

ORANGE LION VII RMBS B.V.

(a private company with limited liability incorporated under the laws of The Netherlands)

€2,500,000,000 Class A1 Floating Rate Notes due 2044

€2,500,000,000 Class A2 Floating Rate Notes due 2044

€3,100,000,000 Class A3 Floating Rate Notes due 2044

€3,221,700,000 Class A4 Floating Rate Notes due 2044

€2,319,000,000 Class B Floating Rate Notes due 2044

The Notes

The issue price of the Notes is 100% of their principal amount. The Notes are expected to be issued on 12 June 2012.

The Notes in each class will at all times rank without preference or priority *pari passu* among themselves. Payments of principal and interest on the Class A Notes will at all times rank in priority to payments of principal and interest, respectively, on the Class B Notes. The Notes will be in bearer form and in the denomination of €100,000 each. The Notes of each sub-class will initially be in the form of a Temporary Global Note, which will be deposited on or around the Closing Date with Euroclear Netherlands. Each Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without certification of non-U.S. beneficial ownership. Each Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 each and with interest coupons attached.

Approval and Listing

The Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "AFM") as competent authority under the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*, the "FMSA"), implementing Directive 2003/71/EC (the "Prospectus Directive").

Application has been made to NYSE Euronext in Amsterdam ("**Euronext Amsterdam**") for admission of the Notes to trading on its regulated market. Euronext Amsterdam is a regulated market for the purpose of Directive 2004/39/EC on markets in financial instruments.

Interest

The Notes will bear interest from the Closing Date until (but excluding) the First Optional Redemption Date at the rate of EURIBOR for three month euro deposits (except in respect the first Notes Payment Date, falling in November 2012, in which the EURIBOR rate will be referenced to the linear interpolation of five and six months EURIBOR) plus a margin per annum, which is in respect of the Class A1 Notes 1.05%, Class A2 Notes 1.50%, Class A3 Notes 1.60%, Class A4 Notes 1.70% and Class B Notes 0.0%. From (and including) the First Optional Redemption Date the respective margins shall be in respect of the Class A1 Notes 2.05%, Class A2 Notes 2.50%, Class A3 Notes 2.60%, Class A4 Notes 2.70% and Class B Notes 0.0%.

Interest is payable quarterly in arrears commencing on the Notes Payment Date falling in November 2012. There will be a long first coupon.

Redemption

Unless previously redeemed or cancelled, the Notes will be redeemed at their Notional Principal Amount Outstanding on their respective Notes Final Maturity Date. On any Notes Payment Date on which there are Available Redemption Funds, the Notes will be subject to (partial) redemption, as set out in and subject to the Conditions. On the Notes Payment Date falling in November 2012 and each Notes Payment Date thereafter (each being an Optional Redemption Date) the Issuer will have the option to redeem the Notes then outstanding in whole but not in part at their Notional Principal Amount Outstanding. In addition, the Issuer has the option to redeem the Notes in each class in whole but not in part by exercising the Tax Call, and must redeem the Notes if the Originator exercises the Clean-up Call.

Security

The Notes have the benefit, indirectly through the Parallel Debt owed to the Trustee, of a pledge of the Transferred Receivables and certain of the assets of the Issuer in favour of the Trustee. The right to receive payment of interest and principal on the Class B Notes will be subordinated and may be limited as further described herein.

Ratings

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

Risk Factors

Investing in the Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed in section A (*Risk Factors*) of this Prospectus.

Article 122a of the Capital Requirements Directive

The Originator has in the Notes Purchase Agreement undertaken to the Arranger that the Originator will at all times comply with the requirements of Article 122a of directive 2006/48/EC (as amended by directive 2009/111/EC, and as amended, supplemented or superseded, from the time to time, including, any statements of interpretation, practice or guidelines issued by the Committee of European Banking Supervision (or any successor body), in respect of the same) (the "**Capital Requirements Directive**"). The Originator has specifically undertaken that it will at all times retain a material net economic interest of not less than five per cent. in the securitisation transaction described in this Prospectus (the "**Securitisation**") in accordance with the requirements of the Capital Requirements Directive. As at the Closing Date, such material net economic interest will be held in accordance with Article 122a

paragraph (1) sub-paragraph (d) of the Capital Requirements Directive and will comprise of the entire interest in the first loss tranche of the Securitisation (held through the Class B Notes). The Originator has further undertaken that any intended or actual change in, or the manner in which, its interest in the first loss tranche is held will be made in accordance with Article 122a of the Capital Requirements Directive and will be notified by the Originator to the Issuer.

In addition to the information set out herein and forming part of this Prospectus, the Originator has undertaken to the Arranger to make available to Noteholders all materially relevant data required to ensure that the Originator complies with the requirements of Article 122a paragraph (7) of the Capital Requirements Directive upon request.

The Originator has in the Receivables Purchase Agreement provided the same undertakings described in the previous two paragraphs to each of the Issuer and the Trustee (on behalf of itself and the Noteholders), respectively, so long as the Notes are outstanding.

After the Closing Date, the Issuer will prepare quarterly investor reports wherein relevant information with regard to the Loans and Transferred Receivables will be disclosed publicly together with a confirmation by the Originator of its compliance with the requirements of Article 122a of the Capital Requirements Directive, including, confirmation of the retention of the material net economic interest in the Securitisation by the Originator.

If the Issuer receives a notification from the Originator of any intended or actual change in (the manner in which) the Originator's interest in the first loss tranche is held, then the Issuer will inform the Noteholders thereof as soon as is reasonably practicable.

Each prospective investor is required independently to assess and determine the sufficiency of the information described above for the purposes of complying with Article 122a of the Capital Requirements Directive and none of the Issuer, the Originator or the Arranger makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. The Originator accepts responsibility for the information set out in this paragraph entitled '*Article 122a of the Capital Requirements Directive*'. In addition, each prospective investor should ensure that they comply with the implementing provisions in respect of Article 122a of the Capital Requirements Directive in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

Eurosystem Eligibility

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear Netherlands as one of the Central Securities Depositories (the "CSDs") that fulfils the minimum standard established by the European Central Bank, as common safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class B Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

Arranger
ING BANK N.V.

