereof may be used for or in connection with an offer or solicitation by any person in any jurisdiction 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 Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to persons as defined in Regulation S under the Securities Act except in certain transactions permitted by US tax regulations and Regulation S under the Securities Act (see section *Subscription and Sale* below). The Notes have not been approved or disapproved by the US 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.

In connection with the issue of the Notes, ING Bank (as the **Stabilising Manager**, or any duly appointed person acting for the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must, in accordance with the rules of Euronext Amsterdam, end no later than the earlier of 30 calendar days after the issue date of the Notes and 60 calendar days after the date of the allotment of the Notes. Stabilisation transactions shall be conducted in accordance with all applicable laws and regulations as amended from time to time.

RESPONSIBILITY STATEMENTS AND IMPORTANT INFORMATION

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

The Seller is responsible solely for the information contained in the following sections of this Prospectus: *Regulatory & Industry Compliance*, *Overview of the Dutch SME Market*, *Description of the Loans*, *Underwriting and Servicing of the Loans* and *ING Bank N.V.*, and all the confirmations and undertakings for and in respect of the retained interest and, as applicable, the making available of certain information to investors pursuant to Article 405 and Article 409 of the CRR respectively. To the best knowledge and belief of the Seller (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 does not assume any liability in respect of the information contained in any section other than those mentioned in this paragraph.

The Manager is responsible solely for the information contained in the section *Subscription and Sale* and not for information contained in any other section and consequently, ING Bank, in its capacity as the Arranger and the Manager, does not assume any liability in respect of the information contained in any section other than the section *Subscription and Sale*. To the best knowledge and belief of the Manager (having taken all reasonable care to ensure that such is the case), the information contained in the section *Subscription and Sale* is in accordance with the facts and does not omit anything likely to affect the import of such information. The Manager accepts responsibility accordingly.

Incorporation by reference

This Prospectus is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated by reference herein (see 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 Arranger or the Manager.

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

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN

PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE AFM, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER AND THE 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 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 ARRANGER OR THE MANAGER 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.

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 ARRANGER, THE MANAGER, OR THE SELLER 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 SUBSCRIPTION AND SALE) BELOW.

THE ARRANGER, MANAGER 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.

CONTENTS

RESPONSIBILITY STATEMENTS AND IMPORTANT INFORMATION	6
TRANSACTION OVERVIEW	10
RISK FACTORS	13
KEY PARTIES AND OVERVIEW OF PRINCIPAL FEATURES	35
CREDIT STRUCTURE	44
OVERVIEW OF THE DUTCH SME MARKET	58
DESCRIPTION OF THE LOANS	60
UNDERWRITING AND SERVICING OF THE LOANS	74
RECEIVABLES PURCHASE AGREEMENT	78
SERVICING AGREEMENT	84
ING BANK N.V.	86
SME LION II B.V.	88
STICHTING HOLDING SME LION	89
STICHTING SECURITY TRUSTEE SME LION II	90
USE OF PROCEEDS	91
DESCRIPTION OF SECURITY	92
TERMS AND CONDITIONS OF THE NOTES	93
THE GLOBAL NOTES	108
REGULATORY & INDUSTRY COMPLIANCE	110
TAXATION IN THE NETHERLANDS	112
FOREIGN ACCOUNT TAX COMPLIANCE ACT	115
SUBSCRIPTION AND SALE	117
GENERAL INFORMATION	119

TRANSACTION OVERVIEW

The following is an overview 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 overview should be read as an introduction to, and in conjunction with, and is qualified in its entirety by reference to, 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 of the Notes and Relevant 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 overview will only attach to the Issuer if this overview is misleading, incorrect or inconsistent when read in such manner as indicated above.

Capitalised terms used but not defined in this section have the meaning given thereto elsewhere in this Prospectus.

Risk Factors

There are certain risk factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the fact that the liabilities of the Issuer under the Notes are limited recourse obligations, whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Receivables, the proceeds of the sale of any Receivables and the receipt by it of certain other funds. Despite certain structural mitigants, 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 Receivables (see *Risk Factors* below).

Transaction Overview

On 17 April 2014 the Issuer will enter into a receivables purchase agreement (the **Receivables Purchase Agreement**) with the Seller and the Security Trustee. Pursuant to the Receivables Purchase Agreement the Seller will sell and assign to the Issuer legal title to the Receivables. The Receivables consist of any and all rights of the Seller against certain borrowers under loans originated by the Seller (in such capacity the **Originator**), which loans may benefit from first-ranking mortgages over properties in the Netherlands and/or first ranking rights of pledge over certain other assets. Not all Receivables are secured by Security Interests. The initial purchase price paid to the Seller for the Receivables amounts to Euro 8,990,647,067.58 (the **Initial Purchase Price**) (which is equal to the aggregate Outstanding Principal Amount of the Receivables on the Cut-off Date). The transfer of legal title to the Receivables will take place on 17 April 2014. In addition to the Initial Purchase Price, the Seller will be entitled to receive any Deferred Purchase Price Instalments.

The Issuer will fund the Initial Purchase Price from part of the proceeds of the Senior Class A Notes and the Mezzanine Class B Notes on the Closing Date. The proceeds of the issue of the Subordinated Class C Notes will be deposited by the Issuer on the Reserve Account. The Notes will be issued under a trust deed (the **Trust Deed**) between the Issuer, Stichting Holding SME Lion (the **Shareholder**) and the Security Trustee on the Closing Date. On each Quarterly Notes Payment Date, the Issuer will pay the Noteholders interest and, to the extent applicable, principal in accordance with and subject to the Pre-Enforcement Priority of Payments (see *Credit Structure*).

The rates of interest on the Receivables will not as a rule equal the floating rates applicable to the Notes. In order to provide a hedge against certain differences in these rates, the Issuer will enter into an interest rate swap agreement (the **Swap Agreement**) with ING Bank (as the **Swap Counterparty**).

The Issuer will use receipts of principal and interest in respect of the Receivables together with amounts it receives under the GIC Agreement (defined below), the Swap Agreement and drawings under the Reserve

Account and the Liquidity Facility Agreement, to make payments of, *inter alia*, principal and interest due in respect of the Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure* below) and the right to payment of principal on the Mezzanine Class B Notes and the Subordinated Class C Notes will be subordinated to the Senior Class A Notes and the right to payment of principal on the Subordinated Class C Notes will be subordinated to the Mezzanine Class B Notes and limited as more fully described herein under the sections *Key Parties and Overview of Principal Features*, *Credit Structure* and *Terms and Conditions of the Notes*.

Pursuant to a liquidity facility agreement (the **Liquidity Facility Agreement**) entered into by the Issuer with ING Bank (as the **Liquidity Facility Provider**) and the Security Trustee on or before the Closing Date, the Issuer will be entitled to make drawings if, without taking into account any drawing under the Liquidity Facility Agreement, there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (see *Credit Structure*).

Pursuant to a guaranteed investment contract (the **GIC Agreement**) entered into by the Issuer with ING Bank (as the **GIC Provider**) and the Security Trustee on or before the Closing Date, the GIC Provider guarantees a guaranteed interest rate determined by reference to Euribor with respect to the balance standing from time to time to the credit of the Transaction Accounts maintained by the Issuer with the GIC Provider.

The Issuer will enter into a servicing agreement (the **Servicing Agreement**) with ING Bank (as the **Servicer**) and the Security Trustee on or before the Closing Date, pursuant to which the Servicer agrees to provide administration and management services in relation to the Loans on a day-to-day basis, including the collection of payments of principal and interest with respect to the Loans and the implementation of the arrears procedure.

Security

The Issuer will secure its obligations under the Notes. Pursuant to a parallel debt agreement (the **Parallel Debt Agreement**) entered into by, *inter alia*, the Issuer and the Security Trustee, the Issuer will undertake to pay to the Security Trustee, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Noteholders and certain other transaction parties (including, but not limited to, the Noteholders) (such payment undertaking and the obligations and liabilities resulting from it being referred to as the **Parallel Debt**). The Parallel Debt is secured by a first-ranking right of pledge over the Receivables and over certain other assets, including its account balances, pursuant to two pledge agreements (the **Pledge Agreements**). Upon the occurrence of an event of default under the Notes, the Security Trustee may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and that it will enforce the Pledge Agreements. The Security Trustee will apply the amounts recovered upon enforcement of the Pledge Agreements in accordance with the Post-Enforcement Priority of Payments towards satisfaction of the amounts owed by the Issuer to the Noteholders and such other transaction parties (see *Credit Structure*).

Listing

Application has been made to list the Notes on Euronext Amsterdam. This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.

Risk Retention

The Seller has covenanted to, during the life of the Notes and in compliance with Article 405 of the CRR, retain a material net economic interest in the securitisation transaction of at least 5% of the Notes. As at the Closing Date, such interest will be comprised of an interest in all the Notes issued.

The Seller has undertaken to make available materially relevant data with a view to complying with Article 409 of the CRR, which can be obtained from such Seller upon request. Each prospective Noteholder should

ensure that it complies with each of Part Five of the CRR (including Article 405) and any corresponding national measures which may be relevant. See the section *Regulatory & Industry Compliance* for more detail. For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), see the risk factor entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*".

Rating

It is a condition precedent that the Senior Class A Notes, on issue, be assigned an “AAA(sf)” rating by Fitch and an “Aaa(sf)” rating by Moody's. The Mezzanine Class B Notes and the Subordinated Class C Notes will not be rated. Each of Fitch and Moody's (collectively referred to as the **Credit Rating Agencies**) is established in the European Union and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council, as amended and as the same may be further amended (the **CRA Regulation**). As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation.

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 and the Issuer does not represent that the statements below regarding the risk of holding 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.

RISKS RELATING TO THE ISSUER

The Notes will be solely obligations of the Issuer

The Notes are solely the obligations of the Issuer. The Notes are not obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Servicer, the Issuer Administrator, the Manager, the GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent, the Reference Agent or, except for certain limited obligations under the Parallel Debt Agreement as further described in the section *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Servicer, the Issuer Administrator, the Manager, the GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent, the Reference Agent or any other person in whatever capacity acting, other than the Security Trustee in respect of limited obligations under the Parallel Debt Agreement, has accepted any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

None of the Seller, the Servicer, the Issuer Administrator, the Manager, the GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent, the Reference Agent, and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay principal and interest on the Notes will be dependent on the receipt by it of funds under the Receivables, the proceeds resulting from the repurchase and re-assignment by the Seller of any Receivables as provided in the Receivables Purchase Agreement, the receipt by it of payments under the Swap Agreement, drawings under the Liquidity Facility and the receipt by it of interest in respect of the balances standing to the credit of the Collection Account and the Reserve Account. See *Credit Structure*. The Issuer does not have any other resources available to meet its obligations under the Notes. In case such funds are insufficient, such shortfall will be borne by the Noteholders and the other Security Beneficiaries in accordance with the applicable priority of payments.

The Issuer is exposed to counterparty risk

Counterparties of the Issuer may not perform their obligations under the Relevant Documents (including but not limited to the Swap Agreement and the Liquidity Facility Agreement), which may result in the Issuer not being able to meet its obligations under the Notes. In addition, the Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear Netherlands or its participants of their obligations under their respective rules, operating procedures and calculation methods.

Risks in respect of effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the Issuer

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Dutch law to pledgees regardless of bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer prior to notification but after bankruptcy or suspension of payments will be part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cooling-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable would delay the exercise (*uitwinnen*) of the right of pledge on the Receivables, but not the collection (*innen*) thereof and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the Issuer.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, such assets are no longer capable of being pledged after a bankruptcy or suspension of payments of the Issuer takes effect. The Issuer has been advised that the assets pledged to the Security Trustee under the Pledge Agreement II should probably be regarded as future receivables. This would for example apply to amounts paid to the Collection Account following the Issuer's bankruptcy or suspension of payments.

Risks related to the creation of pledges on the basis of the Parallel Debt

Under Dutch law, it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Security Beneficiaries. The Issuer has been advised that such a parallel debt creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of any insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Security Beneficiaries therefore have a credit risk on the Security Trustee. However, the Security Trustee is a special purpose vehicle and is therefore unlikely to become insolvent.

License requirement under the Act on Financial Supervision

Under the Act on Financial Supervision (*Wet op het financieel toezicht* or *Wft*) as amended from time to time a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers must have a license under that Act. As some of the Loans may be granted to consumers, the Issuer must have a licence. However, an exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Act on Financial Supervision. The Issuer has outsourced the servicing and administration of the Loans to the Servicer. The Servicer holds a license as a bank under the Act on Financial Supervision and the Issuer thus benefits from the exemption. However, if the appointment of the Servicer under the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Act on Financial Supervision. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Loans to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and settle (*afwikkelen*) its existing agreements itself. There are a number of licensed entities in the Netherlands to which the Issuer could outsource the servicing and administration activities. It remains, however, uncertain whether any of

these entities will be willing to perform these activities on behalf of the Issuer. If the Issuer cannot find an authorised servicer, it may be forced to sell the Receivables which could result, among others, in early redemption of the Notes and repayment of principal in accordance with the Pre-Enforcement Principal Priority of Payments or the occurrence of an Event of Default and repayment of principal in accordance with the Post-Enforcement Priority of Payments and could in either case result in proceeds being insufficient to pay Noteholders.

RISKS RELATING TO THE 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 Mezzanine Class B Notes and the Subordinated Class C Notes bear a greater risk than the Senior Class A Notes

There is a risk of non-payment of principal and/or interest on the Notes due to non-payment of principal and/or interest on the Receivables. This risk is mitigated in respect of the Senior Class A Notes by the subordinated ranking of the Mezzanine Class B Notes and the Subordinated Class C Notes. To the extent set forth in Conditions 6 and 9, the Mezzanine Class B Notes and the Subordinated Class C Notes are subordinated in right of payment to the Senior Class A Notes. With respect to the Mezzanine Class B Notes, such subordination is designed to provide credit enhancement to the Senior Class A Notes which have a higher payment priority than the Mezzanine Class B Notes. With respect to the Subordinated Class C Notes, such subordination is designed to provide credit enhancement to the Mezzanine Class B Notes and the Senior Class A Notes which have a higher payment priority than the Mezzanine Class B Notes and the Senior Class A Notes.

The Senior Class A Notes are only protected against the risk of non-payment of principal up to an amount equal to the aggregate principal amounts outstanding of the Mezzanine Class B Notes and the Subordinated Class C Notes and there can be no assurance that the amount of non-payment of principal will not be higher than that.

Consequently, if, upon default by the Borrowers and after exercise by the Servicer of all available remedies with respect to the applicable Receivables, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on the Notes. On any Quarterly Notes Payment Date, any Realised Losses on the Loans will be allocated as described in the section *Credit Structure* below.

Prepayment Risk

There is a risk that the average life of the Notes is shorter or longer than anticipated. The weighted average life of the Notes will depend on, among other things, the amount and timing of payment of principal on Receivables (including full and partial prepayments, foreclosure proceeds on enforcement of the Receivables, and repurchases by the Seller under the Receivables Purchase Agreement). The weighted average life of the Notes may be affected by a higher or lower than anticipated rate of prepayments on the Receivables. As a result the yield to maturity of the Class of any Notes may be adversely affected by the prepayments.

Weighted average life refers to the average number of years that each Euro amount of principal of the Notes will remain outstanding (**Weighted Average Life**). On the basis of the assumption that the Issuer exercises its Optional Redemption Call on the First Optional Redemption Date, the Weighted Average Life of the Notes of each Class, will be 2.28 years for the Senior Class A Notes, 5.08 years for the Mezzanine Class B Notes and 5.08 years for the Subordinated Class C Notes.

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

Maturity Risk

The ability of the Issuer to redeem all the Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date or, as the case may be, in case of redemption for tax reasons in accordance with Condition 6(e) in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the realised value of the Receivables is sufficient to redeem the Notes.

The Issuer has the right (but not the obligation) to redeem the Notes on the first Optional Redemption Date or on any Optional Redemption Date thereafter, however, no guarantee can be given that the Issuer will actually exercise such right. If the Issuer exercises its right to redeem the Notes on any Optional Redemption Date, it shall first offer such Receivables for sale to the Seller. The Seller shall within a period of 15 Business Days inform the Issuer whether it wishes to repurchase the Receivables. After such 15 Business Day period, the Issuer may offer such Receivables for sale to any third party. There is no guarantee that such third party will be found to purchase the Receivables.

In the case of a sale to the Seller or a third party (should the Seller not purchase the Receivables nor appoint a subsidiary of the Seller to purchase the Receivables), the purchase price of the Receivables shall be sufficient to redeem all (but not some only) of the Senior Class A Notes and Mezzanine Class B Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(a)) 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(c).

With the proceeds of a sale to either the Seller or a third party, the Issuer will redeem the Senior Class A Notes in full and thereafter the Mezzanine Class B Notes and thereafter the Subordinated Class C Notes at their Principal Amount Outstanding (which definition includes a deduction in respect of the relevant Principal Shortfall). The Principal Shortfall in respect of a Note of a Class on such date is an amount equal to the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Quarterly Notes Payment Date divided by the number of the Notes of the relevant Class on such Quarterly Notes Payment Date. If the Issuer redeems the Notes in accordance with Condition 6(c), the Principal Shortfall for the Class A Notes will be reduced to zero.

Interest Rate Risk

There is a risk that, due to interest rate movements, the interest received on the Loans and the Collection Account and the Reserve Account is not sufficient to pay the floating interest on the Notes. This risk is mitigated by the Swap Agreement (see further *Risk Factors – Swap Agreement*), but the Noteholders are exposed to the risk if – for whatever reason – the Swap Counterparty defaults or if the Swap Agreement is terminated and not (timely) replaced, up to the difference between the interest received and the floating interest payable on the Notes.

Risk in respect of the Reserve Account for holders of the Subordinated Class C Noteholders

The proceeds of the Subordinated Class C Notes, an amount, equal to 3.0 per cent. of the Outstanding Principal Amount of the Receivables at the Closing Date, will be deposited on the Reserve Account. There is a risk that, on an Optional Redemption Date or, as the case may be, the Final Maturity Date, the balance of the Reserve Account is less than the amount so deposited at the Closing Date. Such shortfall will be, pursuant to Condition 9, for the account of the holders of the Subordinated Class C Notes. This could mean that the Subordinated Class C Noteholders, may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes.

Delays in redemption in respect of Defaulted Receivables

The Notes will be subject to optional redemption in accordance with Condition 6(c), but part of the redemption payments on the Mezzanine Class B and Subordinated Class C Notes may be delayed (see also above under *Risk Factors - Maturity Risk*). Subject to and in accordance with Condition 6(c), there may be further redemption payments in respect of such remaining Principal Amount Outstanding on the four succeeding Quarterly Notes Payment Dates. There will be no further claim on the Issuer for any Principal Amount Outstanding in respect of the Notes after the date on which the Issuer no longer holds any Receivables and there are no balances standing to the credit of the Collection Account and the Reserve Account and the Issuer has no further rights under or in connection with any of the Relevant Documents.

Credit ratings may not reflect all risks

The rating of the Senior Class A Notes addresses the assessments made by Fitch and Moody's of the likelihood of payment of interest and principal in accordance with the terms and conditions of the Notes, but does not provide any certainty or guarantee.

A rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension or withdrawal at any time by the Credit Rating Agencies if in its judgement, the circumstances (including a reduction in the credit rating of the GIC Provider, the Liquidity Facility Provider or the Swap Counterparty) in the future so require and reflects only the views of the Credit Rating Agencies. There is no assurance that any rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Credit Rating Agencies as a result of changes in or

unavailability of information or if, in any of the Credit Rating Agencies' judgment, circumstances so warrant. Future events which could have an adverse effect on the ratings of the Notes include events affecting the GIC Provider, the Liquidity Facility Provider or the Swap Counterparty and/or circumstances relating to the Receivables and/or the Dutch SME market.

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

Any decline in the credit ratings of the Notes or changes in credit rating methodologies may affect the market value of the Notes. Furthermore, the credit ratings may not reflect the potential impact of all rights related to the structure,

Risk related to unsolicited ratings on the Notes

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

Risk that the Class A Notes will not be eligible as Eurosystem Eligible Collateral

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that such Notes will be recognised as Eurosystem Eligible Collateral either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank from time to time, which criteria will include the requirement that loan-by-loan information be made available to investors in accordance with the template which is available on the website of the European Central Bank. It has been agreed in the Servicing Agreement, that the Servicer, shall use its best efforts to make such loan-by-loan information available on a quarterly basis which information can be obtained at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html> within one (1) month after any Notes Payment Date, for as long as such requirement is effective, to the extent it has such information available. Should such loan-by-loan information not comply with the European Central Bank's requirements or not be available at such time, or if the Senior Class A Notes do not satisfy the other criteria specified by the European Central Bank, there is a risk that they will not be Eurosystem Eligible Collateral at such time. Neither the Issuer, Arranger, nor the Manager gives a representation, warranty, confirmation or guarantee to any investor in the Senior Class A Notes that the Senior Class A Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility from time to time and be recognised as Eurosystem Eligible Collateral. Any potential investors in the Senior Class A Notes should make their own determinations and seek their own advice with respect to whether or not such Senior Class A Notes constitute Eurosystem Eligible Collateral. The Mezzanine Class B Notes and the Subordinated Class C Notes, are not intended to be recognised as Eurosystem Eligible Collateral.

No gross up for Taxes

As provided for in Condition 7 of the Notes, if any withholding of, or deductions for, or on account of, any present or future taxes, duties or charges of whatever kind is 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 Paying Agent (as applicable) will make the required withholding or deduction of such taxes, duties or charges, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders. In addition, when the Issuer is required to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments with respect to any Notes as a result of any change in, or amendment to, the application of the laws or regulations of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, then the Issuer is allowed to redeem the Notes. This could have an impact on the maturity of the Notes.

EU Council Directive on taxation of savings income – risk of withholding tax

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Terms and Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Financial Transactions Tax

On 14 February 2013, the European Commission adopted a proposal setting out the details of the financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the 'FTT-zone', currently limited to 11 participating Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The proposal was approved by the European Parliament in July 2013. The European Commission expects the financial transaction tax to enter into force towards the middle of 2014, which would then require the financial institutions and certain other parties to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in such FTT-zone. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

The proposed financial transaction tax has a very broad scope and could, if introduced, in its current form, apply to certain dealing in the Notes. The issuance and subscription of the Notes should be exempt. The rate for financial instruments is a minimum of 0.1% of the purchase price (or market value if greater). However, the effective rate will be higher - each financial institution party is separately liable for the tax, so transactions between two financial parties will be taxed twice.

Limited liquidity of the Notes and prevailing economic conditions

Prior to this offering, there has been no public secondary market for the Notes and there can be no assurance that the issue price of the Notes will correspond to the price at which the Notes will be traded after the initial offering of the Notes. Application has been made to NYSE Euronext in Amsterdam for the 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 lack of trading in the Notes could adversely affect the Noteholders' ability to sell the Notes. In addition thereto, 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 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.

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, 2012 and 2013 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 Servicer and 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 Servicer 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 Relevant Documents. Failure to perform obligations under the Relevant 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.

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

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

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

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

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

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Prospective investors should refer to the section "Taxation – Foreign Account Tax Compliance Act".

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.

European Market Infrastructure Regulation

European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation (**EMIR**) entered into force on 16 August 2012. EMIR provides for certain OTC derivative contracts to be submitted to central clearing and imposes, *inter alia*, margin posting and other risk mitigation techniques, reporting and record keeping requirements. EMIR is a Level-1 regulation and requires secondary rules for full implementation of all elements. Some (but not all) of these secondary rules have been finalised and certain requirements under EMIR are now in effect. These requirements do not include the clearing or margin posting requirements, which requirements are expected only to apply in respect of new swap arrangements entered into from the relevant future effective dates.

Aspects of EMIR and its application to securitisation vehicles remain unclear. If the Issuer is required to comply with certain obligations under EMIR which may give rise to additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Notes. The Issuer may also need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by EMIR particularly in relation to reporting and record-keeping.

The Dutch Intervention Act could affect the Noteholders

On 13 June 2012 (with retro-active effect as of 20 January 2012) the Dutch act granting additional powers to the Dutch Minister of Finance and DNB to deal with ailing banks and insurance companies ("*Interventiewet*") (the **Dutch Intervention Act**) came into force in the Netherlands. The act is inspired by a consultation launched by the European Commission on 6 January 2011 on a comprehensive framework to deal with ailing banks and insurance companies (the **EU Banking Proposal**). A draft European bank recovery and resolution directive on the basis of that EU Banking Proposal was published on 18 December 2013. The EU Banking Proposal contains a number of legislative proposals, some (but not all) of which are reflected in the Dutch Intervention Act. Under the Dutch Intervention Act, substantial new powers have been granted to DNB and the Minister of Finance enabling them to deal with ailing Dutch banks and insurance companies prior to insolvency. The measures would allow them to commence proceedings which may lead to: (i) the transfer of all or part of the business (including, in the case of a bank, deposits) of an ailing bank or insurance company to a private sector purchaser; (ii) the transfer of all or part of the business of an ailing bank or insurance company to a "bridge entity"; (iii) the transfer of the shares in an ailing bank or insurance company to a private sector purchaser or a "bridge entity"; (iv) immediate interventions by the Minister of Finance concerning an ailing bank or insurance company and (v) public ownership (nationalisation) of all or part of the business of an ailing bank or insurance company or of all or part of the shares or other securities issued by an ailing bank or insurance company. The Minister of Finance exercised the powers granted to him pursuant to the Dutch Intervention Act by taking public ownership of the SNS REAAL group of companies.

Furthermore, the Dutch Intervention Act contains provisions prohibiting counterparties of banks and insurance companies to invoke contractual rights (such as, for instance, contractual rights to terminate or to invoke a right of set off or to require security to be posted) if such right is triggered by the intervention of DNB or the Minister of Finance based on the Dutch Intervention Act or the Wft or by a circumstance which is the consequence of such intervention. If and when the above mentioned European bank recovery and resolution directive is promulgated and needs to be implemented, the Dutch Intervention Act will probably need to be amended to reflect the provisions of that European bank recovery and resolution directive.

Although the exercise of powers by DNB or the Minister of Finance under the Dutch Intervention Act could not affect the transfer of legal title to the Mortgage Receivables to the Issuer, there is a risk that such exercise of powers could adversely affect the proper performance by ING Bank N.V. of its obligations under the Relevant Documents. Any such exercise of power in relation to a counterparty of the Issuer could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Notes.

Exchange rates and exchange controls

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

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

Notes held in global form

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

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

RISKS RELATING TO THE RECEIVABLES

Risk relating to payments received by the Seller prior to notification to the Borrowers of the assignment

Under Dutch law, assignment of the legal title of claims, such as the Receivables, can be effected by means of a notarial deed or a registered deed of assignment, without notification of the assignment to the debtors being required. The legal ownership of the Receivables will be transferred by the Seller to the Issuer through a registered deed of assignment at the Closing Date. The Receivables Purchase Agreement provides that such

transfer of legal title will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers unless any Notification Event occurs.

Until notification of the transfer of legal title has been made to the Borrowers, the Borrowers under the Receivables can validly pay (*bevrijdend betalen*) the Seller. The Seller has undertaken in the Receivables Purchase Agreement to pay the Issuer any amounts received from the Borrowers with respect to the Receivables. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments. After notification of the assignment, a Borrower can only validly pay the Issuer.

Payments made by the Borrowers to the Seller prior to notification but after bankruptcy or emergency regulations having been declared will be part of the Seller's bankruptcy estate. The Issuer will have a non-preferred estate claim (*concurrente boedelschuld*), with respect to any such amounts which means that the Issuer has the right to receive such amounts in preference after deduction of the general bankruptcy costs (*algemene faillissementskosten*) of the Seller, which costs may be material. As a consequence the bankruptcy of the Seller could lead to losses under the Notes.

Risk that Bank Security Rights will not follow Receivables upon assignment to the Issuer

The security rights (*zekerheidsrechten*) created pursuant to the loan agreements relating to the Receivables sold and assigned to the Issuer by the Seller not only secure the particular loan granted to the Borrower, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller (the **Bank Security Rights**).

Under Dutch law a mortgage right (*hypotheekrecht*) and a right of pledge (*pandrecht*) are accessory rights (*afhankelijk rechten*) which follow by operation of law the receivable with which they are connected. Furthermore, a mortgage right and a right of pledge are ancillary rights (*nevenrechten*) and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law.

Until around 2002, the prevailing view of Dutch legal commentators was probably that upon the assignment of a receivable secured by a Bank Security Right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed by some that a Bank Security Right only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There has been a trend in legal literature since to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in case of assignment of a receivable secured by a Bank Security Right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of a bank security right, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view a Bank Security Right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature a Bank Security Right will as a general rule not follow as an accessory right upon assignment of a receivable which it secures (and according to this historic prevailing view the Issuer would consequently be the creditor of an unsecured loan), is still defended, the Issuer has been advised that the better view is that as a general rule a Bank Security Right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the Bank Security Right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right. Neither the mortgage deeds nor any other agreements or pledge deeds between the Seller and the relevant Borrower in respect of the relevant

Receivables contain any explicit provision on the issue whether the mortgage rights or rights of pledge follow the receivable upon its assignment. Assuming there are no circumstances which would result in another interpretation, and following the reasoning of the Supreme Court in the Balkema case (*HR 16 September 1988, NJ 1989, 10, Balkema*), the Issuer has been advised that the Bank Security Rights will (partially) follow the receivable as accessory and ancillary right upon its assignment and co-owned security rights come into existence (see below for a discussion of jointly-held Bank Security Rights).

The preceding paragraph applies *mutatis mutandis* in the case of the pledge of the Receivables by the Issuer to the Security Trustee under the Pledge Agreement I as the conditions applicable to the Loans also do not provide that in case of pledge of the Receivables the Bank Security Rights will follow the Receivables.

Risk related to jointly-held Bank Security Rights by the Seller, the Issuer and the Security Trustee

If the Bank Security Rights have (partially) followed the Receivables upon their assignment, such rights will be jointly-held by the Issuer (or the Security Trustee, as pledgee) and the Seller and would secure both the relevant Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims against the relevant Borrowers owned by the Seller from time to time (the **Other Claims**).

If the Bank Security Rights are co-held by both the Issuer or the Security Trustee and the Seller, the rules applicable to a joint estate (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee (as applicable) have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. It is uncertain whether the foreclosure of the Bank Security Rights will be considered as day-to-day management and, consequently, the consent of the Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure.

The Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the shares (*aandelen*) in each jointly-held Security Interests of the Seller, the Issuer and/or the Security Trustee will be shared as follows. The share of the Issuer (or, as the case may be, the Security Trustee) will be equal to the amount of the Outstanding Principal Amount of the relevant Receivable, increased with interest due but unpaid and costs, if any (the **Issuer Share**). The share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount of the relevant Receivable, together with interest and costs, if any (the **Seller Share**). It is not certain that this arrangement will be enforceable against the Seller or, in case of its bankruptcy or emergency regulations, its trustee ("*curator*") or administrator (*bewindvoerder*). If any such sharing arrangement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller undertakes to 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 thereof, which compensation shall be deemed equal to the amount the Issuer would have received if the arrangement would have been legal, valid, binding and enforceable. Furthermore it is noted that this arrangement may not be effective against the Borrower.

The abovementioned arrangement will be backed by an undertaking of the Seller to pledge to the Issuer its Other Claims within 10 Business Days vis-à-vis the relevant Borrowers which are secured by the relevant Security Interests (or where applicable fixed Security), unless an appropriate remedy to the satisfaction of the Security Trustee is found after having notified the Credit Rating Agencies in case the Seller's long-term credit rating ceases to be at least ,A by Fitch and/or A3 by Moody's and/or (ii) the Seller's short-term, unsecured and unguaranteed debt obligations are assigned a rating of less than the Short Term Requisite Rating, provided that if the Seller is designated by Fitch as being on ratings watch negative then the rating of that entity will be deemed to be one notch lower than such published Fitch rating or such rating is withdrawn. The pledge (if implemented) will secure a special indemnity created in the Receivables Purchase Agreement for this purpose, under which the Seller undertakes to pay to the Issuer an amount equal to its share in the foreclosure proceeds. Recourse in respect of the indemnity is limited to the Seller Share. The indemnity will be immediately due and

payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Receivable or the receivable(s) he owes to the Seller. If and to the extent the pledge is implemented and any foreclosure proceeds thereof are applied in discharge of the indemnity, the Seller's pledged receivables vis-à-vis the relevant Borrower would be discharged. For this reason, the Issuer undertakes in the Receivables Purchase Agreement to, in that case, retransfer to the Seller a part of the unsatisfied part of the relevant Receivable for a principal amount corresponding to the principal amount of the Other Claims so applied. The Receivables Purchase Agreement provides that (a) the Seller represents and warrants that it has not transferred any Other Claims to any party and (b) if (i) the Seller will transfer any Other Claims vis-à-vis the relevant Borrowers which are secured by the relevant Security Interests (or where applicable fixed security), it will simultaneously transfer its corresponding obligations and rights under the arrangement to the relevant transferee and (ii) the Issuer transfers a Receivable to any transferee other than the Seller or insurer, it is entitled to transfer its corresponding rights and obligations under the arrangement to the relevant transferee. If, after the pledge of the Other Claims, the Seller regains (i) a long-term rating of A by Fitch and A3 by Moody's and (ii) the Short Term Requisite Rating provided that if the Seller is designated by Fitch as being on ratings watch negative then the rating of that entity will be deemed to be one notch lower than such published Fitch rating, and retains at least such ratings for a consecutive period of at least twelve months or such other period as may be agreed with each of the Credit Rating Agencies from time to time, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the principal amount outstanding in respect of the Receivable has been repaid in full.

If (a trustee or administrator of) the Seller would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights securing the relevant 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. In view of the protection of the interests of the Issuer it is furthermore agreed in the Receivables Purchase Agreement that in case of a breach by the Seller of its obligations under these arrangements or if any of such arrangement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) 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 thereof during any Quarterly Calculation Period. Such compensation will be paid by the Seller forthwith. 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. If the Seller would not make such payments, this could result in losses under the Notes.

Risk related to prepayments on the Loans

The maturity of the Notes of each Class will depend on, inter alia, the amount and timing of payment of principal (including full and partial prepayments, sale of the Receivables by the Issuer, Net Proceeds upon enforcement of a Loan and repurchase by the Seller of Receivables) on the Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans. The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax law, local and regional economic conditions and changes in Borrower's behaviour. No guarantee can be given as to the level of prepayment that the Loans may experience, and variation in the rate of prepayments of principal on the Loans may affect each Class of Notes differently. There is a risk that the level of prepayments by the Borrowers varies and therefore results in an average life of the Notes which is shorter or longer than anticipated. As a result the yield to maturity of the Class of any Notes may be adversely affected by the prepayments. The estimated average life of the Notes must therefore be viewed with considerable caution and Noteholders should make their own assessment thereof.

Risk that Set-off by Borrowers may affect the proceeds under the Receivables

Under Dutch law, each Borrower will, subject to the legal requirements for set-off being met, until notification of the assignment be entitled to set off amounts due by the Seller to it (if any) against amounts it owes with respect to the Receivables. After notification of assignment to a Borrower of the Receivables to the Issuer, the Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met, being that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Receivable, or (ii) the counterclaim of the Borrower has been originated and has become due prior to the assignment of the Receivables and notification thereof to the relevant Borrower, such as counterclaims resulting from a current account relationship and, depending on the circumstances, counterclaims resulting from a deposit made by the Borrower.

The question whether a court will come to the conclusion that the Receivable and the claim of the Borrower on the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated (*opgekomen*) and become due (*opeisbaar*) prior to notification of the assignment and, further, provided that all other requirements for set-off have been met (see above). A balance on a current account is due at any time and, therefore, this requirement will be met. In the case of deposits it will depend on the terms of the deposit whether the balance thereof will be due at the moment of notification of the assignment. The Issuer has been informed by the Seller that in some of the Loans a balance on a deposit account can be withdrawn at any time, subject to the payment of a penalty, and, consequently, such balance is due and payable (*opeisbaar*) at any time. If after the moment the Borrower receives notification of the assignment of the Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will only be able to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account or the deposit account after such moment, notwithstanding that amounts may have been credited.

The Seller has represented and warranted that the Loan Conditions provide that payments by the Borrowers should be made without deduction or set-off. Considering the wording of this clause, it is uncertain whether it is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller. If this clause can be regarded as such, the Borrower will be entitled to invoke all defences afforded by Netherlands law to obligors generally. In this respect in particular the statutory provisions regarding general conditions (*algemene voorwaarden*) are relevant. Pursuant to Netherlands law a provision contained in the general conditions used by a person could be nullified – *inter alia* – if such provision is unreasonably onerous (*onredelijk bezwarend*) for the counterparty of such person. A clause containing a waiver of set-off by the counterparty contained in the general conditions is, subject to proof to the contrary, presumed to be unreasonably onerous if such counterparty does not act in the conduct of its profession or trade (i.e. a consumer). The Seller will represent and warrant that, to the best of its knowledge and after having made reasonable enquiries at origination in its ordinary course of business, at the time of origination of the Loans, (i) each Borrower acted in its professional capacity or for business purposes (*in beroep of bedrijf*) and (ii) the Loan Conditions have been (a) validly entered into between each Borrower and the Seller and (b) provided to such Borrower prior to or at the time of entering into the relevant Loan. Therefore, the Issuer has been advised that such companies should not be able invoke the annulment of the clause containing a waiver of set-off rights in accordance with Clause 6:233(a) of the Dutch Civil Code. However, the fact that in the relationship with a consumer a provision (such as a waiver of set-off) is presumed to be unreasonably onerous may be relevant when determining whether such provision is also unreasonably onerous vis-à-vis a counterparty which is not a consumer, particularly when this counterparty is a small company. Should the waiver not be valid, the Borrowers will, in order to invoke a right of set-off, need to comply with the requirements for set-off.

The Receivables Purchase Agreement furthermore provides that if a Borrower sets off amounts due to it by the Seller against the relevant Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive with respect to such Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received with respect to the

relevant Receivable if no set-off had taken place and the amount actually received by the Issuer with respect to such Receivable. Receipt of such amount by the Issuer is subject to the ability of the Seller to actually make such payments.

To further secure the obligations of the Seller in this respect, the Seller will have an obligation to provide the Trigger Collateral (as defined below) in favour of the Issuer and the Security Trustee respectively up to the Trigger Collateral Required Amount (see *Credit Structure* below). No guarantee can be given that the value of the Trigger Collateral from time to time will be sufficient to fully compensate the Issuer if the Seller does not comply with its obligations in this respect. Set-off by Borrowers could thus lead to losses under the Notes.

For the avoidance of doubt, upon transfer of legal title of the Receivables, the Seller will no longer have the right to set off any amounts owed to a Borrower against a Receivable with respect to such Borrower.

Risks that mortgage rights on long leases cease to exist

Mortgage rights securing the Loans may be vested on a long lease (*erfpacht*).

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in 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 lease rental (*canon*) 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 reduced with unpaid leasehold instalments. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner for such compensation. For the avoidance of doubt, the claim pledged in favour of the mortgagee may be less than the market value of the long lease, since the landowner may set-off this claim with the unpaid leasehold instalments which have become due over the last two consecutive years.

When underwriting a 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 from time to time provide that in such event the Loan shall have a maturity that is shorter than or equal to the term of the long lease provided that certain conditions have been met. Furthermore, the terms and conditions of the Loans provide that the Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the lease rental, (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 Security Interests

The value of the right of pledge on the Receivables created under Pledge Agreement I as security for the Notes may be affected by, among other things, the following factors (i) not all Receivables are secured by Security Interests, (ii) some Receivables are secured by a Security Interest that ranks behind higher ranking security rights, (iii) the value of the assets subject to the Security Interests may not be sufficient to recover the Outstanding Principal Amount of the relevant Receivable(s) and the Other Claims, (iv) the amount of the Other Claims may fluctuate over time and (v) the Issuer is only entitled to receive the Issuer Share from the proceeds of the Security Interests. No assurance can be given that values of the assets subject to the Security Interests remain or will remain at the level at which they were on the date of origination of the related Loans. All of these factors could result in losses to the Noteholders. The Seller will not be liable for any such losses incurred by the Issuer.

Risks related to tenants

Some of the Borrowers rely on payments made by tenants under occupational leases to repay their Receivables. The ability of such Borrowers to make payments in respect of the relevant Receivables could be adversely affected if occupancy levels at the relevant mortgaged assets were to fall or if a significant number of tenants were unable to meet their obligations under the occupational leases. There can be no assurance that tenants will renew their respective occupational leases or that new tenants will be found to take up replacement occupational leases. Even if such renewals are effected or replacement occupational leases will be on terms (including rental levels) as favourable to the relevant Borrower as those which exist on the Closing Date, or that the covenant strength of tenants who renew their occupational leases or new tenants who replace them will be the same or equivalent to, those existing on the Closing Date, in each case the income of the relevant Borrowers and the market value of the mortgaged assets would be adversely affected if tenants were unable to pay rent or if space was unable to be let out on favourable terms or at all. This may affect the ability of the relevant Borrowers to make payments under the Receivables and ultimately, the Issuers' ability to make payments under the Notes and may also affect the foreclosure proceeds of the mortgaged assets.

Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in failure to make rental payments when due. If a tenant of a mortgaged asset, particularly a significant tenant, were to default in its obligations due, the relevant Borrower might experience delays in enforcing its rights and may incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and re-letting the relevant mortgaged assets. This may affect the ability of the relevant Borrowers to make payments in respect of the Receivables.

Risk of having to attract new occupational tenants

Especially in the current Dutch commercial property market it is not unusual to offer rent-free periods. There is therefore a risk that if the relevant Borrower has offered a rent-free period to a proposed new tenant that this may affect its ability to make payments in respect of its Receivables. Sometimes a landlord will provide a potential tenant with a loan for the purposes of financing the acquisition of office furniture and other fittings in order to attract new tenants. If the tenant will have financial problems later on, there is a risk that the tenant will not only not be able to pay the rent, but that it also cannot pay the landlord under the loan agreement. This would give rise to the risk that the Borrower will not have sufficient resources to make payments in respect of the Receivables.

Risks in connection with lease law

In general, parties are free to agree to any terms relating to the leasing of property. However, there are several mandatory provisions of Dutch law which apply to lease agreements. First, the provisions regarding general contract law apply. Secondly, the provisions of general lease law apply. Depending on the use of built-on (*gebouwd*) immovable property "premises", in addition to those general statutory provisions one of three legal regimes is applicable to a lease for immovable property. These three regimes are (i) the regime for lease of accommodation, (ii) the regime for lease of so-called "230a-premises" and (iii) the regime with regard to so called "290-business premises". Depending on the legal regime that is applicable, the tenant enjoys more or less security of tenure.

Premises that are used for accommodation are subject to the regime laid down in article 7: 232 et seq. of the Dutch Civil Code. Premises that are used for retail or as a hotel, restaurant or café are subject to the regime laid down in article 7:290 et seq. of the Dutch Civil Code. All leases regarding premises that are not used as 290-business premises nor as accommodation are subject to the regime laid down in article 7:230a of the Dutch Civil Code (such as lease regarding offices, warehouses, industrial property, sports accommodations).

Certain of these provisions may affect the cash flow derived from the relevant mortgaged assets or the value of a mortgaged asset and are described in more detail below.

General lease law

It is not possible for the landlord to dissolve a lease agreement concerning premises based on default or dissolving conditions without a court decision to that effect (article 7:231 Dutch Civil Code). This is mandatory law. This means it may take much more time to terminate a contract with a tenant who is in default. This might result in higher arrears of rental payments which may affect the Borrower's ability to make payments under the relevant Receivable and ultimately, the ability of the Issuer to make payments under the Notes. There are two exceptions to the rule that the landlord cannot terminate the lease extra judicially. The first exception is the situation mentioned hereunder under the *Defects*, being the situation in which the premises are damaged to such a degree that the tenant's enjoyment of the premises is no longer possible while the landlord is not responsible for repairing the defect. In such case both tenant and landlord may rescind the lease extra judicially. The second exception is the situation in which the tenant is declared bankrupt. Pursuant to Netherlands law, in the event of bankruptcy of the tenant, both parties to a lease agreement are entitled to terminate the lease agreement extra judicially taking into account a notification period of at most three months.

Defects

Essential to the landlord's obligations is the concept of "defect" as used in relation to leased premises. A "defect" is defined very broadly as any state or quality of the leased premises or any other circumstance that cannot be attributed to the tenant and that in any way prevents the tenant from enjoying the leased premises to the extent he is entitled to expect upon entering into a lease of well maintained premises of the type to which the lease relates. The statutory provisions require the landlord to repair all defects unless this would be impossible or cannot reasonably be expected of him under the circumstances. If the landlord fails to fulfil this obligation, the tenant may repair the defect himself and deduct the cost of doing so from the rent. In addition, the tenant may claim a rent reduction at law for the period in which the defect exists. In some cases, the landlord is also liable for consequential damages.

If there is a defect that makes it entirely impossible for the tenant to enjoy the use of the leased premises and the landlord is not obliged to repair such defect (because pursuant to the law or to the contract the defect falls within the liability of the tenant, or because repairing such defect would be impossible or cannot reasonably be expected of the landlord under the circumstances), then both parties will be entitled to dissolve the lease extra judicially pursuant to article 7:210 Dutch Civil Code. Such extra judicial termination of the lease however does not prevent either party from claiming damages from the other party if that other party can be held liable for the defect that rendered the use of the premises entirely impossible.

Most general terms and conditions tend to exclude the liability of the landlord for defects and its consequences as much as possible. However, the provisions are mandatory in respect of lease of accommodation. Furthermore, the statutory provisions described in the first paragraph under *Defects* above are mandatory in any event in respect of a defect that was present at the moment on which the lease was entered into and of which the landlord was or should have been aware. Finally, the provision that if the landlord fails to fulfil his obligation to repair a defect, the tenant is entitled to repair the defect himself and deduct the cost of doing so from the rent, is mandatory.

The provisions relating to the consequences of defects may have an effect on the rent the tenant actually has to pay and/or can result in substantial costs to be made by the landlord. This may affect the Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

Insurance

The standard situation in the Netherlands is that the landlord will insure the premises itself against damage. The landlord may take out insurance for loss of rent in case of damages to the leased premises but has no obligation to do so. The landlord is not obliged to take out business interruption insurance in case of interruption of the business of the tenant due to a defect to the premises. In this respect it is noted that the

Seller represents and warrants in the Receivables Purchase Agreement that it is a requirement for the granting of a Loan that each of the mortgaged assets, on which a Mortgage has been vested to secure the Receivable, had, at the time the Loan was advanced, the benefit of buildings insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*).

Residential space

There are no statutory minimum terms for the lease of residential space. Leases are mostly for an indefinite period of time, sometimes with an initial period of one year thereafter to be extended for an indefinite period. There is a complicated system of rules regarding residential lease and rent review. These rules are of mandatory nature. The rules regarding rent and rent review may result in a rent reduction.

For the actual termination of the lease agreement, even in the case of a fixed term, notice of termination given by one of the parties is required. The notification period is one (1) to three (3) months for the tenant and three (3) to six (6) months for the landlord. If a tenant gives notice of termination of the lease agreement (at the expiry dated of a lease period), the lease agreement will end automatically. However, if the landlord terminates the lease agreement without the consent of the tenant, the lease agreement will continue to be in force until it is terminated by the appropriate Dutch court. The court will terminate the lease if one or more of the situations described in the law occurs.

The landlord can be enforced to accept other persons than the original tenant as co-lessee (in case of marriage, registered partnership or one or more persons running a joined household on a long term basis with the tenant) and can be enforced to continue the lease with these co-lessees particularly after the death of the original tenant or in case of divorce of the tenant and the co-lessee. As the landlord might be forced to accept a tenant who is less solvent than the original tenant was, this may increase the risk of default by the tenant which may affect the Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

Retail space

Under the Article 7:290 regime, mandatory rules apply with regard to lease term – in principle a minimum of 5 years plus 5 years –, the notice period to be observed by the parties, termination of the lease by the landlord, rent review and assignment of the lease by the tenant. The parties can deviate from this provision in favour of the tenant.

The security of tenure of a tenant of 290-business premises is very strong. In order to terminate the lease, the landlord must observe a notice period of at least one year. If the landlord terminates the lease agreement without the consent of the tenant, the lease agreement will continue to be in force until it is terminated by the appropriate Dutch court. The court will terminate the lease if one or more of the situations described in the law occurs.

The system of security of tenure under the Article 7:290 regime is connected to a rent review system. Each of the parties has a legal right to a rent review at the end of each lease term or, if the lease runs for an indefinite period, five years after the last rent review took place. This rent review can lead to a rent increase or rent reduction, since the rent review will be based on the rent paid for comparable premises in the preceding five year period. Either party can request the court to set the new rent, provided a report drawn up by joint experts is presented and surrendered with the writ of summons. If such report cannot be drawn up, because parties cannot agree on which experts need to be assigned, either party can request the court to assign these experts on behalf of the parties. This legal right to a rent review is mandatory law and will therefore supersede any contractual stipulations with regard to a rent review, unless the contractual rent review is to the benefit of the tenant, in which case the contractual arrangement prevails. The rent review may result in a rent decrease. This may affect the Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

The tenant of 290-business premises who wishes for a third party to take over its going concern business in the premises and in light thereof wishes to assign the lease, can request the (district) court to authorise him to assign its rights and obligations under the lease if the landlord will not agree to the assignment. The court can only grant the request of the tenant if the tenant has a compelling reason for the assignment and if the new tenant provides sufficient security for the fulfilment of the obligations under the lease and the correct operation of the business. Although the court has to assess the financial situation of the new tenant, the landlord might be forced to accept a tenant who is less solvent than the original tenant was. This may increase the risk of default by the tenant which may affect such Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

Office space

Parties to a lease subject to the 230a regime are not bound by any mandatory rules with regard to term, (notice period for) termination, rent adjustment, etc. and a tenant who leases 230a-premises therefore does not enjoy any security of tenure. Article 7:230a does however provide for a so-called "eviction protection". This eviction protection, which is mandatory, entails that a tenant cannot be forced to vacate leased premises for a period of two months from the date on which the lease terminated and the tenant was notified it had to vacate the premises. During this period, the tenant has the right to petition the district court to extend the period during which he cannot be compelled to vacate for a maximum period of one year, after which the tenant is entitled to petition for two more extensions of one year each. The court will weigh the interests of the tenant and the landlord in deciding on an extension. The total period of the extensions may never exceed three years. If the tenant terminated the lease itself, expressly agreed to termination of the lease, or was ordered to vacate the premises as a result of having breached his obligations under the lease, the tenant cannot invoke this eviction protection. With respect to the use the tenant still makes of the premises during the period in which the lease is terminated but the tenant cannot be forced to vacate, the tenant will have to pay a reimbursement for the use to the landlord. If the parties do not agree on the amount, the district court will set this amount at a level that is reasonable, in light of the local rent level. The amount received by the Borrower under a lease agreement may therefore be reduced. This may affect such Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

Insurance risks

Under the Loans the Borrowers are obliged to ensure that each mortgaged asset is insured on a full reinstatement basis. Although the Loans require each mortgaged asset to be insured at appropriate levels and against the usual risks, there can be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur at a mortgaged asset, the relevant Borrower could suffer disruption of income from the mortgaged asset, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the mortgaged asset. In addition, the Seller relies on the creditworthiness of the insurers providing insurance with respect to the mortgaged assets and the continuing availability of insurance to cover the required risks in respect of neither of which assurances can be made.