Dated 12 June 2012

Responsibility Statements

Other than set out in the below paragraph, the Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Originator accepts responsibility for the information contained in sections 2.3 (*Eligible Receivables*), 2.4 (*Stratification tables*), 2.5 (*Overview of the Dutch Residential Mortgage Market*), 2.6 (*Municipality / NHG Guarantee Programme*), 2.7 (*Origination and Servicing by Originator*) and 2.9 (*ING Bank N.V.*) of this Prospectus and for the information relating to Article 122a of the Capital Requirements Directive set out in this Prospectus on page (i), in the risk factor '*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*' on page 5, in section 1.4 (*Subscription and Sale*) on page 61 and in section 7 (*General*) on page 141 and consequently the Originator does not assume any liability in respect of the information contained in any section other than those mentioned in this paragraph. The Originator accepts responsibility for the information contained in the aforementioned sections of this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, such information to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import. Any information from third parties contained in such sections has been accurately reproduced and, as far as the Originator is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Representations about the information in the Prospectus

Each of the Issuer and the Originator has jointly and severally represented and warranted to ING Bank N.V. in its role as Notes Purchaser that the Prospectus, other than the sections for which it is not responsible, contains all information which is to the best of its information, knowledge and belief (in the context of the issue of the Notes) material, such information is true and accurate in all material respects and not misleading in any material respect, any opinions, predictions and intentions expressed on its part in this Prospectus are honestly held or made after due and careful consideration of all relevant circumstances and based on reasonable assumptions and are not misleading in any material respect, this Prospectus, other than the sections for which it is not responsible, does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect, and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Arranger nor ING Bank N.V. in its role as Notes Purchaser has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger or the Notes Purchaser as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer.

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 issue 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 Originator, the Trustee, the Arranger or the Notes Purchaser.

Obligations of Issuer only

The Notes will be obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any of the other Transaction Parties.

Suitability of Investment

Structured securities, such as the Notes, are sophisticated instruments, can involve a high degree of risk and are intended for sale only to those investors capable of understanding the risk entailed in such instruments. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they understand the nature of the Notes as an investment in the light of their own circumstances and financial condition. Prospective purchasers of the Notes should conduct their own investigations and, in deciding whether or not to purchase Notes, should form their own views of the merits of an investment related to the Notes based upon such investigations

and not in reliance upon any information given in this Prospectus. If in doubt potential investors are strongly recommended to consult with their independent financial advisers before making any investment decision.

Financial Condition of the Issuer

Neither this Prospectus nor any other information supplied in connection with the issue of the Notes should be considered as a recommendation by the Issuer, the Originator, the Trustee, the Arranger or the Notes Purchaser that any recipient of this Prospectus or any other information supplied in connection with the issue of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Originator, the Trustee, the Arranger or the Notes Purchaser to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer or the Originator is correct at any time subsequent to the date of this Prospectus or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Originator since the date of this Prospectus or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. None of the Arranger, the Trustee or the Notes Purchaser undertakes to review the financial condition or affairs of the Issuer or the Originator during the life of the Notes. Investors should carefully review and evaluate, among other things, the

most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

Interpretation

Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meanings ascribed to them in the Master Definitions Schedule set out in Schedule 1 (*Master Definitions Schedule*) which has been reproduced from the Incorporated Terms Memorandum.

The principles of interpretation and construction set out in clause 2 (*Principles of Interpretation and Construction*) of Schedule 1 (*Master Definitions Schedule*) to this Prospectus shall apply to this Prospectus.

Stabilisation

In connection with the issue of the Notes, ING Bank N.V. (in its capacity as stabilising manager, the "Stabilising Manager") (or persons acting on behalf of 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 the 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 end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

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A. 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 risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks 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.

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

The subsequent numbers and capital headings used in the below text, correspond to the numbers and headings of the subsequent chapters as contained in this Prospectus after this section, where additional and more detailed information on the same heading can be found.

A.1 NOTES

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

The Notes may not be a suitable investment for all investors

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

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

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

Subordination

The Class B Notes are subordinated in right of payment of interest and principal to the Class A Notes, both before as well as after an Issuer Default. There is no assurance that these subordination rules will protect the holder of Class A Notes from any or all risk of loss.

The obligations of the Issuer in respect of the Notes will rank in seniority and security and as to payment of interest and principal, behind the obligations of the Issuer in respect of certain items set out in the relevant Priority of Payments. In addition, payments on the Class A Notes will be made in priority to payments on the Class B Notes. Although payments in respect of the Class A Notes pursuant to Condition 9.2 (*Mandatory Redemption in part*) will in certain circumstances be made in order of priority of sub-class A1 followed by A2, then A3 and then A4, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes do not purport to provide credit enhancement to the Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, pro rata and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes, the Class A3 Notes and the Class A4 Notes bearing a greater proportion of the loss than that borne by the Class A1 Notes. If the Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Class A3 Notes and the Class A4 Notes bearing a greater proportion of the loss than that borne by the Class A2 Notes and the Class A1 Notes. If the Class A3 Notes have been redeemed (in part or in full) at such time, this will result in the Class A4 Notes bearing a greater proportion of the loss than that borne by the Class A3 Notes, the Class A2 Notes and the Class A1 Notes.

Obligations under the Notes

The Notes will be solely the obligations of the Issuer. The Notes will not represent an obligation or be the responsibility of the Originator, the Arranger, the Notes Purchaser, the Swap Counterparty, the Trustee or any other party to the Transaction Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Notes and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators.

None of the Originator, the Arranger, the Notes Purchaser, the Servicer, the Administrator, the Directors, the Swap Counterparty or the Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents, such as the payments due under the Swap Agreement by the Swap Counterparty).

Limited liquidity of the Notes and prevailing economic conditions

Application has been made to the Stock Exchange 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 holders of the Notes with liquidity or that it will continue for the life of the Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. Any investor in the Notes must be prepared to hold the Notes for an indefinite period of time or until redemption of the Notes. If any person begins making a market for the Notes, it is under no obligation to continue to do so and may stop making a market at any time. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict whether or when these circumstances will change or whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

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

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

The secondary mortgage markets are currently experiencing severe disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage loans and mortgage-backed securities is experiencing extremely limited liquidity. These conditions may continue or worsen in the future. This may, among other things, affect the ability of the Issuer to obtain timely funding to fully redeem maturing Notes with the sale proceeds of Receivables subject to and in accordance with the Receivables Purchase Agreement and the Trust Deed.

Limited liquidity in the secondary market for mortgage securities has had a severe adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor.

In addition, any forced sale into the market of mortgage-backed securities held by various investors that are currently experiencing funding or other difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market.

Counterparty risk exposure

The ability of the Issuer to make payments under the Notes is subject to general credit risks, including credit risk on borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans, trading counterparties, counterparties under swaps and credit and other derivative contracts, agents and other financial intermediaries, including the Originator, the Swap Counterparty, the Account Bank, the Liquidity Facility Provider and the Participants. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons. If any of the counterparties of the Issuer does not perform its obligations owed in favour of the Issuer this may result in the Issuer not being able to meet its obligations under the Notes. In addition, the Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear Netherlands or its participants of their obligations under their respective rules, operating procedures and calculation methods.

Trustee actions, Rating Agency Confirmations and Credit Ratings

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

Noteholders should be aware that, notwithstanding the above paragraph, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled in respect of any event to rely on a Rating Agency Confirmation or confirmation that the then current rating of the relevant Notes would not thereby be adversely affected, it should be noted that this does not impose or extend any actual or contingent liability for the Rating Agencies to the Trustee, the Noteholders or any other person or create any legal relations between the Rating Agencies and the Trustee, the Noteholders or any other person whether by way of contract or otherwise.

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

Any ratings assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes

and the ability of the Issuer to make payments under the Notes (including but not limited to market conditions and funding related and operational risks inherent to the business of the Issuer). A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating will remain for any given period of time or that a rating will not be reviewed, revised, suspended, lowered or withdrawn entirely by Fitch, Moody's or DBRS, as the case may be, if, in its judgement, circumstances in the future so warrant.

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

The ratings assigned to the Notes by Fitch reflects Fitch's assessment of the likelihood of full and timely payment to Noteholders of all payments of interest and principal in accordance with the terms and conditions of the Notes. The ratings assigned by Moody's address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction. The DBRS short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner. The DBRS long-term rating scale provides an opinion on the risk of default, being the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligations has been issued.

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

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

Potential conflicts of interests

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

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

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

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

Insolvency risk

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

Changes in law

The structure of the issue of the Notes and the 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.

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

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

Article 122a of the Capital Requirements Directive applies in respect of the Notes. Investors should therefore make themselves aware of the requirements of Article 122a of the Capital Requirements Directive, 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 Originator to retain a material net economic interest in the Securitisation as contemplated by Article 122a of the Capital Requirements Directive and with respect to the information to be made available by the Originator in relation to the due diligence requirements under Article 122a of the Capital Requirements Directive, please see the statements set out under the paragraph entitled "*Capital Requirements Directive*" in section 1.4 (*Subscription and Sale*). Relevant investors are required independently to assess and determine the sufficiency of the information described in this Prospectus, in any investor report and otherwise for the purposes of complying with Article 122a of the Capital Requirements Directive and none of the Issuer, the Originator or the Arranger makes any representation that the information described above is sufficient in all circumstances for such purposes.

Considerable uncertainty remains with respect to Article 122a of the Capital Requirements Directive and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are

uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for noncompliance with Article 122a of the Capital Requirements Directive should seek guidance from their regulator. Similar requirements to those set out in Article 122a of the Capital Requirements Directive are expected to be implemented for other EU-regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

Article 122a of the Capital Requirements Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Notes subject to optional redemption by the Issuer

The Issuer will have the option to redeem all (but not some only) of the Notes at their Notional Principal Amount Outstanding in accordance with Condition 9.8 (*Optional Redemption – Prepayment Call*). The Issuer will furthermore have the option to redeem all (but not some only) of the Notes at their Notional Principal Amount Outstanding in accordance with Condition 9.9 (*Optional Redemption - Tax Call*). In addition, the Issuer must redeem all of the outstanding Notes in whole but not in part in accordance with Condition 9.7 (*Redemption - Clean-up Call*) if the Originator exercises the Clean-up Call. In the event of any optional redemption the Issuer is under no obligation to pay the Noteholders a premium or any other form of compensation for the early redemption. Any redemption of the Notes as referred to above will be made in accordance with the applicable Priority of Payments.

Such optional redemption of the Notes may have a negative impact on the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

There can be no assurance that the Issuer will exercise any option to redeem the Notes prior to their maturity or that the Originator will exercise the Clean-up Call.

Exchange rates and exchange controls

The Issuer will pay principal and interest 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.

No gross-up for Taxes

As provided in Condition 12 (*Taxation*), all payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Trustee or the Paying Agent (as the case may be) is required by law to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agent (as the case may be) will make the required Tax Deduction, and shall not be obliged to pay any additional amounts to the Noteholders in respect of such Tax Deduction.

EC Council Directive on the taxation of savings

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

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

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers. Pursuant to Condition 20.7.3 (*Maintenance of Paying Agent*), the Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EU.

In certain circumstances, the Issuer and the Noteholders may be subject to US withholding tax under FATCA

The United States passed legislation (the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, commonly referred to as FATCA) which will impose new information reporting requirements with respect to certain holders of "financial accounts", as defined in the FATCA rules. If the Issuer does not enter into an agreement with the U.S. Internal Revenue Service and comply with these reporting requirements, it may become subject to a 30% U.S. withholding tax on the receipt of certain payments, which may reduce amounts available to the Issuer to make payments on the Notes. If the Issuer does enter into such an agreement with the U.S. Internal Revenue Service, and a Noteholder does not provide the information requested to establish that it is eligible to receive payments free of FATCA withholding, the Issuer may be required to withhold 30% on a portion of payments made on the Notes. Notes issued prior to 1 January 2013 that are classified as debt for U.S. federal income tax purposes are generally exempt from these rules. Prospective investors should consult their own advisors about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules. No decision has been taken as to whether the Issuer would enter into such an agreement with the U.S. Internal Revenue Service.

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 1.1 (*Form of the Notes*) of this Prospectus. 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.

Certain decisions of Noteholders

The Trustee may deliver an Enforcement Notice and institute enforcement proceedings at its discretion (as set out in more detail in Conditions 13 (*Issuer Default*) and 14 (*Enforcement*)), and is bound to do so if so requested by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes. Such Extraordinary Resolution will be binding on all Noteholders and, where relevant, Secured Creditors, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Modifications without Noteholders' or other Secured Creditors' consent

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

(a) any modification to the Conditions, the Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Transaction Documents referred to in the definition of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Rating Agency Confirmation is obtained; or

(b) any modification to the Conditions, the Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification.

In addition, the Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Transaction Documents or the Notes (including an Issuer Default) if, in the opinion of the Trustee, the holders of the outstanding Class A Notes, or, if none, the holders of the outstanding Class B Notes will not be materially prejudiced by such waiver.

Limited resources available to the Issuer

The Issuer's ability to meet its obligations under the Notes will depend on the realisable value of Transferred Receivables (net of, without limitation, amounts due to the Participants in the case of Participation Receivables) and the amount of principal and interest (or other revenue) proceeds generated by the Transferred Receivables (net of, without limitation, amounts due to the Participants in the case of Participation Receivables) and the timing thereof and amounts received from the Swap Counterparty, the Participants and the Account Bank and any amounts available under the Liquidity Facility and amounts received from the Originator pursuant to a repurchase and re-assignment of Transferred Receivables under the Receivables Purchase Agreement and the receipt by the Issuer of interest in respect of the balances standing to the GIC Account.

The Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. All obligations of the Issuer to the Noteholders are limited in recourse as set out in the Conditions, which include a limitation to the effect that Noteholders will have a claim (*verhaalsrecht*) in respect of the Secured Property only. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest or repay principal in whole or in part in respect of any class of Notes on the due date therefor. If an Enforcement Event occurs and the Security is enforced, the Secured Property may not be sufficient to meet the claims of all the Secured Creditors, including the Noteholders.