If any insurance company is not able to meet its obligations under an insurance policy, e.g. in case it is declared bankrupt or has become subject to emergency regulations, this could result in the amounts payable under that insurance policy either not, or only partly, being available to the relevant Borrower, which may ultimately affect the Issuer's ability to make payments under the Notes.

Risk related to BSK Loans

A portion of approximately 2% of the Loans (or parts thereof) will be in the form of BSK Loans (*borgstellingskredieten*, hereinafter **BSK Loans**) entered into by the Seller with relevant Borrowers. BSK Loans benefit from a partial government guarantee. In case of a claim under the guarantee the Ministry of Economic Affairs will review if all the criteria for the BSK Loan relating to both underwriting and servicing were met and decide if pay-out under the guarantee is justified. Should the Ministry of Economic Affairs

decide that pay-out under the guarantee is not justified, this may result in the Issuer not being able to fully recover any loss incurred in respect of the relevant BSK Loan under the guarantee and may ultimately affect the ability of the Issuer to make payments under the Notes.

Risk that right of pledge on rent instalments may not be effective

Some of the Receivables may be (amongst others) secured by a right of pledge on rent instalments (*huurpenningen*) owed by third parties to some of the Borrowers. The Issuer has been advised that under Dutch law, rent instalments are regarded as future claims (*toekomstige vorderingen*) and a right of pledge thereon will only become effective at the time the relevant rent instalment becomes due (*vervalt*). In the event a rent instalment becomes due after the relevant Borrower has been declared bankrupt (*failliet verklaard*) or been made subject to insolvency proceedings (*surseance van betaling verleend*), such rent instalment will become part of the relevant Borrower's bankruptcy estate and is no longer subject to a right of pledge.

Risk that foreclosure value of assets subject to certain of the Security Interests may be relatively low

Some of the Receivables are (amongst others) secured by means of a right of pledge on stock (*voorraden*) and/or on equipment and inventory (*inventaris*). The foreclosure value of movable assets such as stock, equipment and inventory is often substantially lower than the original purchase price of these assets. The Issuer Share of the foreclosure value of these assets may therefore be lower than the Outstanding Principal Amount of the relevant Receivable at the time of the foreclosure.

Payments on the Receivables are subject to credit, liquidity and interest rate risks

Payments on the Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay the Receivables.

Swap Agreement

Pursuant to the Swap Agreement the Issuer will pay to the Swap Counterparty, on a quarterly basis, an amount equal to (a) the sum of: (i) interest actually received by the Issuer from the Borrowers under the Receivables (as more specifically described in the section *Credit Structure – Interest Rate Hedging*), (ii) interest received on the Collection Account and the Reserve Account, and (iii) the prepayment penalties, minus (b) (i) the amounts due and payable by the Issuer for, *inter alia*, certain expenses, as more fully described in the Swap Agreement and (ii) an excess margin. In return the Swap Counterparty will pay to the Issuer on a quarterly basis, an amount equal to the interest due on the respective Principal Amounts Outstanding of the Notes, provided that, following a Disruption (as defined below), the Swap Counterparty may pay an amount estimated to be the interest due on the respective Principal Amounts Outstanding of the Notes. In the event that it is subsequently calculated that such estimated payment is more or less than the amount as would otherwise have been due from the Swap Counterparty, there will be a correction payment pursuant to the Swap Agreement (see also the sections *Servicing Agreement* and *Credit Structure – Interest Rate Hedging*). The Swap Agreement provides that the payments to be made thereunder by the Issuer and the Swap Counterparty will be netted.

Risk that interest rate reset rights will not follow the Receivables

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Loans should be considered as an ancillary right and follows the relevant Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Receivables to the Issuer or upon the pledge of the 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, the co-operation of the trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

KEY PARTIES AND OVERVIEW OF PRINCIPAL FEATURES

Parties:

Issuer:	SME Lion II B.V., established under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>). The entire issued share capital of the Issuer is held by the Shareholder.
Seller:	ING Bank N.V. (the Seller , incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap</i>)).
Issuer Administrator:	ING Bank N.V.
Servicer:	ING Bank N.V.
Security Trustee:	Stichting Security Trustee SME Lion II, established under the laws of the Netherlands as a foundation (<i>stichting</i>).
Shareholder:	Stichting Holding SME Lion, established under the laws of the Netherlands as a foundation (<i>stichting</i>).
Directors:	Intertrust Management B.V. (Intertrust), the sole director of each of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V. (ATK), the sole director of the Security Trustee.
Swap Counterparty:	ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands.
Liquidity Facility Provider:	ING Bank N.V.
GIC Provider:	ING Bank N.V.
Paying Agent:	ING Bank N.V.
Listing Agent:	ING Bank N.V.
Reference Agent:	ING Bank N.V.
Manager:	ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands.
Credit Rating Agencies:	Fitch Ratings Ltd. and Moody's Investors Service Limited.

The Notes:

Notes:	The Notes will be issued on the Closing Date.
Issue Price:	The issue price of the Notes is 100 per cent.
Denomination:	The Notes will have a minimum denomination of Euro 100,000 and integral multiples of EUR 1,000 thereafter.
Form:	The Notes are in bearer form and in case of Definitive Notes serially

numbered with coupons attached.

Status & Ranking:

The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class. Payments of principal on the Mezzanine Class B Notes and the Subordinated Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes. Payments of principal on the Subordinated Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and payment of principal on the Mezzanine Class B Notes. See further *Terms and Conditions of the Notes*.

Quarterly Notes Interest
Periods and Interest Rates:

Interest on the Notes is payable by reference to successive interest periods. Each interest period will commence on (and include) a Quarterly Notes Payment Date and end on (but exclude) the next succeeding Quarterly Notes Payment Date (each a **Quarterly Notes Interest Period**), except for the first Quarterly Notes Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Notes Payment Date falling in August 2014. The interest will be calculated on the basis of the actual days elapsed in the Quarterly Notes Interest Period divided by 360 days.

Interest on each of the Notes shall be payable quarterly in arrear in Euro on the 10th day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such day) in each year (each such day being a **Quarterly Notes Payment Date**). Interest will be payable on each Quarterly Notes Payment Date in arrear with respect to the Principal Amount Outstanding on the first day of the Quarterly Notes Interest Period immediately preceding that Quarterly Notes Payment Date provided that on the Quarterly Notes Payment Date falling in August 2014 interest will be paid with respect to the Principal Amount Outstanding on the Closing Date.

A **Business Day** means each day on which banks are open for business in Amsterdam and Brussels, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (**TARGET2 System**) or any successor thereto is operating credit or transfer instructions with respect to payments in Euro.

Interest on the Senior Class A Notes for each Quarterly Notes Interest Period will accrue from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate (**Euribor**) for three month deposits in Euro (determined in accordance with Condition of the Notes 4(e)) (or, with respect to the first Quarterly Notes Interest Period, the rate which represents the linear interpolation of Euribor for 3 and 6 months' deposits in Euro, rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards), plus up to the Final Maturity Date a margin of 1.25 per cent. per annum.

Optional Redemption of the
Notes:

The Issuer will have the option to redeem all of the Notes, but not some only, on each Optional Redemption Date at their respective Principal Amount Outstanding (which definition includes a deduction for the relevant Principal Shortfall) plus accrued but unpaid interest thereon, after payment

of the amounts to be paid in priority to the Notes. The Senior Class A Notes will be redeemed in full.

Redemption following Clean-up call:	On the Quarterly Notes Payment Date following the exercise by the Seller of the Clean-up Call Option, the Issuer shall redeem all (but not only part of) the Notes at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes and, in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes, subject to Condition 9(a).
Redemption for tax reasons:	If 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 with respect to the Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any other jurisdiction or any political sub-division 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, the Issuer has the option to redeem the Notes in accordance with the priority of payments in whole but not in part, on any Quarterly Notes Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon subject to and in accordance with the Conditions (in particular, in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes, subject to Condition 9(a)).
Final Maturity Date:	If and to the extent not otherwise redeemed, the Issuer will redeem the Notes in accordance with the Conditions on the Quarterly Notes Payment Date falling in August 2060 (the Final Maturity Date).
Average life:	<p>The estimated average life of the Notes from the Closing Date, taking into account a Conditional Prepayment Rate (CPR) of 10 per cent and the redemption of the Notes on the First Optional Redemption Date, will be:</p> <ul style="list-style-type: none">(i) 2.28 years for the Senior Class A Notes;(ii) 5.08 years for the Mezzanine Class B Notes; and(iii) 5.08 years for the Subordinated Class C Notes. <p>The average lives of the Notes given above should be viewed with caution; reference is made to the section '<i>Risk Factors - Prepayment Risks</i>'.</p>
Method of Payment:	For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in Euro through Euroclear Netherlands for the credit of the respective accounts of the Noteholders (see further the section <i>Global Notes</i> below).
Withholding tax:	All payments with respect to the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the Paying Agent (as applicable) is required by applicable law to make any payment with respect to the Notes subject to any withholding or deduction of such taxes, duties or

charges of whatsoever nature. In that event, the Issuer or the 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 Paying Agent nor the Issuer will be obliged to make any additional payments to the Noteholders with respect to such withholding or deduction.

Use of proceeds:

The Issuer will use the net proceeds from the issue of the Senior Class A Notes and the Subordinated Class B Notes to pay to the Seller the Initial Purchase Price for the Receivables pursuant to the provisions of the Receivables Purchase Agreement (see *Receivables Purchase Agreement* and *Use of Proceeds*).

The Issuer will credit the net proceeds of the Subordinated Class C Notes to the Reserve Account (see *Credit Structure* and *Use of Proceeds*).

Security for the Notes:

The Notes are secured by:

- (a) a first ranking undisclosed right of pledge (*stil pandrecht, eerste in rang*) granted by the Issuer to the Security Trustee over the Receivables; and
- (b) a first ranking disclosed right of pledge (*openbaar pandrecht, eerste in rang*) granted by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Receivables Purchase Agreement, the Servicing Agreement, the GIC Agreement, the Liquidity Facility Agreement, the Swap Agreement and with respect to the Transaction Accounts.

Payments by the Security Trustee to the Security Beneficiaries will be made in accordance with the Post-Enforcement Priority of Payments. See *Description of Security* for a more detailed description.

Listing:

Application has been made to list the Notes on NYSE Euronext in Amsterdam (*Euronext Amsterdam*). This Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and constitutes a prospectus for the purposes of the Prospectus Directive.

Rating:

It is a condition precedent to issuance that the Senior Class A Notes, on issue, are assigned an “AAA(sf)” rating by Fitch and an “Aaa(sf)” rating by Moody's. The Mezzanine Class B Notes and the Subordinated Class C Notes will not be rated.

Governing Law:

The Notes are governed by and construed in accordance with the laws of the Netherlands.

Receivables:

Receivables:

Under the Receivables Purchase Agreement, the Issuer shall purchase and accept the assignment of legal title to any and all rights (the **Receivables**) of the Seller against certain borrowers (the **Borrowers**) under or in connection with certain Loans. See *Description of the Loans* for an overview of the

characteristics of the Loans. The Issuer will be entitled to the principal proceeds of the Receivables assigned to the Issuer on the Closing Date from (but excluding) 28 February 2014 (the **Cut-off Date**) and to the interest proceeds (including prepayment penalties) from (but excluding) the Closing Date.

Loans:

The Receivables to be sold by the Seller to the Issuer pursuant to the Receivables Purchase Agreement (the **Receivables Portfolio**) will result from loans granted to Borrowers, which loans (i) may have the benefit of one or more Security Interests; (ii) are entered into by the Seller and the relevant Borrower(s); and (iii) meet certain criteria set forth in the Receivables Purchase Agreement (the **Loans**). The total of Loans will be referred to, at any date, as the **Loans Portfolio**. See *Description of the Loans* below.

Clean-up Call Option:

The Seller has the option to repurchase and accept re-assignment of all (but not only part of) the Receivables on any Quarterly Notes Payment Date on which the principal amount due on the Receivables then outstanding is less than 10 per cent. of the principal amount of the Receivables on the Closing Date (the **Clean-up Call Option**).

The Issuer has undertaken in the Receivables Purchase Agreement to sell and assign the Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Clean-up Call Option (see section *Receivables Purchase Agreement*). The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes, subject to, and in accordance with, the Conditions of the Notes.

Security Interests:

The repayment of the Receivables may be secured by one or more security interests, which include (a) a mortgage right (*hypotheekrecht*), over (i) land (*grond*), (ii) a real property (*onroerende zaak*), (iii) an apartment right (*appartementsrecht*) or (iv) a long lease (*erfpacht*), together with land, real property and apartment rights, (b) a right of pledge (*pandrecht*) on inventory, rental income, receivables, (c) sureties (*borgtochten*) and/or (d) any other security interest (*zekerheidsrecht*) (together with the mortgage rights, the **Security Interests**). The Security Interests are in the form of Bank Security Rights (see *Risk Factors* above). Not all Receivables are secured by Security Interests.

Jointly-held Security Interests:

In the Receivables Purchase Agreement, the Seller, the Issuer and/or the Security Trustee (as applicable) have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held Security Interests.

Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) have agreed that in case of foreclosure the shares (*aandelen*) in each jointly-held Security Interests, will be the Issuer Share for the Issuer and the Seller Share for the Seller.

Set-off by Borrowers:

The Receivables Purchase Agreement provides that if a Borrower invokes a right of set-off for amounts due to it by the Seller against the relevant Receivable and, as a consequence thereof, the Issuer does not receive in any Monthly Calculation Period the amount which it is entitled to receive in

respect of such Receivable, the Seller will pay to the Issuer and/or the Security Trustee as soon as possible, but in any event ultimately on the Monthly Payment Date immediately succeeding such Monthly Calculation Period an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Receivable.

To further secure the Seller's obligations in this respect, the Seller has an obligation to provide eligible collateral (**Trigger Collateral**) to the Issuer and the Security Trustee, respectively, up to the Trigger Collateral Required Amount. The Issuer and/or the Security Trustee shall, on any Quarterly Notes Payment Date, have the right to apply from such Trigger Collateral the Set-Off Amount (see *Credit Structure* below).

Sale of Receivables by the Issuer:

The Issuer may not dispose of the Receivables, except to comply with its obligations under the Notes in certain circumstances and further as provided in the Trust Deed and Receivables Purchase Agreement. If the Issuer decides to offer for sale (part of) the Receivables it will first offer such Receivables to the Seller.

Optional Redemption / Clean-up Call Option

If the Issuer sells and assigns all, but not some, of the Receivables on an Optional Redemption Date or in connection with the exercise of the Clean-up Call Option, to the Seller, or to a subsidiary of the Seller, the purchase price shall be calculated as follows.

Purchase Price in case of a sale to the Seller or to a subsidiary of the Seller

The purchase price of the Receivables in the event of a sale to the Seller, or to a subsidiary of the Seller, shall be sufficient to redeem all (but not some only) of the Senior Class A Notes and Mezzanine Class B Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(a)) 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(c). If the Issuer redeems the Notes in accordance with Condition 6(c), the Principal Shortfall for the Class A Notes will be reduced to zero

Optional Redemption

If the Issuer sells and assigns all, but not some, of the Receivables on an Optional Redemption Date to a third party, the purchase price shall be calculated as follows.

Purchase Price in case of a sale to a third party

The Issuer will use its best efforts to sell the Receivables (including any Defaulted Receivables) to a third party (should the Seller not purchase the Receivables nor appoint a subsidiary of the Seller to purchase the Receivables) for a price (such price, the **Minimum Third Party Purchase Price**) at least sufficient to redeem all (but not some only) of the Senior

Class A Notes and Mezzanine Class B Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(a)) 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(c). If the Issuer redeems the Notes in accordance with Condition 6(c), the Principal Shortfall for the Class A Notes will be reduced to zero.

Cash Flow Structure:

Liquidity Facility Agreement:	On the Closing Date, the Issuer will enter into a maximum 364 day term liquidity facility agreement with the Liquidity Facility Provider (the Liquidity Facility Agreement) whereunder the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See section <i>Credit Structure</i> below.
Swap Agreement:	On the Closing Date, the Issuer will enter into an ISDA Master Agreement (which shall include the schedule and the confirmation evidencing the transaction thereunder) with the Swap Counterparty (the Swap Agreement) to hedge the interest rate risk between interest actually received by the Issuer on the Receivables and the floating rate of interest payable by the Issuer on the Notes subject to Disruption. See <i>Credit Structure</i> .
Guaranteed Investment Contract Agreement:	On the Closing Date, the Issuer will enter into a guaranteed investment contract agreement (the GIC Agreement) with the GIC Provider, under which the GIC Provider agrees to pay a guaranteed interest rate determined by reference to Euribor on the balance standing to the credit of the Transaction Accounts from time to time. See <i>Credit Structure</i> .
Collection Account:	The Issuer maintains with the GIC Provider an account to which on or prior to each Monthly Payment Date all amounts received with respect to the Receivables, including, <i>inter alia</i> , any Net Proceeds, will be transferred by the Servicer in accordance with the Servicing Agreement (the Collection Account).
Trigger Collateral Account	The Issuer shall open, at such time when Trigger Collateral shall be provided by the Seller to the Issuer, with the GIC Provider an account to which all amounts received with respect to the Trigger Collateral will be transferred (the Trigger Collateral Account).
Reserve Account:	<p>The Issuer will maintain with the GIC Provider an account (the Reserve Account, and together with the Collection Account and the Trigger Collateral Account (if any), the Transaction Accounts).</p> <p>The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (h) in the Interest Priority of Payments in the event the Notes Interest Available Amount (excluding item (x) thereof) is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Notes Payment Date.</p> <p>If and to the extent that the Notes Interest Available Amount on any Quarterly Notes Payment Date exceeds the aggregate amount applied in satisfaction of Items (a) up to and including (h) in the Interest Priority of</p>

Payments, such amount will be credited to the Reserve Account until the balance standing to the credit thereof equals the Reserve Account Target Level (as defined below).

If and to the extent that the Notes Interest Available Amount exceeds the amount required to deposit in, or replenish, the Reserve Account up to the Reserve Account Target Level, such excess amount will be used as part of the Notes Interest Available Amount towards satisfaction of items (j) up to and including (l) of the Interest Priority of Payments.

On the Quarterly Notes Payment Date on which the Senior Class A Notes have been redeemed in full, the Reserve Account Target Level becomes zero and the remaining balance standing to the credit of the Reserve Account will be transferred to the Collection Account as Reserve Account Excess and form part of the Notes Redemption Available Amount on such date. For the avoidance of doubt, such Reserve Account Excess will not form part of the Notes Interest Available Amount.

The **Reserve Account Target Level** means an amount equal to 3.0 per cent. of the Outstanding Principal Amount of the Receivables at the Closing Date or zero upon redemption in full of the Senior Class A Notes.

Paying Agency Agreement: On the Closing Date, the Issuer will enter into a Paying Agency Agreement (the **Paying Agency Agreement**) with the Paying Agent pursuant to which the Paying Agent undertakes, *inter alia*, to perform certain payment services on behalf of the Issuer towards the Noteholders.

Other:

Servicing Agreement: Under a servicing agreement to be entered into on the Closing Date (the **Servicing Agreement**) between the Issuer, the Servicer and the Issuer Administrator (i) the Servicer agrees to provide payment services and the other services to the Issuer and the Security Trustee as agreed in the Servicing Agreement in relation to the Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Loans and the implementation of arrears procedures including, if applicable, the enforcement of the relevant pledges or mortgages and (ii) the Issuer Administrator agrees to provide certain administration, calculation and cash management services to 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 of the Notes.

Management Agreements: Each of the Issuer, the Shareholder and the Security Trustee will enter into a management agreement (together the **Management Agreements**) with the relevant Director, by virtue of which the relevant Director undertakes to act as director of the Issuer, the Shareholder or the Security Trustee, respectively, and to perform certain services in connection therewith.

Retention and Information Undertaking The Seller has covenanted to, during the life of the Notes and in compliance with Article 405 of the CRR, retain a material net economic interest in the securitisation transaction of at least 5% of the Notes. As at the Closing Date, such interest will be comprised of an interest in all the Notes issued.

The Seller has undertaken to make available materially relevant data with a view to complying with Article 409 of the CRR, which can be obtained from such Seller upon request. Each prospective Noteholder should ensure that it complies with each of Part Five of the CRR (including Article 405) and any corresponding national measures which may be relevant. See the section *Regulatory & Industry Compliance* for more detail. For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), see the risk factor entitled "Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes".

Governing Law:

The Relevant Documents (which also include the Notes), other than the Swap Agreement, and any non-contractual obligations arising out of or in relation to the Relevant Documents other than the Swap Agreement (except as specified therein), will be governed by and construed in accordance with the laws of the Netherlands. The Swap Agreement and any non-contractual obligations arising out of or in relation to the Swap Agreement, will be governed by and construed in accordance with English law (other than the limited recourse, non petition and third party stipulation provisions, which are governed by the laws of the Netherlands).

CREDIT STRUCTURE

This section describes the structure of the credit arrangements for the proposed issue of the Notes.

Loan Interest Rates

Under the Loans, the Borrowers pay interest on a floating basis or fixed rate basis, subject to a reset from time to time. Interest rates vary between individual Loans. The range of interest rates is described further in *Description of the Loans*. On 28 February 2014 (the **Cut-off Date**), the weighted average interest rate of the Loans was 3.26 per cent.

Requisite Credit Rating

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 (the **Short-Term Requisite Rating**), and (ii) a long-term issuer default rating of at least A by Fitch.

Cash Collection Arrangements

Payments by the Borrowers under the Loans are due at a regular interval, interest being payable in arrears. All payments made by Borrowers will be paid into accounts of the Seller (each a **Seller Collection Account** and together, the **Seller Collection Accounts**) maintained with ING Bank (the **Seller Collection Account Provider**). These accounts are not pledged to any party. The Seller Collection Accounts will also be used for the collection of moneys paid in respect of loans other than the Loans and in respect of other moneys belonging to the Seller.

On or prior to the 10th day of each month (such date a **Monthly Payment Date**), the Seller will transfer all amounts of interest and principal received by the Seller in respect of the Loans and paid to the Seller Collection Accounts during the immediately preceding Monthly Calculation Period, to the Collection Account.

If at any time the Seller Collection Account Provider's unsecured, unsubordinated and unguaranteed debt obligations are assigned a rating of less than the Requisite Credit Rating or such rating is withdrawn, the Seller will either within 30 calendar days of such downgrade (i) (a) ensure that an account for the benefit of the Issuer is opened with a party having at least the Requisite Credit Rating, and (b) transfer to such account an amount equal to the highest single amount of principal and interest (including, for the avoidance of doubt, interest penalties) received in respect of the relevant Receivables since the Closing Date on the Collection Account during one Monthly Calculation Period or (ii) ensure that payments to be made with respect to amounts received on the Seller Collection Accounts relating to the Receivables will be guaranteed by a party having at least the Requisite Credit Rating by way of an unlimited and unconditional guarantee, or (iii), only in case of a downgrade or loss of the rating given by Moody's, find another solution in accordance with Moody's methodology at such time in order to maintain the then current ratings assigned to the Senior Class A Notes.

If the rating of the long-term, unsecured and unguaranteed debt obligations of ING Bank are assigned a rating of less than Baa2 by Moody's or BBB+ by Fitch or any such rating is withdrawn, the Seller will ensure that the Borrowers shall be notified that they should immediately make their payments to the Collection Account, or into another account, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Senior Class A Notes.

Collection Account, Reserve Account and Swap Collateral Account

Collection Account

The Issuer will maintain with the GIC Provider the Collection Account to which all amounts received (i) from the Seller in respect of the Loans and (ii) from the other parties to the Relevant Documents, will be paid. The Issuer Administrator will identify all amounts paid into the Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on each Monthly Payment Date in respect of the Loans will be identified as principal or revenue receipts and credited to the relevant ledgers, as the case may be. The amount standing to the credit of the Collection Account will accrue interest at a rate equal to one months' Euribor.

Payments may be made from the Collection Account other than on a Quarterly Notes Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business and (ii) all payments on the respective Monthly Payment Dates.

Reserve Account

The balance standing to the credit of the Reserve Account, which is also maintained with the GIC Provider, shall be Euro 269,700,000 on the Closing Date. The amount standing to the credit of the Reserve Account will accrue interest at a rate equal to three Euribor minus a margin.

The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (h) in the Interest Priority of Payments in the event the Notes Interest Available Amount (excluding the items (x) thereof) is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Notes Payment Date.

If and to the extent that the Notes Interest Available Amount on any Quarterly Notes Payment Date exceeds the aggregate amount applied in satisfaction of Items (a) up to and including (h) in the Interest Priority of Payments, such amount will be credited to the Reserve Account until the balance standing to the credit thereof equals the Reserve Account Target Level.