Reliance of the Issuer on third parties

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. In particular, but without limitation, the Servicer has been appointed to, among other things, service the Transferred Receivables and the Administrator has been appointed to provide administration services. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the value of the Transferred Receivables or any part thereof may be affected, or, if the Security were to be enforced (and, for example, the Transferred Receivables or any part thereof cannot be sold), the ability of the Issuer to make payments may be affected. For instance, if the Servicer has failed to adequately administer the Transferred Receivables, this may lead to higher incidences

of non-payment or default by Borrowers, which would affect the value of the Secured Property to which the Trustee (acting as creditor of the Parallel Debt for the benefit of the Secured Creditors, including the Noteholders) has recourse. The Issuer is also reliant on the Swap Counterparty to provide it with the funds matching its payment obligations in respect of interest due and payable under the Notes.

Pledges to Trustee

General

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

The Issuer is a special purpose entity. It has been set up as a bankruptcy remote entity, principally in two ways. First, non-petition wording has been included in the Conditions and the relevant Transaction Documents. Notwithstanding such wording, it is possible that a Dutch court would consider a petition for bankruptcy (*faillissement*) initiated by third party creditors (such as tax authorities) or Transaction Parties even if such petition was presented in breach of a non-petition covenant applying to the relevant Transaction Party. Secondly, recourse by the Transaction Parties to the Issuer has been limited to the Transferred Receivables and any other assets the Issuer may have. It is therefore unlikely that the Issuer becomes subject to an Insolvency Proceeding. Should the Issuer be subjected to a Dutch Insolvency Proceeding nevertheless, the Trustee as pledgee can exercise the rights afforded by Dutch law to pledgees as if there were no Dutch Insolvency Proceedings. However, Dutch Insolvency Proceedings involving the Issuer would affect the position of the Trustee as pledgee in some respects under Dutch law.

Future Assets

First, if and to the extent that assets purported to be pledged by the Issuer to the Trustee are future assets (i.e. assets that have not yet been acquired by the Issuer or that have not yet come into existence) at the moment Dutch Insolvency Proceedings take effect (i.e. at 0:00 hours on the date Dutch Insolvency Proceedings are declared), such assets are no longer capable of being pledged by the Issuer (unless the liquidator agrees). This would, for example, apply with respect to amounts that are paid to an account following the Issuer's Dutch Insolvency Proceedings taking effect. As such crediting of the account would not yet have occurred when the Dutch Insolvency Proceedings take effect, the resulting receivable of the Issuer vis-à-vis the Account Bank would qualify as a future asset as abovementioned. However, if following the Dutch Insolvency Proceedings taking effect, amounts are due to be paid under receivables that have been pledged to the Trustee prior to such Dutch Insolvency Proceedings taking effect, the Trustee as pledgee could through notification to the relevant debtors prevent that such pledged receivables are further discharged through payments to the GIC Account by ordering the relevant debtors to pay to a different account. The reason for this is that as pledgee it is entitled to collect such receivables itself, in its own bank account, following notification of the pledge (and, where applicable, the assignment preceding the pledge) to the relevant debtor. Notification of the pledge may occur following the occurrence of a Notification Event (which includes without limitation Dutch Insolvency Proceedings being declared in respect of the Issuer). As long as no notification of the assignment has taken place in respect of pledged Transferred Receivables, the relevant debtor must continue to pay to the Originator. Under section A.2 (*Receivables - No Notification of Assignment of Eligible Receivables to Issuer*) of this Prospectus, the position of the Issuer is described in respect of payments so made to the Originator prior to or after the Originator's possible Dutch Insolvency Proceedings taking effect. In respect of payments under pledged Transferred Receivables made to the Issuer following notification of the assignment but prior to notification of the pledge and prior to Dutch Insolvency Proceedings of the Issuer taking effect and not on-paid to the Trustee, the Trustee will be an ordinary, non-preferred creditor, having an insolvency claim (*voor verificatie vatbare vordering*). In respect of post-insolvency payments made by debtors of the insolvent Originator, the Trustee will be a preferred creditor having an insolvency claim. Creditors of insolvency claims have to share in the general insolvency costs and have to await finalisation of a (provisional) distribution list (*voorlopige uitdelingslijst*).

Mandatory insolvency rules

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

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

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

Parallel Debt

It is intended that the Issuer grants pledges to the Trustee for the benefit of the Secured Creditors. However, under Dutch law there is no concept of trust and it is uncertain whether a pledge can be granted to a party other than the creditors of the receivables purported to be secured by such pledge. The Issuer has been advised that under Dutch law a 'parallel debt' structure can be used to give a Trustee its own, separate, independent right of claim on identical terms as the relevant creditors. For this purpose, the Trust Deed creates a parallel debt of the Issuer to the Trustee equal to the corresponding principal obligations, so that the Security can be granted to the Trustee in its own capacity as creditor of the parallel debt. In the Trust Deed it is agreed that obligations of the Issuer to the Trustee under the parallel debt shall be decreased to the extent that the corresponding principal obligations to the Secured Creditors are reduced (and *vice versa*). In the Trust Deed the Trustee agrees to act as Trustee as abovementioned and agrees:

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

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

No Recourse Against Rating Agencies

Notwithstanding that none of the Trustee and the Noteholders may have any right of recourse against the Rating Agencies in respect of any confirmation given by them and relied upon by the Trustee, the Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have confirmed that the then current rating of the applicable Class or Classes of Notes would not be adversely affected by such exercise.

Notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to rely on the fact that the Rating Agencies have confirmed that the then current rating of the relevant Class or Classes of Notes would not be adversely affected. The above does not impose or extend any actual or contingent liability for the Rating Agencies to the Trustee, the Noteholders or any other person or create any legal relations between the Rating Agencies and the Trustee, the Noteholders or any other person whether by way of contract or otherwise.

Notes may not be recognised as eligible Eurosystem collateral

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility, this means that the Class A Notes are intended upon issue to be deposited with one of the CSDs. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as amended from time to time. The Class B Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

A.2 RECEIVABLES

No Notification of Assignment of Receivables to Issuer

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

As long as no notification has taken place, any payments made by the debtors under the Transferred Receivables must continue to be made to the Originator. In respect of payments so made prior to a Dutch Insolvency Proceeding of the Originator, the Issuer will be an ordinary, non-preferred creditor, having an insolvency claim against the Originator. In respect of post-insolvency payments, the Issuer will be a creditor of the estate (*boedelschuldeiser*), and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate.

Transfer to the Issuer of Receivables Secured by All-monies Security

Under Dutch law mortgages and pledges are in principle accessory rights (*afhankelijke rechten*) which pursuant to articles 3:7, 3:82 and 6:142 of the Dutch Civil Code automatically follow the receivables they secure, for example if such receivables are transferred to a third party. The rights of mortgage and pledge securing the Receivables qualify as either Fixed Security or All-monies Security. In the past a considerable degree of uncertainty existed in Dutch legal writing as to whether a transfer of a receivable secured by All-monies Security, results in a transfer of the All-monies Security, or a share therein, to the transferee.

The Issuer has been advised that like any other right of mortgage or pledge, a mortgage or pledge constituting All-monies Security under Dutch law is in principle an accessory right (*afhankelijk recht*) and that, therefore, upon a transfer of a receivable secured by All-monies Security, the transferee will in principle become entitled to a share in the All-monies Security by operation of law. The Issuer has been advised that the above is confirmed by the *Onderdrecht v. FGH and PHP* decision of the Dutch Supreme Court (HR 16 September 1988, NJ 1989, 10). In this decision, the Dutch Supreme Court ruled that the main rule is that a right of mortgage as an accessory right transfers together with the receivable it secures. The Dutch Supreme Court also held that it is a question of interpreting the relevant clause in the mortgage deed whether the definition of the secured receivables entails that the right of mortgage exclusively vests in the original mortgagee, in deviation of said main rule. The Issuer has been advised that where the interpretation of the mortgage or pledge deed does not reveal a specific intention regarding the transfer of the right of mortgage or pledge, the abovementioned main rule applies, so that following a transfer of a secured receivable, the relevant receivable will continue to be secured by the right of mortgage or pledge.

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

Joint Security of Issuer and the Originator

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

For this purpose the Receivables Purchase Agreement contains an intercreditor arrangement granting the Issuer and/or the Trustee (as applicable) the right to (i) foreclose on the All-monies Security (or where applicable Fixed Security) without involvement of the Originator and (ii) take recourse to the foreclosure proceeds prior to the Originator. The Issuer has been advised that it is uncertain whether such an arrangement is binding on the Originator's liquidator or administrator in Dutch Insolvency Proceedings. However, the Issuer has also been advised that on the basis of articles 3:166, 168, 170 and 172 of the Dutch Civil Code there are good arguments to state that such arrangement is binding, although the position is not certain. Moreover, generally the above only becomes relevant in the event that each of the following conditions is met:

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

The abovementioned intercreditor arrangement will be supported by an undertaking by the Originator that (A) in the event that any of the Originator's short-term credit ratings ceases to be at least the Minimum Short-term Ratings, and the Originator does not regain such Minimum Short-term Ratings on the date falling one month after the date of such downgrade or (B) in case any of the Originator's long-term credit ratings ceases to be at least the Minimum Long-term Trigger Ratings or any such rating is withdrawn it will forthwith, and in any event within 10 Business Days after the occurrence of such downgrade or withdrawal, pledge to the Issuer its Residual Claims vis-à-vis the relevant Borrowers which are secured by the relevant All-monies Security (or where applicable Fixed Security), unless an appropriate remedy to the satisfaction of the Trustee is found after having notified the Rating Agencies.

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

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

The Receivables Purchase Agreement provides that:

- (i) the Originator warrants and represents in relation to each Eligible Receivable that:
 - (A) the relevant Receivable was originated by the Originator (which includes origination by an originator (i) which has Merged into the Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger) and the Originator has not (nor has any such relevant Merged Originator or Demerged Originator (as the case may be)) transferred any receivable (including but not limited to any Residual Claim) secured by the Related Security to any party other than the Issuer (or in the case of a Merged Originator or Demerged Originator (as the case may be), other than the Originator) or, in the case of Savings Receivables and Hybrid Receivables, the Relevant Insurer; or
 - (B) the relevant Receivable is secured by Related Security which does not include All-monies Security and any and all present and future receivables which are secured by the Fixed Security forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security, have, together with all Related Security, been transferred to such Originator; and
- (ii) if (a) the Originator transfers any Residual Claims vis-à-vis the relevant Borrowers which are secured by the relevant All-monies Security (or where applicable Fixed Security), it will simultaneously transfer its corresponding obligations and rights under the intercreditor arrangement to the relevant transferee and (b) the Issuer transfers a Transferred Receivable to any transferee other than the Originator, it is entitled to transfer its corresponding rights and obligations under the intercreditor arrangement to the relevant transferee. In addition, the Originator will ensure that upon a transfer as referred to in (a), the relevant transferee (other than any transferee that is a member of the ING Group) shall immediately pledge to the Issuer such Residual Claims if such transferee's credit ratings are less than the Minimum Short-term Ratings or Minimum Long-term Trigger Ratings (whereby any reference in such definitions to the Originator is, for the purpose hereof, deemed to be a reference to such transferee) or if such transferee does not have any long-term credit rating assigned to it.

In the Receivables Purchase Agreement, the Originator furthermore covenants, among other things, that if it makes any Further Advance under any Loan Agreement relating to a Transferred Receivable, then on the first following Monthly Payment Date the Originator will (1) offer such Further Advance Receivable for sale and assignment to the Issuer and (2) procure that ING as Participant purchases a Participation in such Further Advance Receivable for an Initial Settlement Amount equal to the Gross Outstanding Principal Balance of such Further Advance Receivable. The Issuer is obliged to accept each such offer of Further Advance Receivables, on condition that such purchase does not result in a Breach of the LTV Test or a breach of the Additional Purchase Conditions. If the purchase of such Further Advance Receivable would, if completed, result in a Breach of the LTV Test or a breach of the Additional Purchase Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable and will instead be obliged to sell, and the Originator will be obliged to repurchase and accept reassignment of, all Transferred Receivables relating to the Loan in respect of which the relevant Further Advance was granted. The Issuer will not purchase any Receivables other than Further Advance Receivables from the Originator following the acquisition of the Initial Portfolio on the Closing Date.

The Initial Purchase Price for any such Further Advance Receivable will be funded by, and set off against, the Initial Settlement Amount receivable from ING as Participant in consideration for the relevant Participation.

Set-Off by Borrowers

Notwithstanding the assignment and pledge of the Receivables to the Issuer and Trustee, respectively, the Borrowers may be entitled to set off the relevant Transferred Receivable against a claim (if any) they may have against the Originator, such as (i) counterclaims resulting from a current account relationship, (ii) counterclaims resulting from securities issued by the Originator (e.g., *ING Garantiebiljetten*), (iii) counterclaims resulting from damages incurred by a Borrower as a result of acts performed by the Originator, and, depending on the circumstances, (iv) other counterclaims such as counterclaims (a) relating to a Construction Deposit, (b) resulting from deposits that pursuant to the terms of a relevant Investment Loan have been made by the Borrower in a savings account maintained in his name with the Originator which is connected to his securities account, deposits that pursuant to the terms of a relevant Bank Savings Loan have been made by the Borrower in the related Bank Savings Account, or deposits that have been made by the Borrower in any other account maintained in his name with the Originator, (c) relating to an employment agreement with the Borrower as employee, and (d) under a Loan Agreement relating to a Revolving Credit Loan (for example, because of non-compliance by the Originator with its obligations under the relevant Loan Agreement).