If and to the extent that the Notes Interest Available Amount exceeds the amount required to deposit in, or replenish, the Reserve Account up to the Reserve Account Target Level, such excess amount will be used as part of the Notes Interest Available Amount towards satisfaction of items (j) up to and including (l) of the Interest Priority of Payments.

On the Quarterly Notes Payment Date on which the Senior Class A Notes have been redeemed in full, the Reserve Account Target Level becomes zero and the remaining balance standing to the credit of the Reserve Account will be transferred to the Collection Account as Reserve Account Excess and form part of the Notes Redemption Available Amount on such date.

The **Reserve Account Deficiency Amount** means the difference between (i) the balance of the Reserve Account on the Closing Date and (ii) the balance of the Reserve Account on the Quarterly Calculation Date immediately preceding such Quarterly Notes Payment Date (taking into account any drawings required to be made to satisfy items (a) through (h) of the Interest Priority of Payments).

The **Reserve Account Excess** means the balance standing to the credit of the Reserve Account after redemption in full of the Senior Class A Notes.

The **Reserve Account Target Level** means an amount equal to 3.0 per cent. of the Outstanding Principal Amount of the Receivables at the Closing Date or zero upon redemption in full of the Senior Class A Notes.

If at any time the GIC Provider's unsecured, unsubordinated and unguaranteed debt obligations are assigned a rating of less than the Requisite Credit Rating or such rating is withdrawn, then the Issuer will within 30 calendar days of reduction or withdrawal of such rating use its best endeavours to (i) find an alternative GIC Provider having at least the Requisite Credit Rating in accordance with the requirements of the Credit Rating Agencies at such time and the Security Trustee or (ii), only in case of a downgrade or loss of the rating given

by Moody's, find another solution in accordance with the requirements of Moody's at such time to maintain the then current rating assigned to the Senior Class A Notes.

Swap Collateral Account

If any collateral in the form of cash is provided by the Swap Counterparty to the Issuer, the Issuer will be required to open a separate account in which such cash provided by the Swap Counterparty will be held. If any collateral in the form of securities is provided, the Issuer will be required to open a custody account in which such securities provided by the Swap Counterparty will be held. No withdrawals may be made with respect to such accounts other than in relation to the return of Excess Swap Collateral unless, pursuant to the termination of the Swap Agreement, an amount is owed by the Swap Counterparty to the Issuer, in which case the collateral may be applied as a final payment by the Swap Counterparty which shall be applied in accordance with the Trust Deed.

Excess Swap Collateral means an amount equal to the value of any collateral transferred to the Issuer by the Swap Counterparty under the Swap Agreement that is in excess of the Swap Counterparty's liability to the Issuer thereunder (i) as at the termination date of the transaction entered into under such Swap Agreement other than an Early Termination Date designated as the result of an Event of Default or Additional Termination Event; or (ii) as at any other date of valuation in accordance with the terms of the Swap Agreement.

Any amount remaining in such accounts upon termination of the Swap Agreement, which are not owed to the Issuer by the Swap Counterparty, shall be transferred directly to the Swap Counterparty (outside of the Interest Priority of Payments) on the termination date under the Swap Agreement.

If any collateral is transferred pursuant to the Swap Agreement in favour of the Issuer, the Issuer may apply such collateral in accordance with the Swap Agreement and the priority of payments as set forth in the Trust Deed, subject to the Issuer's obligation to return any Excess Swap Collateral directly to the Swap Counterparty under the Swap Agreement.

Trigger Collateral

Pursuant to the Receivables Purchase Agreement, the Seller has the obligation to indemnify the Issuer and the Security Trustee respectively for any amounts set-off by a Borrower in respect of the relevant Receivable. To secure this obligation, the Seller has an obligation to provide on a regular basis but in any event on the earlier of (i) 30 calendar days after a Borrower has invoked a right of set-off and (ii) each Monthly Payment Date in favour of the Issuer and the Security Trustee respectively eligible collateral (the **Trigger Collateral**) up to the Trigger Collateral Required Amount.

The Issuer shall open, at such time when Trigger Collateral shall be provided by the Seller to the Issuer, with the GIC Provider an account to which all amounts received with respect to the Trigger Collateral will be transferred (the **Trigger Collateral Account**). Interest received on the Trigger Collateral Account shall be paid to the Seller.

Trigger Collateral means any collateral provided by the Seller in cash in Euro to the Issuer.

The required amount (the **Trigger Collateral Required Amount**) shall on any Monthly Payment Date be equal to the amount of:

- i. zero, provided that the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least as high as A by Fitch and A3 by Moody's and the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least as high as F1 by Fitch;

- ii. 50 per cent. of the Potential Set-Off Amount, when the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than A3 by Moody's but higher than Baa3 by Moody's;
- iii. 100 per cent. of the Potential Set-Off Amount when the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than Baa3 by Moody's and/or A by Fitch or any such rating is withdrawn and/or the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than F1 by Fitch or such rating is withdrawn; and
- iv. zero, if the Notes have been redeemed in full.

The **Potential Set-Off Amount** shall, on any Monthly Payment Date, be equal to the sum of the amount credited to each current account or deposit held by the Borrowers with the Seller on the immediately preceding Monthly Calculation Date and the amount due by the Seller to the Borrowers under any derivatives contract (including interest rate hedge contracts) with the Borrowers on the immediately preceding Monthly Calculation Date.

The Trigger Collateral may be applied by the Issuer and/or the Security Trustee on any Quarterly Notes Payment Date if and to the extent the Issuer has, because 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 Quarterly Notes Payment Date, not received the full amount due but unpaid in respect of any Receivable(s) (the **Set-Off Amount**).

A ledger known as the **Set-Off Amount Ledger** will be established by or on behalf of the Issuer in order to record any such Set-Off Amount. An amount equal to the Set-Off Amount will be debited to the Set-Off Amount Ledger (such debit items being recredited at item (h) of the Interest Priority of Payments to the extent the Notes Interest Available Amount is available for such purpose).

If the amount equal to the value of any Trigger Collateral provided to the Issuer and the Security Trustee exceeds the Trigger Collateral Required Amount on any Monthly Payment Date or any other date (the **Excess Trigger Collateral**), the Issuer and the Security Trustee respectively have an obligation to repay an amount equal to the Excess Trigger Collateral (if applicable).

Pre-Enforcement Priority of Payments

Pre-Enforcement Priority of Payments with respect to interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, (a) calculated on each Quarterly Calculation Date (being the third business day prior to each Quarterly Notes Payment Date) and (b) which have been received during the relevant Quarterly Calculation Period (as defined in Condition 6 of the Notes) immediately preceding such Quarterly Calculation Date or (c) in the case of (iii), (iv), (v) and (viii) below, received on such Quarterly Notes Payment Date (items under (i) up to and including (ix) less (x)) hereafter referred to as the **Notes Interest Available Amount**:

- (i) interest, including prepayment penalties and penalty interest (*boeterente*), on the Receivables;
- (ii) interest credited to the Collection Account and the Reserve Account;
- (iii) amounts to be received from the Swap Counterparty under the Swap Agreement, on the immediately succeeding Quarterly Notes Payment Date, excluding, for the avoidance of doubt, any collateral transferred pursuant to the Swap Agreement and excluding any Tax Credit;

- (iv) amounts received in connection with a repurchase of Receivables, pursuant to the Receivables Purchase Agreement to the extent such amounts do not relate to principal and any other amounts received pursuant to the Receivables Purchase Agreement to the extent such amounts do not relate to principal;
- (v) amounts received in connection with a sale of Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal;
- (vi) amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Notes Payment Date;
- (vii) the Set-Off Amount (if any) to be applied from the Trigger Collateral on the immediately succeeding Quarterly Notes Payment Date;
- (viii) on the Final Maturity Date or, if earlier, the Quarterly Notes Payment Date on which the Notes are redeemed in full and any other obligations have been paid in full, the remaining balance standing to the credit of the Collection Account (if any) which (A) is not included in items (i) up to and including (vi) on such Quarterly Notes Payment Date and (B), for the avoidance of doubt, excludes such remaining amount of Trigger Collateral not used under (vii); and
- (ix) as amounts to be drawn under the Liquidity Facility Agreement (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Notes Payment Date;
- (x) *less* on the first Quarterly Notes Payment Date of each calendar year an amount equal to the minimum profit to be earned by the Issuer for Dutch tax purposes, which minimum profit should be at least equal to 10 per cent. of the annual fee, with a minimum of Euro 2,500 (representing taxable income for corporate income tax purposes in the Netherlands which will be paid as dividend to the Shareholder), due and payable by the Issuer to its Director in connection with the Management Agreement between the Issuer and its Director relating to the management of the Issuer,

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Quarterly 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 **Interest 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 and payable to the Directors in connection with the Management Agreements and (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of fees and expenses due and payable to the Issuer Administrator and the Servicer under the Servicing Agreement;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, 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 Relevant 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, fees and expenses of the Credit Rating Agencies, any legal advisor, auditor and accountant appointed by the Issuer and/or, as the case may be, the Security Trustee and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (iii) the commitment fee payable to the Liquidity Facility Provider under the Liquidity Facility Agreement (the **Liquidity Facility Commitment Fee**);
- (d) *fourth*, in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement (but excluding the Liquidity Facility Commitment Fee and

any gross up amounts or additional amounts due under the Liquidity Facility Agreement and payable under (k) below) or, following a Liquidity Facility Stand-by Drawing, in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;

- (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, including any termination payment, other than any termination payment due or payable as a result of the occurrence of (i) an Event of Default or (ii) an Additional Termination Event relating to a Rating Event where the Swap Counterparty is the Defaulting Party or the sole Affected Party (all as defined therein) (a **Swap Counterparty Default Payment**) payable under (j) below and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and Tax Credit to the extent that such amounts can be paid to the Swap Counterparty from amounts not forming part of the Notes Interest Available Amount;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Senior Class A Notes;
- (g) *seventh*, in or towards making good of 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;
- (h) *eighth*, in or towards making good of any shortfall (A) 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, and (B) reflected in the Set-Off Amount Ledger until the debit balance, if any, on the Set-Off Amount Ledger is reduced to zero;
- (i) *ninth*, in or towards satisfaction of any amount to be deposited on the Reserve Account to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (j) *tenth*, in or towards satisfaction of any Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and Tax Credit to the extent that such amounts can be paid to the Swap Counterparty from amounts not forming part of the Notes Interest Available Amount;
- (k) *eleventh*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and
- (l) *twelfth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

Pre-Enforcement Priority of Payments with respect to principal

The Issuer will be obliged to apply the Notes Redemption Available Amount to redeem the Notes on any Quarterly Notes Payment Date. The **Notes Redemption Available Amount** is the sum of the following amounts calculated on any Quarterly Calculation Date as being received by the Issuer during the immediately preceding Quarterly Calculation Period:

- (i) as repayment of principal under the Receivables;
- (ii) as amounts received on the immediately succeeding Quarterly Notes Payment Date relating to principal in connection with a repurchase of the Receivables pursuant to the Receivables Purchase Agreement as a result of any of the representations and warranties proves to have been untrue or incorrect;
- (iii) as prepayment of principal under the Receivables;
- (iv) as Net Proceeds on any Receivable to the extent relating to principal;

- (v) as amounts received on the immediately succeeding Quarterly Notes Payment Date in connection with a repurchase other than as mentioned under (ii) and any other amounts received pursuant to the Receivables Purchase Agreement both to the extent relating to principal;
- (vi) as amounts received in connection with a sale of Receivables pursuant to the Trust Deed to the extent relating to principal;
- (vii) as amounts to be credited to the relevant Principal Deficiency Ledger on the immediately succeeding Quarterly Notes Payment Date;
- (viii) the Reserve Account Excess;
- (x) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the immediately preceding Quarterly Notes Payment Date;

and if applied, the Notes Redemption Available Amount will be applied by the Issuer on the immediately succeeding Quarterly 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 **Principal Priority of Payments**),

- (a) *first*, the Senior Class A Notes, until fully redeemed;
- (b) *second*, the Mezzanine Class B Notes, until fully redeemed; and
- (c) *third*, the Subordinated Class C Notes, until fully redeemed.

Post-Enforcement Priority of Payments

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed will be paid to the Security Beneficiaries (including the Noteholders) 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, accountant or auditor 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, of the repayment of any Liquidity Facility Stand-By Drawing under the Liquidity Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iii) the fees and expenses of the Issuer Administrator and the Servicer under the Servicing Agreement;
- (c) *third*, in or towards satisfaction of any sums due or accrued but unpaid under the Liquidity Facility Agreement, but excluding any Liquidity Facility Stand-by Drawing payable under (a) above and gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (i) below;
- (d) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of amounts, if any, due but unpaid under the Swap Agreement including any termination payment other than any Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement payable under subparagraph (i) below and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and Tax Credit but only to the extent such amounts have been paid to the Swap Counterparty by the Issuer;

- (e) *fifth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal unpaid in respect of the Senior Class A Notes;
- (g) *eighth*, in or towards satisfaction of all amounts of principal unpaid in respect of the Mezzanine Class B Notes;
- (h) *ninth*, in or towards satisfaction of all amounts of principal unpaid in respect of the Subordinated Class C Notes;
- (i) *tenth*, in or towards satisfaction of any Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and Tax Credit but only to the extent such amounts have been paid to the Swap Counterparty by the Issuer;
- (j) *eleventh*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and
- (k) *twelfth*, in or towards satisfaction of the Deferred Purchase Price to the Seller.

Principal Deficiency Ledger

A ledger known as the **Principal Deficiency Ledger** comprising of two sub-ledgers known as 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 any Realised Losses on the Receivables (the **Principal Deficiency**). An amount equal to any Realised Losses will be debited to the Class B Principal Deficiency Ledger (such debit items being recredited at item (h) of the Interest Priority of Payments to the extent the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Mezzanine Class B Notes and thereafter to the Class A Principal Deficiency Ledger (such debit items being recredited at item (g) of the Interest Priority of Payments) and only to the extent the Notes Interest Available Amount is available for such purpose).

Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Notes Payment Date (other than on (i) a Quarterly Notes Payment Date if and to the extent that on such date the Notes are redeemed in full or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility Agreement up to the Liquidity Facility Maximum Amount. Any such drawing shall be credited to the Collection Account. The Liquidity Facility Agreement is for a maximum term of 364 calendar days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility Agreement by the Issuer shall only be made on a Quarterly Notes Payment Date if and to the extent that, before any drawing under the Liquidity Facility Agreement, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (f) (inclusive) in the Interest Priority of Payments in full on that Quarterly Notes Payment Date. Certain payments to the Liquidity Facility Provider will rank in priority to payments and security to, *inter alia*, the Noteholders.

If, at any time, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than the Requisite Credit Rating or any such rating is withdrawn by any of the Credit Rating Agencies and (ii) within thirty (30) calendar days of such downgrading (a) the Liquidity Facility Provider is not replaced by the Issuer with an alternative Liquidity Facility Provider whose unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating of the Requisite Credit Rating or (b) the obligations of the Liquidity Facility Provider are not guaranteed by a third party whose unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating of the Requisite Credit Rating

in favour of the Issuer or (c), only in case of a downgrade or loss of the rating given by Moody's another solution accordance with the requirements of Moody's at such time is not found, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a **Liquidity Facility Stand-By Drawing**) and credit such amount to the Collection Account with a corresponding credit to a ledger to be known as the **Liquidity Facility Stand-by Ledger**. Amounts so credited to the Collection Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility Agreement. A Liquidity Facility Stand-By Drawing shall also be made if the Liquidity Facility Agreement is not renewed by the Liquidity Facility Provider following its commitment termination date. If a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Collection Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

For these purposes, **Liquidity Facility Maximum Amount** means, on each Quarterly Calculation Date, 3.0 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date.

Interest Rate Hedging

The Receivables Criteria require that all Receivables sold and assigned to the Issuer at the Closing Date either bear a floating rate of interest or a fixed rate of interest for a period of over one calendar month which is subject to a reset from time to time (as further described in section *Description of the Loans* below). The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will mitigate this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty and the Security Trustee. Under the Swap Agreement, the Issuer will agree to pay on each Quarterly Notes Payment Date an amount being the sum of:

- (i) the aggregate amount of the interest on the Receivables actually received during the immediately preceding Quarterly Calculation Period; plus
- (ii) any prepayment penalties received during the immediately preceding Quarterly Calculation Period; plus
- (iii) interest received on the Collection Account and the Reserve Account during the immediately preceding Quarterly Calculation Period; less
- (iv) certain expenses as described under (a), (b) and (c) of the Interest Priority of Payments; and less
- (v) an excess margin of 0.50 per cent. per annum of the Principal Amount Outstanding of the Class A Notes and the Class B Notes.

The Swap Counterparty will agree to pay on each Quarterly Notes Payment Date an amount equal to the sum of the scheduled interest due in respect of the Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding for each Class of Notes (as reduced by any outstanding debit balance on the relevant sub-ledger of the Principal Deficiency Ledger) on the first day of the relevant Floating Rate Interest Period.

In the event that a Disruption occurs and is continuing at the time payments on the Notes are to be calculated, the Issuer Administrator shall in good faith and in a commercially reasonable manner, having regard to all relevant information at the Issuer Administrator's disposal (which for the avoidance of doubt may, but need not, include reference to previous note payments) estimate the amount of interest due on the Notes for the immediately succeeding Quarterly Notes Payment Date and in such event, the Swap Counterparty will pay to the Issuer pursuant to the swap such estimated amount (the **Estimated Amount**). At such time as the Issuer Administrator deems that sufficient information is available to calculate the exact amount that would have been payable on the Notes, had such Disruption not occurred, (i) the amount that should have been payable by the Swap Counterparty on the relevant Quarterly Notes Payment Date shall be calculated (the **Actual Amount**) and (ii) the **Discrepancy Amount** shall be calculated (being the Actual Amount minus the Estimated Amount). If the Discrepancy Amount is positive, the amount payable by the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Notes Payment Date shall be increased by an amount

equal to the Discrepancy Amount. If the Discrepancy Amount is negative, the amount payable by the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Notes Payment Date shall be reduced by an amount equal to the Discrepancy Amount.

Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated in accordance with Events of Default and Termination Events (each as defined in the Swap Agreement) including some of those commonly found in standard ISDA documentation. The Swap Agreement will be terminable by one party if an applicable Event of Default or Termination Event (as defined therein) occurs including if, (i) it becomes unlawful for either party to perform its obligations under the Swap Agreement; or (ii) an Enforcement Notice is served; (iii) there is non-payment under the Swap Agreement and the applicable grace period expires; or (iv) certain insolvency events occur.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. 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 sufficient market quotations cannot be obtained).

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.

In either event, the Swap Counterparty may, at its own cost, transfer its rights and obligations under the Swap Agreement in accordance with the Swap Agreement.

If the Issuer receives any Tax Credit (as defined in the Swap Agreement) 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.

If the Swap Counterparty ceases to have certain required ratings by the Credit Rating Agencies, 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, (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity with the ratings specified in the Swap Agreement, (iii) procuring another entity with at least such ratings to become guarantor of or co-obligor in respect of its obligations under the Swap Agreement or (iv) the taking of such other action as to maintain the then current ratings of the Senior Class A Notes. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be obliged to make a termination payment to the other party.

Any collateral transferred by the Swap Counterparty in accordance with the provisions set out above which is in excess of its obligations to the Issuer under the Swap Agreement will be returned to such Swap Counterparty outside any Priority of Payments and will not be available for the distribution of any amounts due to the Noteholders or the other Security Beneficiaries.

Sale of Receivables on an Optional Redemption Date

Pursuant to the Trust Deed and the Conditions of the Notes, the Issuer will, on each Optional Redemption Date, have the right to sell and assign all, but not some, of the Receivables to the Seller or a third party, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes.

Purchase Price

The purchase price of the Receivables in the event of a sale to the Seller, or to a subsidiary of the Seller, or a third party (should the Seller not purchase the Receivables nor appoint a subsidiary of the Seller to purchase the Receivables) shall be sufficient to redeem all (but not some only) of the Senior Class A Notes and Mezzanine Class B Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(a)) 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(c). If the Issuer redeems the Notes in accordance with Condition 6(c), the Principal Shortfall for the Class A Notes will be reduced to zero.

Sale of Receivables if the Clean-up Call Option is exercised

On each Quarterly Notes Payment Date, the Seller has the option to exercise the Clean-up Call Option. The same as set out above under *Sale of Receivables on an Optional Redemption Date* applies to the sale of Receivables if the Seller exercises the Clean-up Call Option.

Sale of Receivables if the Seller is obliged to repurchase

If the Seller is obliged to repurchase any Receivable(s) (including any Defaulted Receivables) pursuant to the Receivables Purchase Agreement, the purchase price of the Receivables will be equal to the Outstanding Principal Amount in respect of the relevant Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

Rating Triggers

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
Seller Collection Account Bank	<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 of such downgrade (i) (a) ensure that an account for the benefit of the Issuer is opened with a party having at least the Requisite Credit Rating, and (b) transfer to such account an amount equal to the highest single amount of principal and interest (including, for the avoidance of doubt, interest penalties) received in respect of the relevant Receivables since the Closing Date on the Collection Account during one Monthly Calculation Period, or (ii) ensure that payments to be made with respect to amounts received on the Seller Collection Accounts relating to the Receivables will be guaranteed by a party having at least the Requisite Credit Rating by way of an unlimited and unconditional guarantee, or (iii), only in case of a downgrade or loss of the rating given by Moody's, find another solution in accordance with Moody's methodology at such time in order to maintain the then current ratings assigned to the Senior Class A Notes.</p>
GIC Provider	<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 Issuer will find within 30 calendar days an alternative GIC Provider having at least the Requisite Credit Rating or, only in case of a downgrade or loss of the rating given by Moody's, find another solution in accordance with the requirements of Moody's at such time to maintain the then current rating assigned to the Senior Class A Notes.</p>
Liquidity Facility	<p>(a) the rating of the short-term,</p>	<p>The consequences of breach are</p>

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
Provider	<p>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>that, unless within thirty (30) calendar days of such downgrading (a) the Liquidity Facility Provider is replaced by the Issuer with an alternative Liquidity Facility Provider whose unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating of the Requisite Credit Rating or (b) the obligations of the Liquidity Facility Provider are guaranteed by a third party whose unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating of the Requisite Credit Rating in favour of the Issuer or (c), only in case of a downgrade or loss of the rating given by Moody's another solution accordance with the requirements of Moody's at such time is found, the Issuer will be required forthwith to make a Liquidity Facility Stand-By Drawing and credit such amount to the Collection Account with a corresponding credit to the Liquidity Facility Stand-by Ledger.</p>
Swap Counterparty	<p>First trigger ratings:</p> <p>(a) the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of least F1 by Fitch, and</p> <p>(b) the rating of the long-term issuer default rating of at least A by Fitch and of the long-term, unsecured and unsubordinated debt obligations of at least A2 by Moody's, (or such lower ratings as are commensurate with the highest rating afforded to any Class of Notes outstanding).</p> <p>Second trigger ratings:</p>	<p>The consequences of breaching the first 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 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 sets out the requirements relating to the provision of collateral by the Swap Counterparty) (the CSA), and (ii) may include (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-</p>

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	<p>(a) the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least F3 by Fitch, and</p> <p>(b) the rating of the long-term issuer default rating of at least BBB- by Fitch and of the long-term, unsecured and unsubordinated debt obligations of at least A3 by Moody's (or such lower ratings as are commensurate with the highest rating afforded to any Class of Notes outstanding).</p>	<p>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.</p> <p>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 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.</p>
ING Bank	the rating of the long-term, unsecured and unguaranteed debt obligations of Baa2 by Moody's or BBB+ by Fitch or any such rating is withdrawn.	The consequences of breach are that the Seller will ensure that the Borrowers shall be notified that they should immediately make their payments to the Collection Account, or into another account, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Senior Class A Notes (Notification Event).

OVERVIEW OF THE DUTCH SME MARKET

According to the data of the Dutch Central Bureau for Statistics, the Netherlands held about 1,288,000 enterprises as per 2013. At least 99 per cent. are small and medium sized companies. Nearly 55 per cent. are one-man businesses, 16 per cent. are partnerships and 24. per cent are limited companies.

The Dutch small and medium enterprise (SME) segment contributes for more than 50 per cent. to the Dutch GDP. Small and medium sized companies thus play an essential role in economic growth and the creation of employment. With a market share of approximately 25 per cent. in the Dutch SME market in 2013, ING Bank has a firm position amongst the three dominating banking institutions in this market. Next to these institutions there are a number of niche players targeting specific market segments. Foreign (non-Dutch) financial institutions do not play any significant role in the Dutch SME market.

Economic Forecast (source feb 2014; ING Economisch bureau)

Dutch economy has over 2013 shrunk with 0.8% with a growth of 0.9% in the last quarter of 2013. The growth was partially driven by exceptional investments in the automotive sector to anticipate for changing fiscal regulations. In 2014 the export, one of the fundamentals underlying the Dutch economy, can benefit from higher growth in Europe and the US. Domestic spending in the Netherlands will slightly decrease with 0.9%. The decrease will be smaller if compared to the last two years due to an increase of purchasing power and a stabilizing housing market. The inflation is, based on the HICP-method, in February down to 0.4% versus an average inflation in the Eurozone of 0.8%. The Dutch inflation figures are for the first time since September 2012 under the Eurozone average. The latest forecast concerning the Dutch economy is that there will be a modest growth in 2014.