In the absence of contractual provisions expanding statutory set-off possibilities, mutuality of claims is one of the requirements for set-off to be allowed: the parties, mutually, have to be each other's creditor and debtor. Following an assignment of a Receivable by the Originator to the Issuer, the Originator would no longer be the creditor of the Transferred Receivable. However, for as long as the assignment has not been notified to the relevant Borrower, the Borrower remains entitled to set off the Transferred Receivable as if no assignment had taken place. After notification of the assignment or pledge, the relevant Borrower can still invoke set-off pursuant to article 6:130 of the Dutch Civil Code. On the basis of such article a Borrower can invoke set-off against the Issuer (and the Trustee as pledgee) if the Borrower's claim against the Originator (if any) stems from the same legal relationship as the Transferred Receivable (such as the Borrower's right to receive payments from the Bank Savings Account stemming from the same legal relationship as the related Bank Savings Receivable) or became due and payable before the notification. In addition, the possibility cannot be excluded that on the basis of an analogous interpretation of article 6:130 of the Dutch Civil Code, a Borrower will be entitled to invoke set-off against the Issuer (or the Trustee) if prior to the notification, the Borrower was either entitled to invoke set-off against the Originator (e.g. on the basis of article 53 of the Dutch Bankruptcy Code) or had a justified expectation that he would be entitled to such set-off against the Originator.

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

To mitigate the set-off risk relating to Bank Savings Receivables (other than Further Advance Receivables) the Bank will enter into a Sub-Participation Agreement prior to the first transfer of Bank Savings Receivables to the Issuer in accordance with the Receivables Purchase Agreement. Pursuant to a Sub-Participation Agreement relating to any Bank Savings Receivable, an Initial Settlement Amount and Further Settlement Amounts will be payable by the Bank as Participant to the Issuer in return for a Participation. If the relevant Borrower invokes set-off in relation to any amount standing to the credit of the relevant Bank Savings Account as against any Eligible Receivable (such amount for which set-off is invoked being the Bank Savings Set-Off Amount), the relevant Participation of the Bank will be reduced by an amount equal to such Bank Savings Set-Off Amount.

To mitigate the risk of set-off by a Borrower of a Transferred Receivable against a claim he may have against the Originator for a cash deposit (other than in relation to Bank Savings Receivables) held by the Originator (if, for example, the Originator becomes subject to Insolvency Proceedings and cannot pay out such cash deposit (other than in relation to Bank Savings Receivables) to the Borrower), the Originator undertakes in the Receivables Purchase Agreement to, in the event of a downgrade of the rating of the Originator below, in the case of a rating by Fitch, F1 (short-term) and A (long-term), and, in the case of a rating by Moody's P-1 and in the case of a rating by DBRS BBB (High) (or that determined to be applicable or agreed by Fitch, Moody's or DBRS, as the case may be, from time to time), within 14

calendar days of such assignment of rating deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than in relation to Bank Savings Receivables) it holds for all Borrowers in relation to any Transferred Receivables.

In the case of Loans granted by the Originator to its employees, the relevant Borrower may have set-off rights against the Issuer for claims resulting from its employment relationship, provided that the conditions for set-off after notification of assignment (as described above) are met. However, the Issuer has been advised that the employees of the Originator are not employed directly by the Originator but by a separate legal entity (the "**Employer**") and as such, the requirement under Dutch law for set-off that the parties mutually have to be each other's creditor and debtor, is not met. There may however be other circumstances which could lead to set-off or other defences being successfully invoked by such an employee.

For example, if the employee would argue that it should nonetheless be granted a right of set-off, a court would therefore have to establish that the Originator and the Employer should be regarded as one single legal entity. The Issuer has been advised that there is no case law that supports such view. Alternatively, a court would for example have to establish that set-off is allowed, even if the Originator and the Employer are not considered as one legal entity, because, based upon interpretation of case law, the relevant Loan and the relevant employment contract should be regarded as the same legal relationship.

The Originator has informed the Issuer that under their employment agreement the employees of the Employer are entitled to a reduced interest rate on their Loan. On that basis it could be argued that the Loan is part of the employment relationship and could on that basis be regarded as resulting from the same legal relationship. However, the Originator has also informed the Issuer and shall represent and warrant in the Receivables Purchase Agreement that (i) other than in respect of the applicable interest rate, the Loan has been granted in accordance with the Originator's Lending Criteria prevailing at the time of origination and the Loan is subject to general terms and conditions that apply to all relevant Loans originated in the same period (ii) the Loan does not necessarily terminate upon the termination of the employment relationship, (iii) the only connection between the Loan and the employment relationship is the entitlement to a reduced interest percentage on the Loan and (iv) no set-off of amounts due under the Loan against salary payments is agreed or effectuated in practice. On the basis of this information and assuming that the aforementioned representations and warranties are correct, the Issuer has been advised that the better view is that the relevant Loan and the employment relationship should not be regarded as the same legal relationship. There is no case law or literature supporting this view.

Non-payment by insurer and Deduction Risk

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

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

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

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

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

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

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

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

- the investment firm is obliged to administer the securities through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); and
- the bank is obliged to administer the securities through a separate depository vehicle unless the transfer of any such securities is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer "Wge"*), in which case the bank can administer such securities itself.

The Issuer has been advised that this means that the relevant Borrower is expected to be investing through a bankruptcy remote securities account arrangement. Should the relevant investment firm or bank not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers being invoked.

Under or pursuant to the Receivables Purchase Agreement, the Originator warrants and represents in relation to each Eligible Receivable which is related to an Investment Loan, that (i) the relevant Receivable does not relate to any Mixed Insurance Policy and (ii) the relevant securities account is maintained in the relevant Borrower's name with an investment firm or bank as abovementioned. Therefore, provided that these representations and warranties are correct, the Deduction Risk does not apply to Loans containing only an investment part which have no Mixed Insurance Policy.

The Issuer has been advised that for Receivables of this category in respect of which deposits have been made by the Borrower in a savings account maintained in his name with the Bank which is connected to his securities account such Borrower may be entitled to set off the relevant Receivable against the claims he may have against the Bank in respect of such deposits made into his accounts even in circumstances where the Receivable is transferred to the Issuer (see also the paragraph named (*Set-Off by Borrowers*) above). The Receivables Purchase Agreement provides that (i) if a Borrower sets off amounts due to him by the Originator against the relevant Transferred Receivable, the Originator will pay to the Issuer an amount equal to the amount so set-off and (ii) to mitigate the risk of set-off by a Borrower of a relevant Transferred Receivable against a claim it may have against the Originator for a cash deposit (other than in relation to Bank Savings Receivables) held by the Originator, the Originator will, in the event of a downgrade of the rating of the Originator below, in the case of a rating by Fitch, F1 (short-term) and A (long-term), and, in the case of a rating by Moody's P-1 and in the case of a rating by DBRS BBB (High) (or that determined to be applicable or agreed by Fitch, Moody's or DBRS, as the case may be, from time to time), within 14 calendar days of such assignment of rating deposit cash collateral in the Deposit Ledger for an amount equal to the aggregate of all cash deposits (other than in relation to Bank Savings Receivables) it holds for all Borrowers in relation to any Transferred Receivables.

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

Certain Transferred Receivables relate to a Mixed Insurance Policy between the relevant Borrower and an insurer chosen by the Borrower (and approved by the Originator). The Mixed Insurance Policy provides for (a) a risk element for which risk premium is paid and (b) a capital element for which capital premium is paid and which consists of a savings part and/or an investment part, as the case may be. The insurer keeps the savings and/or investments in its own name. The Issuer has been advised that for Transferred Receivables of this category, the Deduction Risk cannot be excluded, as there may be specific circumstances which justify an erroneous impression of the relevant Borrower that he was not entering into two separate relationships. For example, (i) sales people or sales materials may have created an impression (or sales people may have allowed to subsist an apparent impression) with the Borrower that his payments of capital premium were 'as good as' repayments of the relevant Loan or that the Borrower could not himself choose the relevant insurer and/or (ii) the insurance conditions may have been printed on the letterhead of, or otherwise contain eye catching references to, the Originator (or *vice versa*). However, the Issuer has been advised that absent such specific circumstances, it is unlikely for the Deduction Risk to apply to Transferred Receivables of this category. As the Borrower selects an insurer of his own choice (subject to prior approval by the Originator), this emphasises that it concerns two separate relationships.

Under or pursuant to the Receivables Purchase Agreement, the Originator warrants and represents in relation to each Eligible Receivable which is related to a Life Loan falling under this category 3 that (i) the relevant Mixed Insurance Policy and the relevant Life Loan (other than a Life Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with a Relevant Insurer) are not offered as one product and (ii) the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an insurer which is a group company of the Originator and are free to choose the insurer (subject to prior approval by the Originator).

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

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

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

- the Loan Agreement and the Mixed Insurance Policy, respectively, or documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the Originator, respectively;
- the representative of the Originator also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or otherwise in entering into, executing or carrying out the Mixed Insurance Policy or the Loan Agreement;
- the insurer is, or was when entering into the agreements, an affiliate of or otherwise associated with the Originator; and/or

- as is the case in respect of Savings Loans, the interest base applicable to the savings is linked to the interest base applicable to the relevant Loan.

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

The Deduction Risk will be catered for as follows in relation to Savings Loans. A Sub-Participation Agreement has been entered into between the Relevant Insurer and the Issuer and signed for acknowledgement by the Originator in relation to Savings Receivables (other than Further Advance Receivables). Pursuant to a Sub-Participation Agreement relating to any Savings Receivable, an Initial Settlement Amount and Further Settlement Amounts will be payable by the relevant Participant to the Issuer in return for a Participation. If the relevant Borrower invokes against the Issuer that he may deduct lost Proceeds from the relevant Savings Receivable, the relevant Participation of the relevant Participant (who would be in default under the relevant Mixed Insurance Policy) will be reduced with an amount equal to such lost Proceeds.

5. *Products with Mixed Insurance Policy and switch element, where Originator pre-selects insurer*

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

- the Loan Agreement and the Mixed Insurance Policy, respectively, or documents or general terms and conditions pertaining thereto, have been printed on the letterhead of, or otherwise contain eye catching references to, the insurer or the Originator, respectively;
- the representative of the Originator also represents the insurer (or *vice versa*), for example in taking care of the medical acceptance of the Borrower or otherwise in entering into, executing or carrying out the Mixed Insurance Policy or the Loan Agreement;
- the insurer is, or was when entering into the agreements, an affiliate of or otherwise associated with the Originator; and/or
- to the extent premium consists of a savings element, the interest base applicable to the savings is linked to the interest base applicable to the relevant Loan.

This Deduction Risk is catered for as follows in relation to Hybrid Loans. A Sub-Participation Agreement is entered into between the Relevant Insurer and the Issuer and signed for acknowledgement by the Originator in relation to the savings component of Hybrid Receivables (other than Further Advance Receivables). Pursuant to a Sub-Participation Agreement relating to any Hybrid Receivable, an Initial Settlement Amount and Further Settlement Amounts will be payable by the relevant Participant to the Issuer in return for a Participation. If the relevant Borrower invokes against the Issuer that he may deduct lost Proceeds from the relevant Hybrid Receivable, the relevant Participation of the relevant Participant (who would be in default under the relevant Mixed Insurance Policy) will be reduced with an amount equal to such lost Proceeds. The Receivables Purchase Agreement provides that if at any time in relation to a Hybrid Loan a Borrower switches all or part of the invested capital premiums from savings into an investment, then the Originator is obliged to repurchase and accept reassignment of the relevant Hybrid Receivable on the first following Monthly Payment Date.

Investment products

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

Some of the Transferred Receivables are linked to Mixed Insurance Policies with an investment element (*beleggingsverzekeringen*), i.e. Life Loans and Hybrid Loans. The Dutch insurance industry sold mixed insurance policies (such as the Mixed Insurance Policies) with an investment element to customers either directly or through intermediaries. Many Borrowers of Transferred Receivables took out Mixed Insurance Policies with an investment element from members of the ING Group, including Nationale-Nederlanden. There may in certain circumstances be a risk that a Borrower successfully claims that he was not properly informed of the cost element applied by the relevant insurer to the investment premiums paid by such Borrower and/or that the insurer did not properly perform the related insurance agreement in applying the cost element and in either case, for example, that therefore he may terminate the Mixed Insurance Policy (which in turn could affect the collateral granted to the Originator (e.g. Beneficiary Rights and rights of pledge in respect of such Mixed Insurance Policy) and trigger early termination of the related Loan) and/or deduct from, or set-off against, the Transferred Receivable he owes to the Issuer an amount equal to any (additional) amount owed to him under or in respect of such Mixed Insurance Policy as a result of or in connection with such claim.

Since the end of 2006, unit-linked products (commonly referred to in Dutch as '*beleggingsverzekeringen*') have received negative attention in the Dutch media, from Dutch Parliament, the AFM and consumer protection organisations. Costs of unit-linked products sold in the past are perceived as too high and insurers are in general being accused of being less transparent in their offering of unit-linked products. The criticism on unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008 ING's Dutch insurance subsidiaries reached an outline agreement with all consumer protection organisations to offer compensation to their unit-linked policyholders where individual unit-linked policies have a cost charge in excess of an agreed maximum and to offer similar compensation for certain hybrid insurance products. At 31 December 2008 a provision was recognised for the costs of the settlement. The costs were valued at EUR 365 million. A full agreement on implementation was reached in 2010 with one of the two main consumer protection organisations. In addition, ING's Dutch insurance subsidiaries announced additional (so-called 'flanking') measures that comply with the 'Best in Class' criteria as formulated on 24 November 2011 by the Dutch Minister of Finance. In December 2011 this resulted in an agreement on these measures with the two main consumer protection organisations. Implementation has started and it is the intention to inform all unit-linked policyholders about compensation by the end of 2012. Neither the implementation of the compensation schemes nor these additional measures prevent individual policyholders from initiating legal proceedings

against ING's Dutch insurance subsidiaries. Policyholders have initiated and may continue to initiate legal proceedings claiming further damages. Because of the continuous public and political attention for the unit-linked issue in general and the uncertain outcome of pending and future legal proceedings, it is not feasible to predict or determine the ultimate financial consequences.