Labour market

In the fourth quarter 2013 the unemployment rate increased due to a reduction in jobs with 128,000 compared to last quarter of 2012 resulting in a decline of jobs with 1.6 %. Although there is a forecast with economic growth in 2014, the expectations are that the unemployment rate will further increase and see a peak level at the end of 2014 at 9.5%.

Bankruptcies

In 2013 the number of bankruptcies has increased by 9% versus the levels of 2012 (from 8,616 in 2012 to 9,400 in 2013). The forecast for 2014 is that the number of bankruptcies will stabilize resulting in comparable levels of 2013.

Consumer spending power

Having declined for four years, the purchasing power of the average household is set to rise again in 2014, helped by a reduction of the tax rate in the first bracket and lower inflation. Although at 0.5% the increase will be modest, the greater purchasing power could help to stimulate private consumption.

Investments

Investments have increased in 2013 versus the levels of 2012. The expectations are that investment levels will see a small growth in 2014 of 0.6%. The growth of investments will be driven by necessary investments to replace and possible expand capital goods combined with low interest rates, rising exports and the positive trend in entrepreneur confidence partly offset by idle production capacity.

Dutch housing market

The negative sentiment in the Dutch housing market is clearly ebbing away. Against a background of sharply lower asking prices, rapidly falling mortgage rates and less uncertainty about future housing market policy, a growing number of people are looking at the abundant supply of houses on the market as an opportunity to buy. Higher sales will be reflected in increased turnover for sectors related to the housing market. The expectation is that an increase in the number of house sales during 2014 will be followed by stabilisation of house prices.

Sector outlook

With consumers still reluctant to spend in 2014, export-related sectors will have to take the strain. These sectors will profit from an expected growth in exports of 3.9%. Business confidence in manufacturing industry and the transport sector is already improving faster than in sectors that depend more on domestic sales. The purchasing managers index for industry is now standing at its highest level in more than two years. Within the transport sector, the recovery can be seen most clearly in international logistics.

The sales and profitability of the retail sector which have a stronger focus on the domestic market will remain under pressure due to increasing unemployment rates and relatively low consumer confidence.

The modest growth of the economy in 2014 will not lead to recovery of the construction sector. There are signs that the bottom maybe reached as, for the first time since 2008 the building production grew two consecutive quarters in 2013. The growth was driven by the market of repair and renovation. The markets for newly build houses and business premises will decline in 2014. The infrastructure sector will benefit of investments made by telecom companies.

The market conditions in the healthcare sector are changing rapidly. Municipalities will take over a parts of the healthcare previously controlled and operated by the central government. Volumes in the healthcare sector will be expected to decline in 2014 for the first time in decades. The production volumes of hospitals are already falling because policy holders have started weighing up the need for health care against the costs more carefully. In 2014 the healthcare sector will transform form a growth market to a market in decline. Public administration is also contracting due to cut-backs, but there might be growth in education again with the sector profiting from the government's decision to invest more in the sector.

DESCRIPTION OF THE LOANS

The Receivables to be sold and, on the Closing Date, assigned to the Issuer represent any and all rights of the Seller against Borrowers under or in connection with the Loans. The Loans have been selected according to the Receivables Criteria as set out in the Receivables Purchase Agreement. For a description of the Receivable Criteria and the representations and warranties given by the Seller, see further the section *Receivables Purchase Agreement*.

For the avoidance of doubt, the Seller or Servicer (as the case may be) will not be required to report on single name loans during the term of the transaction unless expressly provided otherwise in any Relevant Document.

The Loans and the Mortgages securing the liabilities arising therefrom are governed by Dutch law.

The numerical information set out below relates to the Loans in the portfolio (the **Loans Portfolio**) at the Cut-off Date. Based on this numerical information, but subject to what is set out in *Risk Factors* above, the Loans have characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes. Approximately 40% of the Loans is backed by real property. Each mortgaged asset concerned was valued when application for the relevant Loan was made (i) by an independent qualified valuer or surveyor; valuations are not older than 6 months prior to the date of the loan application by the Borrower; in the case of Loans secured by newly built properties no valuation is required, and no revaluation of the mortgaged assets has been made for the purpose of this transaction;

Pool Summary

All amounts in Euro

Reporting Date	17 April 2014
Portfolio Cut-off Date	28 February 2014
Aggregate Outstanding Notional Amount	8,990,700,000.00
Of which Cash Available for Redemption	52,932.42
Of which Cash Available for Further Drawings	0.00
Of which Realised Loss	0.00
Of which Active Outstanding Notional Amount	8,990,647,067.58
_ Nr of Reference Obligations	11,735
_ Nr of Reference Entities	6,696
_ Nr of Reference Entities Groups	6,168
_ Weighted Average Amount per Entity Group	1,457,627.60
_ Weighted Average Maturity (Years)	13.02
_ Weighted Average Life/Duration (Years)	7.62
_ Weighted Average Seasoning	4.89
_ Weighted Average Original Maturity	17.91
_ Weighted Average Probability of Default	1.89%
_ Weighted Average Rating Current (ING Masterscale)	13
_ Weighted Average Interest Rate Term (Months)	39.24

_ Weighted Average Fixed Interest Rate Term (Months)	80.04
_ Weighted Average Interest Rate	3.26%
_ Weighted Average Interest Rate (Fixed only)	4.23%
_ Weighted Average Loss Given Default	16.85%
_ RONA Unsecured	54.95%
_ RONA Secured by Mortgage	45.05%
_ Top 1 Reference Entity	1.40%
_ Top 10 Reference Entities	8.58%
_ Top 40 Reference Entities	19.00%

Table 1: Distribution by PD bucket (PD Bucket is a reflection of the ING masterscale, which is yearly benchmarked against the s&p masterscale)

PD Bucket	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
0.0000% - 0.0141%	-	-	0.00%
0.0141% - 0.0245%	11	56,105,136.48	0.62%
0.0245% - 0.0346%	10	22,963,621.58	0.26%
0.0346% - 0.0447%	21	14,535,924.81	0.16%
0.0447% - 0.0549%	139	57,499,034.41	0.64%
0.0549% - 0.0733%	-	-	0.00%
0.0733% - 0.1098%	47	258,158,532.66	2.87%
0.1098% - 0.1693%	145	70,006,405.53	0.78%
0.1693% - 0.2684%	231	17,993,558.96	0.20%
0.2684% - 0.4376%	1,137	717,519,846.93	7.98%
0.4376% - 0.7336%	1,766	1,230,504,068.03	13.69%
0.7336% - 1.2647%	3,111	2,490,552,287.55	27.70%
1.2647% - 2.2421%	2,292	2,504,899,561.31	27.86%
2.2421% - 4.0878%	911	720,707,492.28	8.02%
4.0878% - 7.6642%	1,221	451,069,212.23	5.02%
7.6642% - 14.7772%	346	306,947,522.62	3.41%
14.7772% - 22.7282%	347	71,184,862.20	0.79%
Total	11,735	8,990,647,067.58	100.00%

Table 2: Distribution by Customer Segment

Customer Segment	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Mid-Sized Corporates (Retail)	6,739	7,884,745,324.31	87.70%
Small and Medium Enterprises	4,026	882,047,741.42	9.81%
Small Business Finance	872	114,270,860.95	1.27%
Other	98	109,583,140.90	1.22%
Total	11,735	8,990,647,067.58	100.00%

Table 3: Distribution by Country

Country Name	Country	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Netherlands	NL	11,735	8,990,647,067.58	100.00%
Total		11,735	8,990,647,067.58	100.00%

Table 4: Distribution by Customer Type

Customer Type	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Corporates	11,623	8,512,412,786.51	94.68%
Governments	100	468,409,864.38	5.21%
Counterparties	12	9,824,416.69	0.11%
Total	11,735	8,990,647,067.58	100.00%

Table 5: Distribution by Product Type

Product Type	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Term Loans	11,735	8,990,647,067.58	100.00%
Total	11,735	8,990,647,067.58	100.00%

Table 6: Distribution by Industry Category

Industry Category	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Chemicals, Health & Pharmaceuticals	892	2,109,263,410.78	23.46%
Services	1,943	1,429,308,844.85	15.90%
Real Estate	1,184	1,227,328,032.76	13.65%
Food, Beverages & Personal Care	2,090	1,079,386,485.84	12.01%
Transportation & Logistics	907	795,882,573.88	8.85%
General Industries	904	528,579,715.24	5.88%
Builders & Contractors	821	443,446,816.32	4.93%
Retail	1,214	394,527,706.99	4.39%
Non-Bank Financial Institutions	619	305,244,736.32	3.40%
Automotive	455	233,728,681.24	2.60%
Natural Resources	139	123,738,746.99	1.38%
Media	311	111,287,043.90	1.24%
Civic, Religious & Social Organizations	88	104,768,393.33	1.17%
Technology	121	61,496,930.30	0.68%
Lower Public Administration	17	29,760,333.83	0.33%
Telecom	21	8,774,023.28	0.10%

Utilities	8	4,071,216.73	0.05%
Unknown	1	53,375.00	0.00%
Total	11,735	8,990,647,067.58	100.00%
Table 7: Distribution by Currency			
Original Currency Code	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Euro	11,735	8,990,647,067.58	100.00%
Total	11,735	8,990,647,067.58	100.00%

Table 8: Distribution by Customer Area			
Metro Name	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Rotterdam	1,408	1,264,719,751.98	14.07%
Eindhoven	832	809,939,636.75	9.01%
Amsterdam	1,047	756,069,171.47	8.41%
Utrecht	757	592,749,907.17	6.59%
Enschede	602	500,465,375.79	5.57%
Apeldoorn	655	478,900,508.22	5.33%
Nijmegen	492	478,851,146.48	5.33%
Alkmaar	607	425,281,067.24	4.73%
Breda	413	398,153,116.80	4.43%
Leiden	576	347,657,173.12	3.87%
The Hague / Den Haag / 's-Gravenhage	519	340,347,609.86	3.79%
Zwolle	357	328,735,831.42	3.66%
Tilburg	304	314,281,430.38	3.50%
Groningen	426	286,912,162.85	3.19%
Arnhem	348	267,479,585.45	2.98%
Haarlem	281	206,766,394.06	2.30%
Roermond	188	149,796,278.68	1.67%
Maastricht	287	141,541,451.36	1.57%
Venlo	113	130,626,383.34	1.45%
Middelburg	240	125,378,016.51	1.39%
Lelystad	230	123,521,400.56	1.37%
Leeuwarden	207	101,375,959.77	1.13%
Assen	132	78,693,931.00	0.88%
Hoogeveen	160	64,306,808.86	0.72%
Emmeloord	104	61,492,812.64	0.68%
Emmen	112	43,130,291.63	0.48%
Terneuzen	67	41,830,814.73	0.47%

Drachten	86	41,808,806.07	0.47%
Heerenveen	80	35,447,714.64	0.39%
Dokkum	49	20,783,119.53	0.23%
Texel	38	19,545,529.25	0.22%
Terschelling	13	8,222,222.93	0.09%
Ameland	4	5,795,657.00	0.06%
Schiermonnikoog	1	40,000.04	0.00%
Total	11,735	8,990,647,067.58	100.00%

Table 9: Distribution by Maturity

Maturity Year	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
2014	712	143,352,914.23	1.59%
2015	1,003	268,284,892.87	2.98%
2016	1,156	330,796,433.51	3.68%
2017	1,094	439,868,793.54	4.89%
2018	1,062	480,602,325.68	5.35%
2019	510	307,638,518.66	3.42%
2020	357	256,402,298.28	2.85%
2021	361	325,573,184.43	3.62%
2022	726	813,263,054.79	9.05%
2023	594	613,606,028.86	6.82%
2024	346	302,071,129.47	3.36%
2025	276	231,193,999.87	2.57%
2026	269	240,289,223.54	2.67%
2027	271	275,735,298.81	3.07%
2028	305	392,552,312.67	4.37%
2029	298	414,780,839.87	4.61%
2030	331	436,243,643.34	4.85%
2031	401	369,183,889.95	4.11%
2032	332	293,878,713.06	3.27%
2033	259	257,292,567.96	2.86%
2034	212	294,485,019.33	3.28%
2035	187	235,703,125.49	2.62%
2036	152	166,296,918.28	1.85%
2037	87	108,015,370.02	1.20%
2038	71	101,236,613.11	1.13%
2039	48	142,433,141.46	1.58%
2040	38	76,777,238.62	0.85%
2041	38	152,816,952.17	1.70%

2042	34	86,275,681.56	0.96%
2043	21	119,551,677.14	1.33%
2044	25	45,808,109.91	0.51%
2045	11	17,037,424.77	0.19%
2046	19	39,387,816.84	0.44%
2047	17	49,850,413.02	0.55%
2048	17	18,782,507.86	0.21%
2049	17	35,470,380.11	0.39%
2050	9	8,729,215.25	0.10%
2051	17	30,392,744.14	0.34%
2052	15	19,396,191.37	0.22%
2053	12	20,975,139.37	0.23%
After 2053	25	28,615,324.37	0.32%
Total	11,735	8,990,647,067.58	100.00%

Table 10: Distribution by Interest Rate Type

Interest Rate Type	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Euribor 1m	536	544,237,234.44	6.05%
Euribor 2m	1	3,212,782.56	0.04%
Euribor 3m	3,180	4,135,323,909.23	46.00%
Euribor 6m	38	59,329,532.39	0.66%
Euribor 12m	7	4,464,710.38	0.05%
Fix	7,933	4,240,057,832.76	47.16%
ING Basis Rate	40	4,021,065.82	0.04%
Total	11,735	8,990,647,067.58	100.00%

Table 11: Distribution by Interest Rate Term

Interest Rate Term	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Not Defined	1	65,400.00	0.00%
1 Month	577	548,334,846.72	6.10%
2-3 Months	3,194	4,198,079,286.48	46.69%
4-6 Months	50	74,324,011.90	0.83%
7-9 Months	15	30,322,117.64	0.34%
10-12 Months	234	56,236,962.25	0.63%
>1-3 Years	1,306	573,740,943.16	6.38%
>3-5 Years	3,242	1,279,559,909.34	14.23%
>5-7 Years	1,080	410,045,342.65	4.56%

>7-10 Years	1,814	1,524,000,262.74	16.95%
>10 Years	222	295,937,984.70	3.29%
Total	11,735	8,990,647,067.58	100.00%

Table 12: Distribution by Interest Rate

Interest Rate	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
0.01% - 1.00%	35	216,118,525.19	2.40%
1.01% - 2.00%	383	1,245,324,702.27	13.85%
2.01% - 3.00%	2,352	2,789,947,086.19	31.03%
3.01% - 3.25%	680	578,836,442.86	6.44%
3.26% - 3.50%	592	480,625,174.16	5.35%
3.51% - 3.75%	601	484,571,422.50	5.39%
3.76% - 4.00%	842	628,017,789.71	6.99%
4.01% - 4.25%	702	429,817,072.51	4.78%
4.26% - 4.50%	784	458,534,177.27	5.10%
4.51% - 4.75%	791	400,138,950.73	4.45%
4.76% - 5.00%	1,000	499,825,537.84	5.56%
5.01% - 5.25%	742	268,322,922.75	2.98%
5.26% - 5.50%	707	203,160,697.56	2.26%
5.51% - 5.75%	470	137,022,126.96	1.52%
5.76% - 6.00%	442	90,482,468.69	1.01%
6.01% - 6.25%	257	31,921,324.25	0.36%
6.26% - 6.50%	117	18,006,201.91	0.20%
6.51% - 6.75%	120	23,717,693.93	0.26%
6.76% - 7.00%	53	1,590,833.12	0.02%
7.01% - 7.25%	25	2,414,718.89	0.03%
7.26% - 7.50%	13	657,979.27	0.01%
7.51% - >	27	1,593,219.02	0.02%
Total	11,735	8,990,647,067.58	100.00%

Table 13: Distribution by Interest Review Date

Interest Rate Type	Year	Month	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Fixed	2014	3	151	55,831,913.31	1.32%
Fixed	2014	4	162	101,536,986.63	2.39%
Fixed	2014	5	110	46,473,969.57	1.10%
Fixed	2014	6	128	45,534,990.80	1.07%
Fixed	2014	7	165	77,618,811.01	1.83%
Fixed	2014	8	89	25,974,793.43	0.61%

Fixed	2014	9	110	39,806,008.20	0.94%
Fixed	2014	10	174	73,092,721.97	1.72%
Fixed	2014	11	138	50,826,019.69	1.20%
Fixed	2014	12	170	79,016,934.85	1.86%
Fixed	2015	0	1,825	816,929,997.39	19.27%
Fixed	2016	0	1,656	842,394,636.86	19.87%
Fixed	2017	0	1,205	660,491,370.86	15.58%
Fixed	2018	0	1,157	634,228,936.77	14.96%
Fixed	2019	0	281	189,179,663.15	4.46%
Fixed	2020	0	118	125,102,796.25	2.95%
Fixed	2021	0	76	113,956,974.33	2.69%
Fixed	2022	0	83	116,773,898.84	2.75%
Fixed	2023	0	119	128,677,704.21	3.03%
Fixed	2024	0	8	2,402,107.50	0.06%
Fixed	2025	0	1	4,322,256.63	0.10%
Fixed	2026	0	2	312,500.00	0.01%
Fixed	2027	0	1	9,100,000.00	0.21%
Fixed	2028	0	1	72,500.00	0.00%
Fixed	2029	0	2	130,340.51	0.00%
Fixed	2033	0	1	269,000.00	0.01%
Total			7,933	4,240,057,832.76	100.00%

Table 14: Distribution by Interest Payment Frequency

Frequency	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Monthly	9,795	5,482,744,251.72	60.98%
Bi-Monthly	8	44,175,835.21	0.49%
Quarterly	1,887	3,320,229,804.93	36.93%
Semi-Annually	13	66,917,020.81	0.74%
Annually	31	76,228,304.91	0.85%
Other	1	351,850.00	0.00%
Total	11,735	8,990,647,067.58	100.00%

Table 15: Distribution by Principal Payment Type

Principal Type	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Annuity	132	66,013,545.98	0.73%
Bullet	1,104	1,003,985,758.00	11.17%
Linear	10,499	7,920,647,763.60	88.10%

Total	11,735	8,990,647,067.58	100.00%
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Table 16: Distribution by Principal Payment Frequency

Frequency	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
Monthly	4,550	1,872,179,142.83	20.82%
Quarterly	5,872	5,815,946,446.49	64.69%
Semi-Annually	24	69,226,870.29	0.77%
Annually	183	228,476,643.43	2.54%
Bullet	1,104	1,003,985,758.00	11.17%
Other	2	832,206.54	0.01%
Total	11,735	8,990,647,067.58	100.00%

Table 17: Distribution by Start Date

Start Year	Start Month	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
1998	0	247	159,149,080.50	1.77%
1999	0	107	54,748,988.94	0.61%
2000	0	95	36,035,496.55	0.40%
2001	0	140	96,082,676.89	1.07%
2002	0	184	134,558,583.76	1.50%
2003	0	223	114,510,455.45	1.27%
2004	0	319	204,469,728.31	2.27%
2005	0	553	586,626,295.14	6.52%
2006	0	815	576,123,188.11	6.41%
2007	0	930	788,884,711.44	8.77%
2008	0	1,130	1,000,336,538.19	11.13%
2009	0	1,224	968,905,165.88	10.78%
2010	0	1,403	848,906,340.97	9.44%
2011	0	1,723	1,368,925,313.55	15.23%
2012	0	1,507	1,115,234,936.42	12.40%
2013	1	109	73,539,907.85	0.82%
2013	2	74	43,564,029.86	0.48%
2013	3	103	101,668,294.22	1.13%
2013	4	112	141,987,783.87	1.58%
2013	5	106	63,507,294.15	0.71%
2013	6	116	74,815,019.24	0.83%
2013	7	130	69,175,537.63	0.77%

2013	8	106	76,736,552.12	0.85%
2013	9	91	72,580,751.36	0.81%
2013	10	95	93,329,190.74	1.04%
2013	11	68	71,817,800.86	0.80%
2013	12	25	54,427,405.58	0.61%
Total		11,735	8,990,647,067.58	100.00%

Table 18: Distribution by Remaining Tenor

Remaining Tenor	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
< 01	874	184,197,103.48	2.05%
01 – 02	1,043	303,250,766.75	3.37%
02 – 03	1,165	377,567,008.40	4.20%
03 – 04	1,078	410,782,810.36	4.57%
04 – 05	979	456,337,210.87	5.08%
05 – 06	480	289,780,101.30	3.22%
06 – 07	338	273,623,891.37	3.04%
07 – 08	417	432,217,217.71	4.81%
08 – 09	746	767,262,507.14	8.53%
09 – 10	555	577,322,087.89	6.42%
10 – 11	298	256,173,557.75	2.85%
11 – 12	268	221,805,552.21	2.47%
12 – 13	275	253,662,380.83	2.82%
13 – 14	276	284,332,113.02	3.16%
14 – 15	311	504,638,978.11	5.61%
15 – 16	301	322,045,846.40	3.58%
16 – 17	346	437,449,764.26	4.87%
17 – 18	391	342,714,286.22	3.81%
18 – 19	320	293,942,743.14	3.27%
19 – 20	252	311,908,326.31	3.47%
20 – 21	196	228,865,437.15	2.55%
21 – 22	177	205,953,277.26	2.29%
22 – 23	147	180,243,936.96	2.00%
23 – 24	87	101,089,550.08	1.12%
24 – 25	61	127,357,483.10	1.42%
25 – 26	44	101,549,630.49	1.13%
26 – 27	39	91,542,827.80	1.02%
27 – 28	36	138,984,638.87	1.55%
28 – 29	33	87,920,858.80	0.98%
29 – 30	20	117,604,783.12	1.31%

30 - more	182	308,520,390.43	3.43%
Total	11,735	8,990,647,067.58	100.00%

Table 19: Distribution by Seasoning

Seasoning	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
< 0.5	281	292,970,006.94	3.26%
0.5 – 01	673	530,325,414.46	5.90%
01 – 02	1,370	1,039,615,306.83	11.56%
02 – 03	1,765	1,390,751,851.43	15.47%
03 – 04	1,491	896,389,180.00	9.97%
04 – 05	1,221	854,996,415.20	9.51%
05 – 06	1,113	1,063,824,762.03	11.83%
06 – 07	996	825,373,769.88	9.18%
07 – 08	823	589,982,400.52	6.56%
08 – 09	640	645,213,520.11	7.18%
09 – 10	335	254,998,196.25	2.84%
10 - more	1,027	606,206,243.93	6.74%
Total	11,735	8,990,647,067.58	100.00%

Table 20: Fully drawn flag distribution

Fully Drawn?	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	Amount to be drawn	% by Notional Amount
Y	11,735	8,990,647,067.58	0.00	100.00%
Total	11,735	8,990,647,067.58	0.00	100.00%

Table 21: Distribution by Original Tenor

Original Tenor	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
1	11	3,030,496.88	0.03%
2	29	46,705,261.12	0.52%
3	132	62,823,639.96	0.70%
4	281	119,128,810.80	1.33%
5	934	295,591,089.95	3.29%
6-10	3,714	1,814,341,155.35	20.18%

11-15	2,043	1,605,270,919.05	17.85%
16-20	1,135	947,109,592.15	10.53%
21-25	1,851	1,906,163,655.31	21.20%
26-30	1,118	1,175,437,786.10	13.07%
31-35	238	562,370,699.28	6.26%
36-40	108	179,805,239.62	2.00%
41-45	99	213,936,467.29	2.38%
46-50	31	46,222,179.55	0.51%
> 50	11	12,710,075.17	0.14%
Total	11,735	8,990,647,067.58	100.00%

Table 22: Top Borrower Distribution

Ranking	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount	Running Sum of Percentage
1	2	126,275,000.00	1.40%	1.40%
2	9	98,391,086.94	1.09%	2.50%
3	8	95,616,670.41	1.06%	3.56%
4	7	93,537,500.01	1.04%	4.60%
5	4	85,540,000.00	0.95%	5.55%
6	1	57,516,666.67	0.64%	6.19%
7	14	56,878,598.64	0.63%	6.83%
8	6	54,639,848.32	0.61%	7.43%
9	40	54,324,829.70	0.60%	8.04%
10	4	48,337,500.00	0.54%	8.58%
11	4	47,500,000.00	0.53%	9.10%
12	6	45,837,168.00	0.51%	9.61%
13	2	45,655,521.50	0.51%	10.12%
14	2	42,869,252.67	0.48%	10.60%
15	1	41,250,000.00	0.46%	11.06%
16	8	39,353,497.58	0.44%	11.50%
17	4	39,075,000.00	0.43%	11.93%
18	3	38,495,586.70	0.43%	12.36%
19	2	37,512,840.00	0.42%	12.78%
20	1	35,291,666.38	0.39%	13.17%
21	5	32,545,823.89	0.36%	13.53%
22	8	31,871,126.17	0.35%	13.88%
23	2	29,704,997.37	0.33%	14.21%
24	16	29,455,433.11	0.33%	14.54%
25	5	29,368,330.39	0.33%	14.87%
26	5	27,808,295.25	0.31%	15.18%
27	1	26,250,000.00	0.29%	15.47%
28	1	25,962,500.00	0.29%	15.76%
29	2	25,531,000.00	0.28%	16.04%
30	1	25,400,000.00	0.28%	16.33%
31	2	25,254,505.80	0.28%	16.61%
32	9	24,955,804.21	0.28%	16.88%
33	4	24,898,166.64	0.28%	17.16%
34	5	24,316,010.86	0.27%	17.43%
35	4	24,172,000.00	0.27%	17.70%
36	7	23,917,405.24	0.27%	17.97%
37	2	23,673,286.00	0.26%	18.23%
38	2	23,473,680.00	0.26%	18.49%

39	2	23,104,750.00	0.26%	18.75%
40	1	23,000,000.00	0.26%	19.00%
Total	212	1,708,561,348.45	19.00%	19.00%

Table 23: Distribution by Collateral

Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	Notional Amount Covered (Euro)	% by Notional Amount	Cover Amount (Euro)	Weighted Loan To Cover Value (%)
11,735	8,990,647,067.58	4,050,340,282.94	45.05%	4,437,138,523.67	109.55%

Table 24: Distribution by LTV%

LTV Bucket	Number of Reference Obligations	Reference Obligation Notional Amount (Euro)	% by Notional Amount
<= 10.00%	7	794,889.60	0.01%
10.01% - 20.00%	26	12,692,805.84	0.14%
20.01% - 30.00%	37	22,428,782.01	0.25%
30.01% - 40.00%	66	50,360,888.92	0.56%
40.01% - 50.00%	113	72,961,836.46	0.81%
50.01% - 60.00%	290	231,682,166.25	2.58%
60.01% - 70.00%	441	371,994,377.61	4.14%
70.01% - 80.00%	625	586,033,739.86	6.52%
80.01% - 90.00%	739	639,350,287.01	7.11%
90.01% - 100.00%	489	471,935,531.19	5.25%
100.01% - 110.00%	303	233,929,862.73	2.60%
110.01% - 120.00%	238	228,551,641.98	2.54%
120.01% - 130.00%	148	126,132,841.48	1.40%
130.01% - 140.00%	109	76,018,057.97	0.85%
140.01% - 150.00%	133	75,507,119.46	0.84%
>= 150.00%	879	849,965,454.57	9.45%
No Collateral	7,092	4,940,306,784.64	54.95%
Total	11,735	8,990,647,067.58	100.00%

UNDERWRITING AND SERVICING OF THE LOANS

The following information relates to and has been obtained from the Seller. The delivery of this information shall not create any implication that there has been no change in the affairs of the Seller since the date of this Prospectus, or that the information contained or referred to below is correct as of any time subsequent to the date of this Prospectus.

ING Bank is part of ING Groep N.V. (**ING Group**) providing services to, amongst others, Dutch retail clients. Credits are granted to SME companies with acceptable risk profiles and with high earnings potential for ING Bank. For credit products, a minimum risk-adjusted return on capital is required. Credit is extended and managed in accordance with ING Group's Credit Policy Manual.

The majority of the outstanding exposure is covered by financing policy papers in which the risk factors and appetite for a specific sector are specified. The financing policy papers describe a sector's business and business developments, the preferred financing structure and the key target relationships. The financing policy papers are published on ING Group's intranet and can be accessed by both risk management employees and relationship management employees in retail and commercial banking.

ING Bank's Risk Management Process

ING Bank's risk management process is characterised by a clear distinction between commercial responsibilities and risk management responsibilities. The split is established by functional organisational lines that originate at board level. Furthermore, risk management is organised at two levels depending on outstanding exposure: on local level in the four regions across the Netherlands and on central level at the head office in Amsterdam. Local risk management teams have a direct functional and hierarchical reporting line towards central risk management.

In the Dutch SME sector, ING Bank extends loans to smaller clients categorised as:

- *Midden en Klein Bedrijf (MKB)* clients having an annual account turnover below Euro 10 Million and profits below Euro 35,000;
- *Mid Corporate Sector* clients having an annual account turnover above Euro 10 Million and profits above Euro 35,000 or Credit obligo > 2,5 Million and < 250 Million ; and
- *Mid Corporate Institutions* clients having an annual account turnover above Euro 10 Million and profits above Euro 35,000 or Credit obligo > 2,5 Million.

Institutions is a separate category for commercial and organisational reasons. Moreover, often other risk models (like the government related model and the healthcare model) are applied to this category.

Credit Applications and Reviews

All credit proposals (credit applications or reviews) have to be approved in accordance with a system of credit approval authority levels based on an entity's internal credit risk rating and ING's total exposure.

All credits have to be approved using the "four eyes principle", except for MKB Small Business Finance (SBF) automatic approval applications. The criteria for an automatic approval are:

- (i) a credit limit below Euro 150,000; and
- (ii) an "investment grade" rating category or ING Bank rating of 12.

Credit proposals above Euro 150,000 have to be decided according to the Signatory Approval Process (SAP). The proposals are to be sponsored using a "four eyes principle" by relationship management prior to risk management submission.

All risk managers have a proven track record within the organisation and have significant experience in evaluating and deciding on transactions from both a commercial point of view as well as a credit risk point of view.

Credits have to be reviewed on an annual basis. However, if required by risk management or as a consequence of early warning signals, the review has to be done more frequently. The review process does not substantially differ from credit applications. Proactive monitoring on individual credit exposures and sector developments is amongst the responsibilities of the local risk manager. Risk management is able to approve excess credit limits to accommodate a client's short term credit need (for example direct debit and/or temporarily working capital needs). Credits in the MKB segment are monthly re-rated via the SBF batch rating process. Reviews need to be performed when a credit does not meet the risk appetite anymore.

The credit application package for both SME and Mid Corporate clients has a pre-defined content whereby the information provided must comply with an integrated risk/return approach. Typical credit application packages include, amongst others, financial information on the obligor, previous decisions (on the client), collateral information, business description and a descriptive risk assessment.

The executive summary relating to a typical credit application package recapitulates the following items:

- Type of borrower (e.g. key activities, position in industry, key business drivers and quality of management);
- The aim of the credit application and credit need;
- ING's business rational and the future relationship with the client;
- Financial analysis (e.g. past, current and forecasted cash flows, leverage and debt service coverage and their key drivers and stability);
- Financing policy compliance and assessment of business risks of the client;
- Structure of the transaction including alternative repayment sources;
- Collateral;
- Pricing versus perceived risks.

Collateral

Any collateral in a transaction is an important item in the credit decision, but credit is not extended based on collateral alone. The importance of collateral is greater for smaller entities than it is for larger ones. While not all loans are collateralised, any received collateral typically consists of one or more of the following types:

- Mortgages (i.e., liens on specified residential or commercial real estate, airplanes and ships);
- Pledges over movable assets (such as stock, inventory, machinery, cars or trucks) and rights (such as deposits, securities, receivables, or claims from, for example, life insurance policies) through assignments or transfers for collateral purposes;
- Guarantees (from private individuals, legal entities, and/or governments).

Collection of Payments and Arrear Management

Collection of Payments

Borrower is obliged to maintain an account with the Bank. All interest payments, premiums, costs and repayments are collected by direct debit from this current account.

Approved overdrawn

Approved overdrawn positions are meant to cover only very temporary credit needs and should be eliminated within 90 days of the date of the drawdown. Overdrawn positions should not be permitted if, at the time of the request it is apparent that the borrower cannot, for whatever reason, repay the excess within this period.

In the event an overdrawn position is granted to a borrower, it is normal legal prudence to have the conditions (including date of repayment) documented and signed by the borrower.

Arrear

An account is in arrear whenever the customer's payment obligations (including interest due, settlement of bills of exchange, etc.) are not met on time.

Depending on the number of days in arrear, risk rating of the customer is downgraded. When an account is over 90 days in arrear, the account is in default and the rating will become 20 or higher.

When an amount is due on a term loan, it will automatically increase the overdraft of the client via direct debit (forced). As a consequence the term loan will default only when the overdraft limit is breached and consequently the client enters into default.

Arrears are part of the triggers in the Early Warning Signal Models to facilitate timely actions.

Automatically letters will be sent to the customer and Sales Force and Mid Office will call the customer to stimulate additional payments.

Internal Credit Risk Rating System

ING Group uses a set of internal risk ratings throughout all its different international units, including ING Bank. The assigned internal risk rating represents ING Bank's assessment of the expected default probability of a given borrower not taking collateral into account. It is the result of an evaluation of several financial inputs using statistically based scorecard analyses.

Although totally independent, the ING internal risk rating (**ING Internal Risk Rating**) is a primary element of the loan approval process since it is used as an element for decision making. In addition, it is a cornerstone of the loan monitoring process. The ING Internal Risk Rating not only affects the outcome of the credit decision, but it also determines the level of decision-making authority required to take the decision (as described in the above table). It also has an impact on the characteristics of the monitoring procedures applied to the ongoing exposure.

Currently the ING Internal Risk Rating scale consists of 22 risk ratings that fall into 3 larger classes of risk:

- i. "Investment Grade": 01 to 10;
- ii. "Speculative Grade": 11 to 17;
- iii. "Substandard/Problem Loan Grade": 18 to 22.

Credit restructuring process

If a potentially serious credit quality deterioration is detected in one of the above described processes, or if risk management observes developments related to either the borrower itself or the sector it operates in, (which developments could affect the borrower in the future whilst its current credit profile does not yet reflect these), the risk manager may decide to place the credit exposure on a watch-list or may decide the file should be managed by the restructuring department. If an exposure is placed on the watch-list it is co-managed by the restructuring department. As soon as a file is transferred to the Restructuring department, that department takes over the main responsibility of the relationship with the client.

The restructuring department is divided in three main activities. "Restructuring" manages a file with the aim to improve the client's credit standing and ING Bank's position so that normal relationship management and risk management can take over again. A file in "Restructuring" currently has an ING Internal Risk Rating of 18 or 19. If the restructuring department decides that a file should be terminated (and the bank repaid) the file is transferred to the recovery department. In the "Recovery" department any collateral is liquidated by third parties. A file in the "Recovery" department currently carries an ING Internal Risk Rating of 20, 21 or 22. If there is still any exposure left following the work-out in "Recovery", the file is transferred to the "Collections" department (which is part of the Recovery department) in order to process the writes-off and (if possible) attempt to collect the remaining balance. Loans may be written-off as well.

The restructuring groups are established at both region level and at head office level. The responsible unit for a file is determined case by case by the size of the relevant exposure, the complexity of the case and the present workload.

Risk control unit

ORM Bank 'Interne Controle' (ORMB IC) is a risk control and monitoring department at ING Domestic Bank Netherlands. ORMB IC acts as a second line risk department in ING's three Lines of Defence (LoD) governance model. In general, the objective of the second LoD is to assess if the first LoD (the business) adheres to the risk appetite, policies, standards and regulations, to assess if management control activities (design and operating) are functioning appropriately and to provide information to management on risks and controls. As a 2nd LoD risk function, ORMB IC independently assesses the 1st LoD level of maturity in risk control by monitoring and performing test activities. All activities are performed on behalf of the other risk departments within the 2nd line of defence. Among these are Credit Risk Management, Operational Risk Management and Compliance Risk Management.

RECEIVABLES PURCHASE AGREEMENT

Under the Receivables Purchase Agreement the Issuer purchased and, on the Closing Date, accepted the assignment of the Receivables from the Seller. The assignment of the Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder (**Notification Events**). The Issuer is entitled to all proceeds with respect to the Receivables assigned to it on the Closing Date to the extent relating to principal from (but excluding) 28 February 2014 (the **Cut-off Date**) and to all interest proceeds including prepayment penalties from (but excluding) the Closing Date.

Purchase Price

The purchase price for the Receivables payable to the Seller shall consist of an initial purchase price (the **Initial Purchase Price**), which shall be payable to the Seller on the Closing Date and a deferred purchase price (the **Deferred Purchase Price**), which will be equal to the sum of all Deferred Purchase Price Instalments. A **Deferred Purchase Price Instalment** is the amount remaining after items (a) up to and including (k) of the Interest Priority of Payments, or items (a) up to and including (j) of the Post-Enforcement Priority of Payments, as the case may be, have been met.

The Initial Purchase Price payable to the Seller on the Closing Date is Euro 8,990,647,067.58, to be paid by the Issuer. The **Outstanding Principal Amount** means on the Closing Date, the principal balance (*hoofdsom*) of a Receivable on the Cut-off Date.

The Initial Purchase Price payable to the Seller will be paid by the Issuer by applying the net proceeds received from the issue of the Notes. The sale and purchase of the Receivables assigned to the Issuer on the Closing Date is conditional upon, *inter alia*, the issue of the Notes. Hence, the Seller can be deemed to have an interest in the issue of the Notes.

Representations and Warranties

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

- (a) each of the Receivables is duly and validly existing and is not subject to demands by Borrowers for annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date;
- (b) the Seller has full right and title to the Receivables and power to assign the Receivables and the Receivables are capable of being assigned and the terms and conditions applicable to each Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document and/or in any applicable general terms and conditions for loans of the Seller, as from time to time in effect (the **Loan Conditions**), do not impose any restriction on the assignment and/or pledge of the Receivables;
- (c) the Receivables are free and clear of any encumbrances and attachments and no option rights to acquire the Receivables have been granted in favour of any third party with regard to the Receivables;
- (d) each Receivable and the Security Interests, if any, are governed by Dutch law;
- (e) each Receivable and the Security Interests, if any, constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (f) if and to the extent that a Receivable is secured by a Security Interest, the relevant Security Interests granted to secure the Receivables constitute valid mortgage rights (*hypotheekrechten*) or sureties

(*borgtochten*) or rights of pledge (*pandrechten*) or other security rights (*zekerheidsrechten*) respectively on the assets which are subject to the relevant Security Interests and, to the extent relating to the mortgage rights, have been entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*);

- (g) each Receivable has been originated by the Seller in accordance with the Seller's standard underwriting criteria and procedures as at the time of origination (which procedures do not materially differ from procedures of a reasonable lender of Dutch loans as the Loans to borrowers as the Borrowers acting as a reasonable creditor in protection of its own interests) and has in all material respects been granted in accordance with all applicable legal requirements;
- (h) each Loan was originated, underwritten and funded solely by the Seller;
- (i) on the Cut-off Date, each of the Receivables met the Receivables Criteria;
- (j) to the best of its knowledge and after having made reasonable enquiries at origination in its ordinary course of business, each of the Borrowers, when entering into a Loan, acted in the conduct of its/his profession or trade;
- (k) on the Cut-off Date no amounts due and payable under any of the Loans, were in arrears;
- (l) each of the Loans has been granted and each of the Security Interests has been vested, subject to the general terms and conditions and materially in the forms of mortgage deeds and pledge agreements as applied by the Seller at such time;
- (m) without prejudice to (k), to the Seller's best knowledge, the Borrowers are not in any material breach of any provision of their Loans;
- (n) the Loan Conditions provide that all payments by the Borrowers in respect of their Loans should be made without deduction or set-off;
- (o) the mortgage deeds and the pledge agreements relating to the Security Interests, as the case may be, and the Loan Conditions in respect of the Loans do not contain any explicit provision on the issue whether the mortgage right or the rights of pledge follows the receivable upon its assignment; and
- (q) to the best of its knowledge and after having made reasonable enquiries at origination in its ordinary course of business, at the time of origination of the Loans, (i) the Borrowers acted in its professional capacity or for business purposes (*in beroep of bedrijf*) and (ii) the Loan Conditions have been (a) validly entered into between such Borrowers and the Seller and (b) provided to such Borrowers prior to or at the time of entering into the relevant Loan.

Receivables Criteria

Each of the Receivables and/or Borrower meets the following criteria (the **Receivables Criteria**) on the Cut-off Date:

- (1) each Receivable is resulting from a term loan with a fixed final maturity and with an amortisation schedule providing for the repayment of principal according to any of the following repayment profiles:
 - (a) a term loan with an amortisation schedule providing for the repayment of fixed, equal amounts of principal at regular intervals until maturity (**Linear Repayments**);

- (b) a term loan with a fixed final maturity on which all principal outstanding becomes repayable (**Bullet Repayment**);
 - (c) a term loan with an amortisation schedule providing for the repayment of fixed, equal amounts of principal at regular intervals and for the repayment of all remaining outstanding principal at maturity (**Balloon Repayment**); or
 - (d) a term loan with an amortization schedule for the repayment of fixed amounts of principal at regular intervals, which amounts are determined such that the sum of principal and interest payments are equal, until maturity (**Annuity Repayment**);
- (2) in respect of each Receivable, a minimum of at least one interest payment has been made;
 - (3) the currency of denomination of each Receivable is Euro;
 - (4) each Loan has been originated after 1998 and the legal final maturity of each Loan does not extend beyond 2058;
 - (5) all Loans are not in arrears;
 - (6) all Loans are settled by direct debit;
 - (7) each Borrower is a private enterprise (*particulier bedrijf*), a financial institution, government related company (*overheidsbedrijf*), a medical institution, an association, a foundation or a professional practitioner (*vrije beroepsoefenaar*);
 - (8) each Borrower is resident of the Netherlands;
 - (9) the aggregate Outstanding Principal Amount of the Receivables from the same Borrower did not exceed 1.40 per cent. of the Receivables Portfolio;
 - (10) the one-year default probability attributed to each Borrower did not exceed 1.89 per cent.;
 - (11) none of the Borrowers is an employee of the Seller or a group entity of the Seller (within the meaning of article 2:24(b) of the Dutch Civil Code); and
 - (12) each Receivable is categorised by ING as "mid-size corporates (retail)", "small and medium enterprises" or "small business finance" or, in each case, any similar categorisation by ING from time to time.

Repurchase

If at any time any of the representations and warranties relating to the Loans and the Receivables proves to have been untrue or incorrect, the Seller shall within 14 calendar days of receipt of written notice thereof from the Issuer in any Monthly Calculation Period remedy the matter giving rise thereto and if such matter is not capable of remedy or is not remedied within the said period of 14 calendar days, the Seller shall repurchase and accept re-assignment of the Receivable as soon as possible, but in any event ultimately on the Monthly Payment Date immediately succeeding such Monthly Calculation Period.

The Seller shall, if it agrees with a Borrower to amend the terms of the relevant Loan in any Monthly Calculation Period and as a result thereof the relevant Loan does no longer meet certain of the Receivables Criteria and the representations and warranties of the Receivables Purchase Agreement, repurchase and accept re-assignment of the Receivable as soon as possible, but in any event ultimately on the Monthly Payment Date immediately succeeding such Monthly Calculation Period.

In case of such a repurchase, the (re)purchase price of the relevant Receivable (including any Defaulted Receivable) shall be equal to the Outstanding Principal Amount of the relevant Receivable, together with any accrued interest up to but excluding the date of repurchase and re-assignment of the relevant Receivable and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

Clean-up Call Option

On each Quarterly Notes Payment Date following the Quarterly Calculation Date on which the principal amount due on the Receivables then outstanding is less than 10 per cent. of the principal amount of the Receivables on the Closing Date, the Seller has the option, but not the obligation, to repurchase and accept re-assignment of all (but not only part of) the Receivables (the **Clean-up Call Option**). The Issuer has undertaken in the Receivables Purchase Agreement to sell and assign the Receivables to the Seller or to any subsidiary of the Seller (as the case may be) appointed by the Seller in its sole discretion in case of the exercise of the Clean-up Call Option.

The (re)purchase price of the Receivables will be sufficient to redeem all (but not some only) of the Senior Class A Notes and Mezzanine Class B Notes in full (and not in part) at their Principal Amount Outstanding (subject to Condition 9(a)) 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(c). If the Issuer redeems the Notes in accordance with Condition 6(c), the Principal Shortfall for the Class A Notes will be reduced to zero.

Optional Redemption

If the Issuer exercises its right to redeem the Notes on any Optional Redemption Date, it has the right to sell the Receivables. The Issuer shall first offer such Receivables for sale to the Seller. The Seller shall within a period of 15 Business Days inform the Issuer whether it, or a subsidiary of the Seller, wishes to repurchase the Receivables. After such 15 Business Day period, the Issuer may offer such Receivables for sale to any third party. The purchase price of such Receivables will be calculated in the same manner as described in Clean-up Call Option above.

Redemption for tax reasons

If the Issuer exercises its option to redeem the Notes for tax reasons in accordance with Condition 6(e), the Issuer has undertaken in the Receivables Purchase Agreement to first offer the Receivables for sale to the Seller. The Seller shall within a period of 15 Business Days inform the Issuer whether it wishes to repurchase the Receivables. After such 15 Business Day period, the Issuer may offer the Receivables for sale to any third party.

The Issuer may not dispose of the Receivables, except to comply with its obligations under the Notes in certain circumstances and as further provided in the Trust Deed (see also above). If the Issuer decides to offer for sale (part of) the Receivables it will first offer such Receivables to the Seller.

Notification Events

If:

- (a) the Seller fails to make payment on the due date of any amount due and payable by it under the Receivables Purchase Agreement or under any Relevant 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 Receivables Purchase Agreement or under any of the Relevant Documents 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) any representation, warranty or statement made or deemed to be made by the Seller in the Receivables Purchase Agreement, other than those relating to the Loans and the Receivables, or under any of the Relevant Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto, proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into emergency regulations (*noodregeling*) as referred to in the Wft 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
- (e) 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; or
- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Relevant Documents in such a manner that this would have a material adverse effect on its ability to perform such obligations; or
- (g) 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 Receivables Purchase Agreement and/or any of the Relevant Documents; or
- (h) the long-term senior, unsecured, unsubordinated and unguaranteed debt obligations of ING Bank are assigned a rating of less than Baa2 by Moody's or BBB+ by Fitch or any such rating is withdrawn; or
- (i) a Pledge Notification Event occurs,

then the Seller shall, unless the Security Trustee instructs it otherwise, forthwith notify the Borrowers of the Loans and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself. The Rating Agency shall be forthwith notified by the Security Trustee hereof.

Set-off by Borrowers

The Receivables Purchase Agreement provides that if a Borrower evokes a right of set-off for amounts due to it by the Seller against the relevant Receivable and, as a consequence thereof, the Issuer and/or Security Trustee does not receive in any Monthly Calculation Period the amount which it is entitled to receive in respect of such Receivable, the Seller will pay as soon as possible, but in any event ultimately on the Monthly Payment Date immediately succeeding such Monthly Calculation Period to the Issuer and/or Security Trustee an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Receivable if no set-off had taken place and the amount actually received by the Issuer and/or Security Trustee in respect of such Receivable. To further secure the obligations of the Seller in this respect, the Seller will have an obligation to provide the Trigger Collateral to the Issuer and the Security Trustee respectively up to the Trigger Collateral Required Amount (see *Credit Structure* above).

Jointly-held Security Interests

In the Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held security interests. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure the share (*aandeel*) in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the Receivables, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Receivables, increased with interest and costs, if any. Moreover, it will be agreed in the Receivables Purchase Agreement that in case of a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) 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 thereof during any Monthly Calculation Period. Such compensation will be paid by the Seller as soon as possible, but in any event ultimately on the Monthly Payment Date immediately succeeding such Monthly Calculation Period (see also section *Risk Factors*).

SERVICING AGREEMENT

Services

In the Servicing Agreement the Servicer agrees to (i) provide services to the Issuer on a day-to-day basis in relation to the Loans and the Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Receivables and the direction of amounts received by the Seller to the Transaction Accounts and the production of monthly reports relating thereto and (ii) implement arrears procedures including the enforcement of security rights (see further the section *Loan Underwriting and Servicing*) in respect of the Defaulted Receivables. The Servicer is obliged to provide the services as set out above in respect of the Loans and the Receivables at the same level of skill, care and diligence as other portfolios of loans that it services.

The Issuer Administrator in the Servicing Agreement agrees to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Transaction Accounts and the production of monthly reports in relation thereto, (b) all payments to be made by the Issuer under the Swap Agreement, (c) all payments to be made by the Issuer under the Notes in accordance with the Conditions of the Notes and the Relevant Documents, (d) the maintaining of all required ledgers in connection with the above, (e) all payments under the Liquidity Facility Agreement, (f) all calculations to be made pursuant to the Conditions of the Notes and (g) drawings (if any) to be made by the Issuer under the Reserve Account.

Reports

On each Monthly Calculation Date, the Servicer will, in respect of the Receivables, provide the **Monthly Information Report** to the Issuer, the Issuer Administrator and the Security Trustee. The Issuer Administrator shall, in a timely manner, provide the information required by the Servicer for the Monthly Information Report. The Issuer Administrator will on each Monthly Calculation Date provide the **Monthly Investor Report** to the Security Trustee, the Issuer, the Calculation Agent and the Credit Rating Agencies.

On each Quarterly Calculation Date, in respect of the Receivables, the Servicer will provide to the Issuer and the Issuer Administrator the information for the purpose of determining the amounts to be paid on the succeeding Quarterly Notes Payment Date to the Noteholders, hereafter referred to as the **Quarterly Information Report**. The Issuer Administrator will on each Quarterly Calculation Date provide the **Quarterly Investor Report** (together with the Monthly Investor Report, the **Investor Report** relating to the immediately preceding Quarterly Calculation Period.

Disruption

If, due to an operational or technical failure (**Disruption**) (for the avoidance of doubt, such failure not relating to the standing of such party), the Issuer, the Security Trustee, the Servicer, the Issuer Administrator, the Stand-By and Back-Up Servicer, the Stand-By and Back-Up Administrator, the Paying Agent, the GIC Provider, the Swap Counterparty and/or any other transaction party (such a party an **Affected Party**) cannot properly perform its obligations as agreed under the relevant Relevant Documents if and when due, such Affected Party shall use its best efforts to perform such obligations as soon as possible after the occurrence of such Disruption.

If a Disruption has occurred and is continuing at a Quarterly Calculation Date and as a consequence insufficient information is available to calculate the exact amount due on the Notes, the Issuer Administrator shall in good faith and in a commercially reasonable manner, having regard to all relevant information at the Issuer Administrator's disposal (which for the avoidance of doubt may, but need not, include reference to previous note payments) (a) make an estimate of the amount due on the Notes on the immediately succeeding Quarterly Notes Payment Date, (b) determine the amount available to it to satisfy such amount (estimated to

be) due and payable, and (c) pay such amount estimated due and payable up to the amount available to it at the relevant Quarterly Notes Payment Date. Any amount overpaid at such time (the **Disruption Overpaid Amount**) shall be withheld from the payments to be made on the following Quarterly Notes Payment Date. Any amount underpaid at such time (the **Disruption Underpaid Amount**) shall be paid on the next succeeding Quarterly Notes Payment Date. **Termination**

The Servicing Agreement may be terminated by the Security Trustee upon the occurrence of certain termination events, including but not limited to a failure by the Servicer and/or the Issuer Administrator to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer and/or the Issuer Administrator or the Servicer and/or the Issuer Administrator being declared bankrupt.

After termination of the appointment of the Servicer and/or the Issuer Administrator under the Servicing Agreement, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute servicer and/or issuer administrator and such substitute servicer and/or 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 servicer and/or issuer administrator shall have the benefit of a fee to be then determined. Any such substitute servicer is obliged to (i) have experience of administering loans such as the Loans granted to borrowers such as the Borrowers in the Netherlands and (ii) hold a license under the Act on Financial Supervision ("*Wet op het financieel toezicht*" or "*Wft*") or any successor act. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on materially the same terms as Pledge Agreement II to the satisfaction of the Security Trustee.

In addition the Servicing Agreement may be terminated by the Servicer and/or the Issuer Administrator upon the expiry of not less than twelve months' notice, subject to written approval of the Security Trustee, which approval may not be unreasonably withheld, and a confirmation of the Credit Rating Agencies that there will be no adverse impact on the then current rating assigned to the Senior Class A Notes. A termination of the Servicing Agreement by either the Security Trustee or the Servicer and/or the Issuer Administrator will only become effective if a substitute servicer and/or issuer administrator is appointed.

ING BANK N.V.

Profile

ING Bank is a non-listed 100% subsidiary of ING Groep N.V. On 26 October 2009 ING Bank announced a new strategic direction. It will separate its banking operations and insurance operations (including investment management operations) ING Bank now has substantially completed the separation of its banking and insurance operations. This is required by the European Commission, but ING Bank also thinks it is in the interests of all stakeholders, especially their customers.

The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's more than 63,000 employees offer retail and commercial banking services to customers on in over 40 countries.

On 12 January 2012 ING Bank presented a new Bank Strategy for 2015 and on 31 March 2014 ING Bank presented an update of the Bank Strategy to analysts, investors, the media and employees at an Investor Day in Amsterdam, the Netherlands. It is effective as of Monday, 31 March 2014.

ING Bank has defined three categories of markets – Market Leaders, Challengers and Growth Markets. Market Leaders are the Benelux countries where we currently have leading market positions in Retail Banking and Commercial Banking. Challengers are units with retail activities that are mainly in the form of direct banking services, giving them a cost advantage over traditional banks. Challengers are the following countries: Germany, Spain, Italy, France, Australia and Austria. Growth markets are where we offer a full range of Retail and Commercial Banking services in strongly expanding economies that offer good growth opportunities. ING Bank's Growth Markets are Poland, Romania, Turkey and our stakes in Asia.

ING Bank currently offers retail banking services to individuals and small and medium-sized enterprises in Europe, Asia and Australia. A full range of products and services is provided, albeit offerings may vary according to local demand. ING Bank also offers commercial banking services to customers around the world and serves a range of organisations, including multinational corporations, governments, financial institutions and supranational organisations, through an extensive network in more than 40 countries. We provide a range of products and services to support our customers' needs.

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 companies changed into ING Groep N.V., ING Bank N.V. and NN Group N.V.

The registered office of ING Bank is at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, the Netherlands (telephone number: +31 20 564 9111). 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 13 December 2013. According to its articles of association, the objects of ING Bank are to conduct the banking business in the widest sense of the word, including insurance brokerage, to acquire, build and operate real estate, and furthermore to participate in,

manage, finance and furnish personal or real security for the obligations of and provide services to other enterprises and institutions of any kind, but in particular enterprises and institutions which engage in lending, investment and/or other financial services, and to engage in any activity which may be related or conducive to the foregoing.

As a non-listed company, ING Bank is not bound by the Dutch Corporate Governance Code. ING Groep N.V., as the listed holding company of ING Bank is in compliance with the Dutch Corporate Governance Code.

Core Tier 1 securities issued to Dutch State

ING Bank announced on 19 October 2008 that it had reached an agreement with the Dutch government to strengthen its capital position, creating a strong buffer to navigate the market and economic environment. ING Bank issued non-voting core Tier 1 securities for a total consideration of EUR 10 billion to the Dutch State.

In December 2009, ING Bank repurchased the first half of the core Tier 1 securities of EUR 5 billion plus a total premium of EUR 606 million. Furthermore, on 13 May 2011, ING Bank exercised its option for early repurchase of EUR 2 billion. The total payment in May 2011 amounted to EUR 3 billion and included a 50% repurchase premium.

On 19 November 2012, ING Bank announced that, together with the Dutch State, it reached an agreement with the European Commission on significant amendments to the 2009 Restructuring Plan. As part of the agreement, ING Bank filed a schedule for repayment to the Dutch State of the remaining EUR 3 billion in core Tier 1 securities plus a 50% premium, in four equal tranches in the next three years. A first tranche of EUR 1.225 billion was paid on 26 November 2012, following approval by the Dutch Central Bank (De Nederlandsche Bank or **DNB**). A second tranche of EUR 1.225 billion was paid on 6 November 2013, also following approval of DNB. DNB also approved the payment of a third tranche of EUR 1.225 billion, which was paid on 31 March 2014. This brought the total paid to the Dutch State to EUR 12.5 billion, including EUR 9.3 billion in principal and EUR 3.2 billion in interest and premiums. Each payment to the Dutch State requires prior approval from the DNB, at the time ING Bank decides to propose such payment.

The final tranche will be repaid by May 2015 at a total cost of EUR 1.075 billion. After this final payment ING Bank will have repaid the EUR 10 billion of State aid from 2009 at a total cost of EUR 13.5 billion, providing the Dutch State with an internal rate of return of 12.5%.

SME LION II B.V.

The Issuer was established under the laws of the Netherlands on 4 April 2014 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the name SME Lion II B.V. The Issuer has been established as a special purpose vehicle. The registered office of the Issuer is in the Netherlands at Prins Bernhardplein 200, 1097 JB Amsterdam and its telephone number is +31 (0)20 521 4777. The sole managing director of SME Lion II B.V. is Intertrust Management B.V. Intertrust Management B.V. has elected domicile at the registered office of the Issuer at Prins Bernhardplein 200, 1097 JB Amsterdam, telephone number +31 20 521 4777. The managing directors of Intertrust Management B.V. are R. Posthumus, A.R. van der Veen, D.J.C. Niezing, P. de Langen and O.J.A. van der Nap. The Issuer is registered with the Commercial Register of the Chamber of Commerce under number 60417684.

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 objects of the Issuer are (i) 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, (ii) to purchase bonds, to sell or otherwise dispose of the whole or any part of its property, (iii) to lend and to raise funds, including the issue of bonds, (iv) to grant security over its own assets by way of mortgage, charge, pledge, lien, standard security or other, (v) to limit financial risks and risks in respect of fluctuations in interest rate by, inter alia, entering into derivative agreements such as option agreements, swap agreements, (vi) to enter into other agreements in connection with the aforementioned and (vii) to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense, and 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.

The Issuer has the power and capacity to issue the Notes, to acquire the Receivables and to enter into and perform its obligations under the Relevant Documents to which it is a party.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2014.

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.

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.

STICHTING HOLDING SME LION

The Shareholder was established under the laws of the Netherlands on 3 April 2014 as a foundation (*stichting*) under the name Stichting Holding SME Lion. The registered office of the Shareholder is in the Netherlands at Prins Bernhardplein 200, 1097 JB Amsterdam and its telephone number is +31 (0)20 577 1177. The sole managing director of Stichting Holding SME is Intertrust Management B.V. Intertrust Management B.V. has elected domicile at the registered office of the Issuer at Prins Bernhardplein 200, 1097 JB Amsterdam, telephone number +31 20 577 11 77. The managing directors of Intertrust Management B.V. are R. Posthumus, A.R. van der Veen, D.J.C. Niezing, P. de Langen and O.J.A. van der Nap. The Shareholder is registered with the Commercial Register of the Chamber of Commerce under number 60404884.

The objects of the Shareholder are to acquire shares in the capital of the Issuer in its own name and to hold such shares whether or not for its own account, whether or not in exchange for depositary receipts issued for such shares, to exercise the voting rights and other rights attributable to such shares, to collect dividends and other distributions due on account of such shares, to borrow monies and to acquire any other form of financing in view of the acquisition of such shares and to do all that is connected or may be conducive to the foregoing, all to be interpreted in the widest sense. Pursuant to the articles of association of the Shareholder an amendment of the articles of association of the Shareholder requires the prior written consent of the Security Trustee. Moreover, the sole managing director of the Shareholder shall only be authorised to dissolve the Shareholder after (i) receiving the prior written consent of the Security Trustee and (ii) the Issuer has been fully discharged for all its obligations by virtue of the Relevant Documents.

STICHTING SECURITY TRUSTEE SME LION II

The Security Trustee is a foundation (*stichting*) incorporated under the laws of the Netherlands on 3 April 2014. It has its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce under number 60404922. The objects of the Security Trustee are (a) to act as security trustee on behalf of creditors of the Issuer, among which the holders of notes issued by the Issuer (b) to acquire security rights as agent and/or trustee and/or for itself; (c) to hold, administer and if necessary to enforce the security rights mentioned under (d) in favour of creditors of the Issuer, among which the holders of notes issued by the Issuer, and to perform legal acts and acts *de facto*, among which the acceptance of a parallel debt of the Issuer, serving the holding of the aforementioned security rights; (e) to borrow money and (f) to do all that is connected therewith, arising there from or may be conducive thereto.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are Mr. M. Pereboom and Mr. D.P. Stolp.

USE OF PROCEEDS

The net proceeds of the Notes to be issued on the Closing Date amounts to Euro 9,260,400,000.

The net proceeds of the issue of the Senior Class A Notes and the Mezzanine Class B Notes will be applied on the Closing Date to pay the Initial Purchase Price for the Receivables assigned to the Issuer under the Receivables Purchase Agreement on the Closing Date.

The net proceeds of the issue of the Subordinated Class C Notes, equal to an amount of 3.0 per cent. of the Outstanding Principal Amount of the Receivables at the Closing Date, will be credited to the Reserve Account.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement, the Issuer irrevocably and unconditionally undertakes to pay to the Security Trustee an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (i) as fees or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the Servicer and Issuer Administrator under the Servicing Agreement, (iii) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (iv) to the Swap Counterparty under the Swap Agreement, (v) to the Noteholders under the Notes, (vi) to the Liquidity Facility Provider under the Liquidity Facility Agreement and (vii) to the Seller under the Receivables Purchase Agreement; (the parties referred to in items (i) through (vii) together the **Security Beneficiaries**) under or in connection with the respective Relevant Documents (the **Parallel Debt**). 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 Security Beneficiaries shall be reduced by an amount equal to the amount so received (and vice versa).

The Issuer shall grant a first ranking right of pledge (*pandrecht*) by means of a pledge agreement (**Pledge Agreement I**) over the Receivables to the Security Trustee on the Closing Date which will, *inter alia*, secure the payment obligation of the Issuer to the Security Trustee under the Parallel Debt Agreement.

The pledge on the Receivables provided in Pledge Agreement I will not be notified to the Borrowers, except in the event of the occurrence of any of the Pledge Notification Events (as defined in the Pledge Agreements). Prior to notification of the pledge to the Borrowers, the pledge will be a 'silent' right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Dutch Civil Code.

The Issuer shall also grant a first ranking right of pledge by means of another pledge agreement (**Pledge Agreement II**) in favour of the Security Trustee on the Closing Date. This right of pledge secures any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement, the Trust Deed and any other Relevant Document and was vested on all rights of the Issuer under or in connection with (i) the Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the GIC Agreement, (iv) the Swap Agreement, (v) the Liquidity Facility Agreement and (vi) with respect to the Collection Account and the Reserve Account, and the Issuer undertakes to grant a first ranking right of pledge on such rights to the extent required. This right of pledge will be notified to the relevant obligors and will therefore be a 'disclosed' right of pledge (*openbaar pandrecht*).

The amounts due to the Security Beneficiaries will broadly be equal to amounts recovered (*verhaald*) by the Security Trustee on the Receivables and other assets pledged to the Security Trustee under Pledge Agreement I and Pledge Agreement II. To the extent that the Security Trustee irrevocably receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Security Beneficiaries in accordance with the Post-Enforcement Priority of Payments. The amounts due by the Security Trustee to the Security Beneficiaries will be the sum of (i) amounts recovered (*verhaald*) by it on the Receivables and the other assets pledged under Pledge Agreement I and Pledge Agreement II and (ii) the *pro rata* part of amounts received from any of the Security Beneficiaries, as received or recovered by any of them pursuant to the Parallel Debt Agreement; less (x) any amounts already paid by the Security Trustee to the Security Beneficiaries pursuant to the Parallel Debt Agreement and (y) 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 of any legal adviser, auditor or accountant appointed by the Security Trustee).

The security rights described above shall serve as security for the benefit of the Security Beneficiaries, including the Noteholders but amounts owing to the Mezzanine Class B Noteholders and the Subordinated Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and amounts owing to the Subordinated Class C Noteholders will rank in priority of payment after amounts owing to the Mezzanine Class B Noteholders (see *Credit Structure* above).

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the Euro 6,293,500,000 Senior Class A Asset-Backed Notes 2014 due 2060 (the **Senior Class A Notes**), the Euro 2,697,200,000 Mezzanine Class B Asset-Backed Notes 2014 due 2060 (the **Mezzanine Class B Notes**) and the Euro 269,700,000 Subordinated Class C Notes 2014 due 2060 (the **Subordinated Class C Notes**) and together with the Senior Class A Notes and the Mezzanine Class B Notes, the **Notes**) was authorised by a resolution of the managing director of SME Lion II B.V. (the **Issuer**) passed on 15 April 2014. The Notes will be issued under a Trust Deed dated 17 April 2014 (the **Trust Deed**) between the Issuer, Stichting Holding SME Lion (the **Shareholder**)) and Stichting Security SME Lion II (the **Security Trustee**).

The statements in these terms and conditions of the Notes (the **Conditions of the Notes**) include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which includes the form of the Notes and the coupons appertaining to the Notes (the **Coupons**) and the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a Paying Agency Agreement (the **Paying Agency Agreement**) dated 17 April 2014 between the Issuer, the Security Trustee, and ING Bank as paying agent (the **Paying Agent**) and ING Bank as reference agent (the **Reference Agent**), (iii) a Servicing Agreement (the **Servicing Agreement**) dated 17 April 2014 between – *inter alia* – the Issuer, ING Bank N.V. as the Issuer Administrator and Servicer and the Security Trustee, (iv) a parallel debt agreement (the **Parallel Debt Agreement**) dated 17 April 2014 between the Security Trustee, the Issuer and the Security Beneficiaries, (v) a pledge agreement dated 17 April 2014 between the Seller, the Security Trustee and the Issuer, and (vi) a pledge agreement dated 17 April 2014 between the Issuer, the Security Trustee and others (jointly with the other pledge agreement referred to under (v) above, the **Pledge Agreements**).

Certain words and expressions used below are defined in a master definitions agreement (the **Master Definitions Agreement**) dated 17 April 2014 and signed by the Issuer, the Security Trustee, the Seller and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions of the Notes. 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 Euroclear Netherlands or by an affiliated institution (*aangesloten instelling*) under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

As used herein, **Class** means either the Senior Class A Notes, the Mezzanine Class B Notes or the Subordinated Class C Notes, as the case may be.

Copies of, *inter alia*, the Trust Deed, the Paying Agency Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by holders of the Notes at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Prins Bernhardplein 200, 1097 JB 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 and the Pledge Agreements.

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 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. Each Class of Notes will be issued in NGN form and deposited with Euroclear Netherlands as common safekeeper.

A Noteholder shall not have the right to request delivery (*uitlevering*) of Notes represented by the Global Notes under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) other than as set out in the Global Notes.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed payments of principal on the Mezzanine Class B Notes and Subordinated Class C Notes are subordinated to payments of principal and interest on the Senior Class A Notes and payments of principal on the Subordinated Class C Notes are subordinated to payments of principal and interest on the Senior Class A Notes and payment of principal on the Mezzanine Class B Notes;
- (c) The security for the obligations of the Issuer towards, *inter alia*, the Noteholders (the **Security**) will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:
 - 1. a first ranking pledge by the Issuer to the Security Trustee over the Receivables and all rights ancillary thereto; and
 - 2. a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights: (a) against the Seller under or in connection with the Receivables Purchase Agreement; (b) against the Servicer under or in connection with the Servicing Agreement; (c) against the Issuer Administrator under the Servicing Agreement; (d) against the GIC Provider under or in connection with the GIC Agreement and with respect to the Transaction Accounts; (e) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; and (f) against the Swap Counterparty under or in connection with the Swap Agreement.

The obligations under the Notes are secured (indirectly) by the Security. The obligations under the Senior Class A Notes will rank in priority to the Mezzanine Class B Notes and the Subordinated Class C Notes, in the event of the Security being enforced.

The **Most Senior Class of Notes** means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes or if there are no Mezzanine Class B Notes outstanding, the Subordinated Class C Notes.

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

3. Covenants of the Issuer

As long as any of the Notes remains outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and accounting practice, and shall not, except (i) to the extent permitted by the Master Definitions Agreement, the Receivables Purchase Agreement, the Deed of Assignment, the Swap Agreement, the GIC Agreement, the Liquidity Facility Agreement, the Servicing Agreement, the Pledge Agreements, the Notes Purchase Agreement, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements and the Trust Deed (together the **Relevant Documents**) or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus to be dated 17 April 2014, relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness with respect to borrowed money whatsoever or give any guarantee or indemnity with respect to any indebtedness except as contemplated in the Relevant 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 by the Relevant Documents;
- (d) 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;
- (e) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as a whole to any person;
- (f) permit the validity or effectiveness of the Trust Deed, 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 Relevant Documents;
- (g) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (h) have an interest in any bank account other than the Transaction Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(2) of the Notes or an account to which collateral under the Swap Agreement is transferred; and
- (i) pay any dividend or make any other distribution to its shareholder(s), other than in accordance with the applicable Priority of Payments or issue any further shares.

4. Interest

- (a) *Period of Accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6(g) of the Notes) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of such 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 (prior to and after any judgment) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13 of the Notes) that upon presentation thereof, such payments will be made provided that, upon such presentation, payment is in fact made.

Whenever it is necessary to compute an amount of interest with respect to any Note for any period (including any Quarterly Notes Interest Period), such interest shall be calculated on the basis of the actual days elapsed in such period and a 360-day year.

(b) *Quarterly Notes Interest Periods and Quarterly Notes Payment Dates*

Interest on the Notes is payable by reference to successive interest periods. Each successive interest period will commence on (and include) a Quarterly Notes Payment Date and end on (but exclude) the next succeeding Quarterly Notes Payment Date (each a **Quarterly Notes Interest Period**), except for the first Quarterly Notes Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Notes Payment Date falling in August 2014.

Interest on each of the Notes shall be payable quarterly in arrear in Euro with respect to the Principal Amount Outstanding (as defined in Condition 6(g) of the Notes) of the Notes on the 10th day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month, in which event the Business Day immediately preceding such day) in each year (each such day being a **Quarterly Notes Payment Date**).

A **Business Day** means each day on which banks are open for general business in Amsterdam and Brussels, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (**TARGET2 System**) or any successor thereto is operating credit or transfer instructions with respect to payments in Euro.

(c) *Interest on the Notes*

Interest on the Senior Class A Notes for each Quarterly Notes Interest Period will accrue from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate (**Euribor**) for 3 month deposits in Euro (determined in accordance with paragraph (d) below) (or, with respect to the first Quarterly Notes Interest Period, the rate which represents the linear interpolation of Euribor for 3 and 6 month deposits in Euro, rounded, if necessary, to the fifth decimal place with 0.000005, being rounded upwards), plus until the Final Maturity Date a margin of 1.25 per cent. per annum. For the avoidance of doubt, there will be no interest payable in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes.

(d) *Euribor*

For the purpose of Condition 4(c) of the Notes, Euribor will be determined as follows:

- (i) The Reference Agent will obtain for each Quarterly Notes Interest Period the rate equal to Euribor for three month deposits in Euro. The Reference Agent shall use the Euribor rate as determined and published by Euribor Fédération Bancaire Européenne and shown on the Euribor page of the Reuters Monitor Money Rate (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 a.m. (Amsterdam time) on the day that is two Business Days before the first day of each Quarterly Notes Interest Period (each a **Euribor Interest Determination Date**).
- (ii) If, on the relevant Euribor Interest Determination Date, such Euribor rate is not determined and published by the Euribor Fédération Bancaire Européenne, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:

- (x) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the **Euribor Reference Banks**) to provide a quotation for the rate at which three month Euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Amsterdam time) on the relevant Euribor 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
- (y) if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as provided; and

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 approximately 11.00 a.m. (Amsterdam time) on the relevant Euribor Interest Determination Date for three month 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 Quarterly Notes Interest Period shall be the rate per annum equal to the Euro Interbank Offered Rate for three month Euro deposits as determined in accordance with this paragraph (d), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Quarterly Notes Interest Period, Euribor applicable to the Senior Class A Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

(e) *Determination of the Rates of Interest and Calculation of Interest Amounts*

The Reference Agent will, as soon as practicable after 11.00 a.m. (Amsterdam time) on each Euribor Interest Determination Date, determine the rates of interest (the **Rates of Interest**) referred to in paragraph (c) above for the Senior Class A Notes and calculate the amount of interest payable on the Senior Class A Notes for the following Quarterly Notes Interest Period (the **Interest Amount**) by applying the relevant Rates of Interest to the Principal Amount Outstanding of the Senior Class A Notes. The determination of the relevant Rate of Interest and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(f) *Notification of Rate of Interest and Interest Amount*

The Reference Agent will cause the relevant Rates of Interest and the relevant Interest Amount and the Quarterly Notes Payment Date applicable to the Senior Class A Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator and to the holders of the Senior Class A Notes, as long as the Senior 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 Rate of Interest, Interest Amount and Quarterly 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 Quarterly Notes Interest Period.

(g) *Determination or Calculation by Security Trustee*

If the Reference Agent at any time, for any reason, does not determine the Rate of Interest or fails to calculate the Interest Amounts in accordance with Condition 4(e) of the Notes above, the Security Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4(e) of the Notes 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 Condition 4(e) of the Senior Class A Notes above, and each such determination or calculation shall be final and binding on all parties.

(h) Reference Banks and Reference Agent

The Issuer will procure that, as long as any Notes remain outstanding, there will at all times be four Reference Banks and a Reference Agent. The Issuer has, subject to the prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent or of any Reference Bank 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 Notes in accordance with Condition 13 of the Notes. If any person is unable or unwilling to continue to act as a Reference Bank, or the Reference Agent (as the case may be), or if the appointment of any Reference Bank or the Reference Agent is terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Bank or Reference Agent (as the case may be) 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, in respect of the Senior Class A Notes, interest with respect to Notes will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the Paying Agent by transfer to an Euro account of the payee with a bank in the Netherlands. 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(a) of the Notes), or at such earlier date on which the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the event of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8 of the Notes).
- (c) If the relevant Quarterly Notes Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note and Coupon, the holder of the Note shall not be entitled to payment until the following Business Day or to any interest or other payment with respect to such delay, provided that, in the event of payment by transfer to a Euro account as referred to above, the 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 the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its offices are set out on the last page of the Prospectus.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the 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 the Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13 of the Notes.

6. Redemption

(a) *Final redemption*

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes (in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes subject to Condition 9(a) hereof) at their respective Principal Amount Outstanding on the Quarterly Notes Payment Date falling in August 2060 (the **Final Maturity Date**).

(b) *Mandatory redemption*

Provided no delivery of an Enforcement Notice is given by the Security Trustee in accordance with Condition of the Notes 10, the Issuer will apply the Notes Redemption Available Amount (as defined below) towards redemption in the following order (in each case only if and to the extent that payments of a higher order of priority have been made in full):

- (i) *first*, pro rata towards redemption of the Senior Class A Notes until fully redeemed;
- (ii) *second*, pro rata towards repayment of the Mezzanine Class B Notes until fully repaid; and
- (iii) *third*, pro rata towards repayment of the Subordinated Class C Notes until fully repaid.

The principal amount so redeemable with respect to each relevant Note (each a **Principal Redemption Amount**) on the relevant Quarterly Notes Payment Date shall be the aggregate amount (if any) of the Notes Redemption Available Amount on the Quarterly Calculation Date relating to that Quarterly Notes Payment Date divided by the number of Notes of such Class subject to such redemption (rounded down to the nearest Euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Optional Redemption*

Unless previously redeemed in full, the Issuer may, at its option on the Quarterly Notes Payment Date falling in May 2019 and on any Quarterly Notes Payment Date thereafter (each an **Optional Redemption Date**), redeem all Notes (but not some only) at their Principal Amount Outstanding plus accrued but unpaid interest thereon subject to and in accordance with the Conditions. In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes, the Issuer may, at its option, in accordance with Condition 9(a), partially redeem all (but not some only) of the Mezzanine Class B Notes and Subordinated Class C Notes at their Principal Outstanding Amount (which includes a deduction for the Principal Shortfall). The Senior Class A Notes shall be redeemed in full.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days' notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Notes Payment Date in accordance with Condition 13 of the Notes.

(d) *Determination of the Notes Redemption Available Amount, Principal Redemption Amount and Principal Amount Outstanding*

- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Notes Redemption Available Amount, (b) the Principal Redemption Amount due for the Notes on the Quarterly Notes Payment Date and (c) the Principal Amount Outstanding on the relevant Notes on the first day following the Quarterly Notes Payment Date. Each such determination by or on behalf of the Issuer shall, in each case (in the absence of a manifest error), be final and binding on all persons.

- (ii) The Issuer will, on each Quarterly Calculation Date, cause each determination of (a) the Notes Redemption Available Amount, (b) the Quarterly Notes Payment Date, (c) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear Netherlands, Euronext Amsterdam and to the Noteholders and as long as the 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. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13 of the Notes.
- (iii) If the Issuer, or the Issuer Administrator on its behalf, does not (at any time for any reason) determine any of the amounts set forth in item (i) above, such amount shall be determined by the Security Trustee in accordance with Condition of the Notes 6(a), (b) and (c) (but based upon the information in its possession as to the relevant amounts and each such determination or calculation) shall be deemed to have been made by the Issuer and shall in each case (in the absence of a manifest error) be final and binding on all persons.

(e) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their Principal Amount Outstanding plus accrued but unpaid interest thereon, subject to, in respect of the Mezzanine Class B Notes and Subordinated Class C Notes, Condition 9(a), on any Quarterly Notes Payment Date, 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 charge in, or amendment to, the application of the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction 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; and
- (ii) the Issuer will have sufficient funds available on such Quarterly Notes Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

The Mezzanine Class B Notes and the Subordinated Class C Notes may not be redeemed under such circumstances unless the Senior Class A Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

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

(f) *Redemption following Clean-up Call*

The Seller has the option to (i) repurchase and accept re-assignment of all (but not only part of) the Receivables, or (ii) to appoint a subsidiary of the Seller to purchase and accept assignment of all (but not only part of) the Receivables, on any Quarterly Notes Payment Date on which the principal amount due on the Receivables then outstanding is less than 10 per cent. of the principal amount of

the Receivables on the Closing Date (the **Clean-up Call Option**). On the Quarterly 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 (other than the Mezzanine Class B Notes and the Subordinated Class C Notes) at their Principal Amount Outstanding, after payment of the amounts to be paid in priority to the Notes (other than the Mezzanine Class B Notes and the Subordinated Class C Notes).

(g) *Definitions*

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

Defaulted Receivables means Receivables (i) which are, or in respect of which the overdraft facilities taken and by the relevant Borrowers are, in arrears for a period of at least 90 calendar days from the due date or (ii) in respect of which foreclosure proceedings have been initiated or (iii) which have become involved in a restructuring which could result in maximization of recoveries on the relevant Loan of such obligation involving forgiveness or postponement of principal, interest or fees to the extent resulting in a loss or (iv) in respect of which the relevant borrower (a) is dissolved; (b) becomes insolvent or is unable to pay its debts; (c) makes a general arrangement with its creditors; (d) institutes or has instituted against it insolvency or bankruptcy proceedings, suspension of payments, debt restructuring or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights; (e) has a resolution passed for its winding-up or liquidation; (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (g) has a secured party take possession of its assets and any such process is not dismissed within 30 calendar days thereafter, or (h) is subject to any analogous event under the applicable laws of any jurisdiction that has an analogous effect to any of the events specified in clause (a) to (g).

Principal Amount Outstanding on any Quarterly Calculation Date of any Note shall be the principal amount of that Note upon issue, less the aggregate amount of all Principal Redemption Amounts in respect of that Note, that have become due and payable prior to such Quarterly Calculation Date or will become due on the immediately succeeding Quarterly Notes Payment Date, provided that for the purpose of Conditions 4, 6 and 10 of the Notes all Principal Redemption Amounts that have become due, and not been paid, shall not be so deducted.

Notes Redemption Available Amount shall mean on any Quarterly Calculation Date the aggregate amount received by the Issuer during the immediately preceding Quarterly Calculation Period:

- (i) as repayment of principal under the Receivables;
- (ii) as amounts received relating to principal on the immediately succeeding Quarterly Notes Payment Date in connection with a repurchase of the Receivables pursuant to the Receivables Purchase Agreement as a result of any of the representations and warranties proves to have been untrue or incorrect;
- (iii) as prepayment of principal under the Receivables;
- (iv) as Net Proceeds on any Receivable relating to principal;
- (v) as amounts received on the immediately succeeding Quarterly Notes Payment Date in connection with a repurchase other than as mentioned under (ii) and any other amounts received pursuant to the Receivables Purchase Agreement to the extent relating to principal;
- (vi) as amounts received in connection with a sale of Receivables pursuant to the Trust Deed to the extent relating to principal;

- (vii) as amounts to be credited to the relevant Principal Deficiency Ledger on the immediately succeeding Quarterly Notes Payment Date;
- (viii) the Reserve Account Excess; and
- (x) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the immediately preceding Quarterly Notes Payment Date;;

Net Proceeds shall mean the sum of (a) the proceeds of a foreclosure on any Security Interest, (b) the proceeds of a foreclosure on any other collateral securing the Receivable, and (c) the proceeds of a foreclosure on any other assets of the relevant debtor, all of the foregoing after deduction of the amount of the foreclosure costs.

Realised Losses means, on any relevant Quarterly Notes Payment Date the amount of the difference between (y) the aggregate principal balance (*hoofdsom*) of all Defaulted Receivables, determined at such time immediately before such Receivables become Defaulted Receivables, in respect of which the Seller, the Servicer or the Issuer has foreclosed from the Closing Date up to and including the immediately preceding Quarterly Calculation Period and (z) the amount of the Net Proceeds whereby for the purpose of establishing the principal balance (*hoofdsom*) of the relevant Receivables in case of set-off or defence to payments asserted by Borrowers any amount by which the relevant Receivables have been extinguished (*teniet gegaan*) will be disregarded, provided the Issuer has been compensated for such amount.

Monthly Calculation Date means the third business day prior to each Monthly Payment Date.

Monthly Calculation Period means, in relation to a Monthly Payment Date, the period commencing on (and including) the first day of the calendar month which is two months prior to the month in which the Monthly Calculation Date falls up and ending on (and including) the last day of such calendar month.

Quarterly Calculation Date means, in relation to a Quarterly Calculation Period, the third Business Day prior to each Quarterly Notes Payment Date.

Quarterly Calculation Period means a period of three consecutive months commencing on, and including each Quarterly Calculation Date up to but excluding the next succeeding Quarterly Calculation Date, except for the first Quarterly Calculation Period, which commences on and includes the Closing Date and ends on but excludes the Quarterly Calculation Date in August 2014.

7. Taxation

All payments with respect to the Notes will be made without withholding of, or deduction for any present or future taxes, duties or charges of whatsoever nature, unless the Issuer or the Paying Agent (as applicable) is required by applicable law to make any payment with respect to the Notes subject to the withholding or deduction of such taxes, duties, assessments or charges that are required by law. In that event, the Issuer or the 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 Paying Agent, nor the Issuer will be obliged to make any additional payments to the Noteholders with respect to such withholdings or deductions.

Notwithstanding any other provision in these Conditions, payments in respect of the Notes might be subject 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 any other 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 by the Issuer on the Notes with respect to any such withholding or deduction.

8. Prescription

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

9. Subordination

(a) Principal

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes has been repaid, the Mezzanine Class B Noteholder and the Subordinated Class C Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes. If, on any Quarterly Notes Payment Date upon repayment of the Senior Class A Notes in full, there is (i) a balance on the Class B Principal Deficiency Ledger or (ii) a Reserve Account Deficiency Amount, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note and Subordinated Class C Note on such Quarterly Notes Payment Date shall not exceed its Principal Amount Outstanding less the Principal Shortfall on such Quarterly Notes Payment Date.

Principal Shortfall shall mean an amount equal to the balance on the relevant Principal Deficiency Ledger divided by (B), the number of the Notes of the relevant Class on such Quarterly Notes Payment Date.

The Mezzanine Class B Noteholders and the Subordinated Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on such Mezzanine Class B Notes or Subordinated Class C Notes, respectively after the earlier of (i) the Final Maturity Date or (ii) the relevant Redemption Date on which a Mezzanine Class B Note or Subordinated Class C Note is fully redeemed or (iii) the date on which the Issuer no longer holds any Receivables and there are no balances standing to the credit of the Collection Account and the Reserve Account and the Issuer has no rights under or in connection with any of the Relevant Documents.

(b) 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 higher in priority pursuant to the Trust Deed are insufficient to pay in full all principal and interest or other amounts on such Class of Notes, the Noteholders of such Class shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (subject, in each case, to being indemnified to its satisfaction) (in each case, the **Relevant Class**) shall (but in the case of the occurrence of any of the events mentioned in (ii) 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 (each an **Event of Default**) occurs:

- (a) default is made for a period of seven calendar days in the payment of the principal of, or default is made for a period of 14 calendar days in the payment of interest on, the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; 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 30 calendar days after written notice 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 30 calendar days; or
- (d) if any order is 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 suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or has been declared bankrupt.

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 obligations under the Notes of any Class become due and payable, 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 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) The Noteholders may not 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 year after the latest maturing Note has been paid in full. The Noteholders accept and agree that the only remedy against the Issuer is to enforce the Security after any of the Notes have become due and payable pursuant to Condition 10 of the Notes above.

12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee 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 Relevant Documents without accounting for any profit resulting from such transaction.

13. Notices

With the exception of the publications by the Paying Agent as described in Condition 4(a) of the Notes and by the Issuer Administrator as described in Condition 6(e) of the Notes, 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 a general circulation in Europe and, as long as the 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.

Until such time as any notes in definitive form are issued, there may (provided that, in the case of any publication required by a listing authority, stock exchange and/or quotation system, the rules of the listing authority, stock exchange and/or quotation system so permit), so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear Netherlands, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear Netherlands for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear Netherlands.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Paying Agent. Whilst any of the Notes are evidenced by a Global Note, such notice may be given by any holder of a Note to the Paying Agent through Euroclear Netherlands such manner as the Paying Agent and Euroclear Netherlands may approve for this purpose.

14. Meetings of Noteholders; Modification; Consents; Waiver

The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Subordinated Class C Noteholders 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 Relevant Documents.

(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 10 per cent. in 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 the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the rate of interest payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such Class of Notes 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 a

Basic Terms Change is (a) being proposed by the Issuer as a result of, or in order to avoid an Event of Default and (b) unless such Basic Terms Change does not in any way affect the Senior Class A Notes (i) the Security Trustee has notified the Credit Rating Agencies and (ii) each Credit Rating Agency has confirmed that the current rating assigned to the Senior Class A Notes will not be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.

(c) Extraordinary Resolution

Quorum and maturity

The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-third of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution is adopted with not less than a two-thirds 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 at least 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 amount of 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 change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of all Noteholders ranking junior to the Senior Class A Noteholders.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or Subordinated Class C Noteholders shall only be effective when 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) Modifications by the Security Trustee

The Security Trustee may agree, without the consent of the Noteholders, to (a) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error and (b) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified the Credit Rating Agencies and (ii) each Credit Rating Agency has confirmed that the then current rating assigned to the Senior Class A Notes will not be adversely affected by any such modification, authorisation or waiver and (c) any modification of the Relevant

Documents (including the Swap Agreement) in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR, subject, in respect of (c) only, to receipt by the Security Trustee of a certificate of the Issuer or the Swap Counterparty certifying to the Security Trustee that the amendments requested by the Issuer or the Swap Counterparty, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Swap Counterparty, as the case may be, to satisfy its requirements under EMIR, provided that the Security Trustee, in respect of (c) only, shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (A) exposing the Security Trustee to any additional liability or (B) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the Relevant Documents and/or the Conditions and further provided, in respect of (c) only, that the Security Trustee has received written confirmation from the relevant Swap Counterparty in respect of such Swap Agreement that it has consented to such amendment.

For the avoidance of doubt, any such confirmation from the Credit Rating Agencies does not address whether such modification, authorisation or waiver is in the best interest of, or prejudicial to, some or all of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

(e) 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 Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Subordinated 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 Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnification 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, and, 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 holders of the Notes 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.

THE GLOBAL NOTES

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 Senior Class A Notes, in the principal amount of EUR 6,293,500,000, (ii) in the case of the Mezzanine Class B Notes, in the amount of EUR 2,697,200,000 and (iii) in the case of the Subordinated Class C Notes, in the principal amount of EUR 269,700,000. The Temporary Global Notes will be deposited with Euroclear Netherlands as common safekeeper 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 Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Senior 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 Mezzanine Class B Notes and the Subordinated 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 first 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 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) Senior Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A Notes; and
- (ii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes;
- (iii) Subordinated Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated 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 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 (*uitlevering*) thereof under the Wge. Delivery (*uitlevering*) 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 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 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.

REGULATORY & INDUSTRY COMPLIANCE

Retention statement

In the Notes Purchase Agreement, the Seller, in its capacity as Originator has covenanted, for as long as the Notes are outstanding, to retain a material net economic interest of not less than 5% in total in the securitisation in accordance with the text of each of Article 405 of the CRR. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche within the meaning of Article 405(1)(d) of the CRR and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors. Such retention requirement will be satisfied at the Closing Date by the Seller as it will be initially holding all Notes which represent a (first loss) economic interest in the securitisation well in excess of the required 5%.

Any change in the manner in which this interest is held, to the extent allowed under Article 405 of the CRR will be notified to investors by the Issuer in its investor report, subject to the Issuer having received such information from the Seller.

In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 409 of the CRR, which can be obtained from the Seller upon request. After the Closing Date, the Issuer will prepare quarterly investor reports wherein relevant information with regard to the Loans and Receivables will be disclosed publicly together with a confirmation of the retention of the material net economic interest by the Seller. Such information will be available on www.loanbyloan.eu.

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 each of Part Five of the CRR (including Article 405) and any corresponding national measures which may be relevant and none of the Issuer, the Seller, the Servicers, the Issuer Administrator, the Security Trustee, the Arranger and the 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*.

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

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 a cash flow model to investors, either directly or indirectly through one or more entities who provide such cash flow models to investors generally.

The Issuer will (i) prior to the Closing Date, make loan-level data available 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 in the next investor report.

TAXATION IN THE NETHERLANDS

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*); and
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;
- (iii) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer; and
- (iv) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative. Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

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

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes or has opted to be treated as a resident of the Netherlands for individual income tax purposes income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, nor has opted to be treated as a resident of the Netherlands for individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified

under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

Netherlands 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.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become 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 is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (including individuals and entities) 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 Issuer may be classified as an FFI.

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

The United States and the Netherlands have signed an intergovernmental agreement to facilitate the implementation of FATCA (a **US-Netherlands IGA**). Pursuant to the US-Netherlands IGA, a Netherlands FFI could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives and not required to withhold under FATCA from payments it makes, but would still be required to report to the Netherlands or the IRS certain information in respect of its account holders and investors (including individuals and entities). If the Issuer does not become a Participating FFI, Reporting FI, 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.

While the Notes are held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent or the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect 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, Noteholders may receive less interest or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the Model 1 IGA, all of which are subject to change or may be implemented in a materially different form. 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.

SUBSCRIPTION AND SALE

The Manager has, pursuant to a notes purchase agreement dated 17 April 2014, between the Manager, the Issuer and the Seller, agreed with the Issuer, subject to certain conditions, to purchase the Notes (the **Notes Purchase Agreement**) at their issue price. The Issuer has agreed to indemnify and reimburse the Manager against certain liabilities and expenses in connection with the issue of the Notes.

General

The Manager will represent and agree that it has complied and will comply with all applicable securities laws and regulations in force in any jurisdiction in which they purchase, offer, sell or deliver the Notes or possess them or distribute this Prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall have no responsibility for it. Furthermore, the Manager will represent and agree that it has not and will not directly or indirectly offer, sell or deliver any Notes or distribute or publish any prospectus, form of application, offering circular, advertisement or other offering material except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of the Notes by it will be made on the same terms.

Neither the Issuer, the Seller nor the Manager represent that the Notes may at any time lawfully be sold in compliance with any application, registration or other requirements in any jurisdiction (other than as described above), or pursuant to any exemption available thereunder, or assume any responsibility for facilitating such sale.

The Manager will agree that it will, unless prohibited by applicable law, furnish to each person to whom it offers or sells the Notes a copy of this Prospectus (as then amended or supplemented) or, unless delivery of this Prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The Manager is not authorised to give any information or to make any representation not contained in this Prospectus in connection with the offer and sale of Notes to which this Prospectus relates.

European Economic Area

In relation to each Relevant Member State, the Manager has represented and agreed that with effect from and including the Relevant Implementation Date it has not made and will not make an offer of the 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 the Notes to the public in that Relevant Member State to any legal entity which is a qualified investor as defined in the Prospectus Directive, provided that no such offer of Notes shall require the Issuer or the Manager to publish a prospectus pursuant to Article 3 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 Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU).

United States

The Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act.

The Manager has agreed that, it will not offer or sell the Notes, (i) as part of its distribution at any time or (ii) otherwise until forty (40) days after the later of the commencement of the offering of the Notes and 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 dealer, distributor or person receiving a selling concession, fee or other remuneration to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until the expiration of forty (40) days after the commencement of the offering of the Notes, any offer or sales of the Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act. The Notes, including Notes in definitive form, are subject to US 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 US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986, as amended, and regulations thereunder.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 15 April 2014.
2. Application has been made to list the Notes on Euronext Amsterdam on the Closing Date. The estimated total costs involved with such admission amount to EUR 67,500 (and EUR 3,000 annually).
3. The Senior Class A Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 105731264 and ISIN NL0010760039.
4. The Mezzanine Class B Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 105731299 and ISIN NL0010760047.
5. The Subordinated Class C Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 105731329 and ISIN NL0010760054.
6. The address of the clearing system is: Euroclear Netherlands, Herengracht 459-469, 1st Floor, 1017 BS, Amsterdam, the Netherlands.
7. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation.
8. Deloitte Accountants B.V. the Netherlands, act as the auditors of the financial statements of the Issuer. The individual auditors of Deloitte Accountants B.V. are members of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The auditors of the Issuer have no material interest in the Issuer.
9. Since the date of incorporation the Issuer has not commenced operations and no annual accounts or reports have been prepared as at the date of this Prospectus.
10. Since its incorporation, the Issuer is not involved in any governmental, legal or arbitration proceedings which may have or have had a significant effect 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.
11. As long as any Notes are outstanding and for the life of the Prospectus, copies of the following documents are available for inspection in physical format at the specified offices of the Security Trustee during normal business hours:
 - (i) this Prospectus;
 - (ii) the deed of incorporation of the Issuer, including the Articles of Association;
 - (iii) the Receivables Purchase Agreement;
 - (iv) the Paying Agency Agreement;
 - (v) the Trust Deed;
 - (vi) the Parallel Debt Agreement;
 - (vii) the Pledge Agreement I;

- (viii) the Pledge Agreement II;
 - (ix) the Servicing Agreement;
 - (x) the GIC Agreement;
 - (xi) the Swap Agreement;
 - (xii) the Liquidity Facility Agreement;
 - (xiii) the Master Definitions Agreement;
 - (xiv) the Management Agreement I;
 - (xv) the Management Agreement II; and
 - (xvi) the Management Agreement III.
12. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices.
 13. A free copy of the Issuer's deed of incorporation or articles of association (as applicable) is available at the office of the Issuer.
 14. A quarterly 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.dutchsecuritisation.nl The Issuer does not intend to provide other post-issuance transaction information regarding the Notes.
 15. US Taxes:

The Notes will bear a legend to the following effect: *“Any United States person who holds this Note will be subject to limitations under the United States tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code of 1986.”*

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.

ANNEX A

INDEX OF DEFINED TERMS

Actual Amount.....	53
Affected Party.....	84
AFM.....	3
Annuity Repayment.....	80
ATK.....	35
Balloon Repayment.....	80
Basic Terms Change.....	107
Borrowers.....	39
BSK Loans.....	32
Bullet Repayment.....	80
Business Day.....	36, 97
Class.....	94
Class A Principal Deficiency Ledger.....	51
Class B Principal Deficiency Ledger.....	51
Clean-up Call Option.....	39, 81, 102
Closing Date.....	3
Collection Account.....	41
Conditions of the Notes.....	94
Coupons.....	94
CRA Regulation.....	12
Credit Rating Agencies.....	12, 35
CRR.....	3
Cut-off Date.....	39, 44, 78
Defaulted Receivables.....	102
Deferred Purchase Price.....	78
Deferred Purchase Price Instalment.....	78
Discrepancy Amount.....	53
Disruption.....	84
Disruption Overpaid Amount.....	85
Disruption Underpaid Amount.....	85
Dutch Intervention Act.....	22
EMIR.....	22
Enforcement Notice.....	105
ESMS.....	12
Estimated Amount.....	53
EU Banking Proposal.....	22
Euribor.....	36, 97
Euribor Interest Determination Date.....	98
Euribor Reference Banks.....	98
Euroclear Netherlands.....	3
Euronext Amsterdam.....	3
Event of Default.....	105
Excess Swap Collateral.....	46
Excess Trigger Collateral.....	47
FATCA.....	22
Final Maturity Date.....	3, 37, 100
First Optional Redemption Date.....	3
Fitch.....	3
GIC Agreement.....	11, 41
GIC Provider.....	11, 35
Global Note.....	3
ING Bank.....	5
ING Group.....	74
ING Internal Risk Rating.....	76
Initial Purchase Price.....	10, 78
Interest Amount.....	98
Interest Priority of Payments.....	48
Intertrust.....	35
Investor Report.....	84
Issuer.....	3, 94

Issuer Administrator	35
Issuer Share	25
Linear Repayments	80
Liquidity Facility Agreement	11, 41
Liquidity Facility Commitment Fee	49
Liquidity Facility Maximum Amount	52
Liquidity Facility Provider	11, 35
Liquidity Facility Stand-By Drawing	52
Liquidity Stand-by Ledger	52
Loan Conditions	78
Loans	39
Loans Portfolio	39, 60
Management Agreements	43
Manager	5
Master Definitions Agreement	94
Mezzanine Class B Noteholders	95
Minimum Third Party Purchase Price	40
MKB	74
Monthly Calculation Date	103
Monthly Calculation Period	103
Monthly Information Report	84
Monthly Investor Report	84
Monthly Payment Date	44
Moody's	3
Net Proceeds	103
Notes	3
Notes Interest Available Amount	47
Notes Purchase Agreement	119
Notes Redemption Available Amount	49, 102
Notification Events	78
Optional Redemption Date	3, 100
Originator	10
Other Claims	25
Outstanding Principal Amount	78
Parallel Debt	11, 92
Parallel Debt Agreement	11, 94
Paying Agency Agreement	42, 94
Paying Agent	94
Permanent Global Note	3
Pledge Agreement I	92
Pledge Agreement II	92
Pledge Agreements	11, 94
Post-Enforcement Priority of Payments	50
Potential Set-Off Amount	47
Principal Amount Outstanding	102
Principal Deficiency	51
Principal Deficiency Ledger	51
Principal Priority of Payments	50
Principal Redemption Amount	100
Principal Shortfall	104
Prospectus	3
Prospectus Directive	3
Quarterly Calculation Date	103
Quarterly Calculation Period	103
Quarterly Information Report	84
Quarterly Investor Report	84
Quarterly Notes Interest Period	36, 97
Quarterly Notes Payment Date	36, 97
Rates of Interest	98
Realised Losses	103
Receivables	39
Receivables Criteria	79
Receivables Portfolio	39
Receivables Purchase Agreement	10
Reference Agent	35, 94
Relevant Class	105

Relevant Documents	96
Requisite Credit Rating	44
Reserve Account	42
Reserve Account Deficiency Amount	45
Reserve Account Excess	45
Reserve Account Target Level	42, 45
SAP	75
SBF	74
Securities Act	3
Security	95
Security Beneficiaries	92
Security Interests	39
Security Rights	24
Security Trustee	3, 94
Seller	35
Seller Collection Account	44
Seller Collection Account Provider	44
Seller Collection Accounts	44
Seller Share	25
Senior Class A Noteholders	95
Senior Class A Notes	3
Servicer	11
Servicing Agreement	11, 43, 94
Set-Off Amount	47
Set-Off Amount Ledger	47
Shareholder	10, 94
Short-Term Requisite Rating	44
SME	58
Stabilising Manager	5
Subordinated Class B Notes	3
Subordinated Class C Noteholders	95
Subordinated Class C Notes	3
Swap Agreement	10, 41
Swap Counterparty	10, 35
Swap Counterparty Default Payment	49
TARGET2 System	36, 97
Temporary Global Note	3
Transaction Accounts	42
Trigger Collateral	40, 46
Trigger Collateral Account	42, 46
Trigger Collateral Required Amount	46
Trust Deed	10, 94
Weighted Average Life	16
Wet op het financieel toezicht	3
Wft	3, 14

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