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

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

Security Rights by Borrowers

Some of the Transferred Receivables relate to a Loan Agreement which is connected to (i) an insurance policy with a risk, savings and/or investment element, (ii) a securities account, or (iii) a Bank Savings Account, as the case may be. All rights of such a Borrower in respect of such an insurance policy, a securities account or a Bank Savings Account, as the case may be, have been pledged to the Originator. The above considerations on pledge and insolvency, made in the context of pledges to the Trustee (see section A.1 (*Notes*) of this Prospectus under (*Pledges to Trustee*)), apply *mutatis mutandis* to pledges and mortgages by the Borrowers.

In particular, the Issuer has been advised that under Dutch law it is possible that the receivables purported to be pledged by the Borrowers in respect of insurance policies, qualify as future receivables. As mentioned above, if an asset is a future asset at the moment a bankruptcy, suspension of payments or debt restructuring arrangement (*schuldsaneringsregeling*) takes effect in relation to the relevant pledgor, such assets are no longer capable of being pledged (unless the liquidator agrees). The Issuer has been advised that under Dutch law there is no general rule that is readily applicable to determine whether a claim arising from an insurance policy is an existing or a future claim. As a result, it is uncertain whether and to what extent the pledges of receivables under said insurance policies by the Borrowers are effective. The Issuer has been advised that, in respect of capital insurances (*sommenverzekeringen*) it is likely that the beneficiary's claims against the insurer corresponding with premiums which have already been paid to the insurer are existing claims, while claims relating to periods for which no premiums have yet been paid may very well be future claims. The Issuer has been advised that in respect of risk insurances (*schadeverzekeringen*) it is uncertain whether the beneficiary's claim can be characterised as an existing claim before the insured event occurs.

Beneficiary Rights under Insurance Policies

Some of the Transferred Receivables result from a Loan Agreement which is connected to an insurance policy with a risk, savings and/or investment element. In addition to being granted a pledge of rights under insurance policies, as abovementioned, either:

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

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

Waiver Agreement and, thereafter, through each Deed of Assignment and Pledge). However, the Issuer has been advised that under Dutch law it is uncertain whether such assignment (and subsequent pledge) will be effective.

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

- in each Deed of Assignment to be executed with the Issuer pursuant to the Receivables Purchase Agreement to the extent possible, under the condition subsequent (*ontbindende voorwaarde*) that the relevant Receivable is retransferred to the Originator, (a) appoint the Issuer as beneficiary in its place and (b) to the extent such appointment is ineffective, waive its Beneficiary Rights. The Issuer has been advised that it is uncertain whether such appointment and/or waiver is effective. If such conditional appointment is ineffective and such conditional waiver is effective, either the relevant Borrower, or any other person ranking behind the Originator as beneficiary (a "**Second Beneficiary**"), will become the beneficiary under the relevant insurance policy. Under or pursuant to the Receivables Purchase Agreement the Originator warrants and represents that if the relevant Receivable results from a Life Loan, Savings Loan or Hybrid Loan, all receivables under the relevant Mixed Insurance Policy have been validly pledged by the relevant Borrower to the Originator, which pledge has been notified to the relevant insurer. As mentioned above, a pledge is in principle an accessory right, so that upon a transfer of the relevant Receivable to the Issuer, the Issuer will in principle become entitled to (a share in) the pledge, provided that following the waiver of the Beneficiary Rights by the Originator, the Borrower will have become the beneficiary. If, however, following a waiver of Beneficiary Rights by the Originator, a Second Beneficiary will have become the beneficiary, the pledge by the Borrower will not be effective; and
- in the Receivables Purchase Agreement undertake to use its reasonable endeavours to procure that a beneficiary waiver agreement is, or is put, in effect (1) between itself, the Issuer, the Trustee and the Relevant Insurer on or around the Closing Date, and (2) between itself, the Issuer, the Trustee and each of the Insurers other than the Relevant Insurer upon the occurrence of a Notification Event, (each a "**Beneficiary Waiver Agreement**") in which it is, among other things, agreed that to the extent necessary:
 - (i) the insurer (a) accepts the (purported) (conditional) appointment of the Issuer as beneficiary in the Originator's place and (b) to the extent such appointment is ineffective, accepts the (conditional) waiver by the Originator of its Beneficiary Rights; and
 - (ii) the Originator and insurer will use their reasonable endeavours to obtain the co-operation from all relevant Borrowers and, where applicable, Second Beneficiaries to change the Beneficiary Rights in favour of the Issuer.

The Originator may not be able to enter into a Beneficiary Waiver Agreement without the co-operation of the liquidator, if and to the extent such Notification Event has occurred as a result of the Originator having become subject to any Dutch Insolvency Proceedings.

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

If:

- in the case of the first alternative (a) the transfer of the Beneficiary Rights is not effective, (b) the (conditional) appointment of the Issuer as beneficiary in the place of the Originator is not effective and (c) the (conditional) waiver of Beneficiary Rights by the Originator is ineffective or, if it is effective, results in a Second Beneficiary having become the beneficiary; or

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

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

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

Interest Reset Rights

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

Construction Deposits

Certain Transferred Receivables result from a Loan Agreement under which the relevant Borrower has requested part of the loan to be disbursed into a blocked deposit account, specifically opened in his name for such purpose, in anticipation of construction or improvement costs to be incurred by him at a later stage in connection with the Property (a "**Construction Deposit**"; *bouwdepot*). The intention is that when the applicable conditions are met, the Construction Deposit is applied towards the relevant construction or improvement costs of the Borrower and/or in repayment of the relevant part of the Loan. In the Receivables Purchase Agreement it is agreed that in cases as abovementioned, the full Receivable will be transferred to the Issuer. The Construction Deposits are held with the Originator. There is a risk that the Originator becomes subject to an Insolvency Proceeding and that the Originator cannot pay out the Construction Deposits. If this happens a Borrower may be allowed to set off his receivable in respect of the Construction Deposit against the related Transferred Receivable.

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

Pursuant to the relevant Loan Agreement, each Construction Deposit must be paid out within 24 months. After such period, any remaining part of the relevant Construction Deposit will either (i) be paid out by the Originator to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid by the Issuer to the Originator or (ii) if the remaining part of the relevant Construction Deposit exceeds EUR 1,000 or, if the relevant Loan has the benefit of a *Nationale Hypotheek Garantie* (a "**NHG Guarantee**"), EUR 2,500, be set-off against the Loan, up to the amount of the remaining part of the relevant Construction Deposit, in which case the Issuer shall have no further obligation towards the Originator to pay the remaining part of the Initial Purchase Price in respect of the relevant Receivable and any amount equal to such part of the Initial Purchase Price will be debited from the Construction Ledger and be credited to the Redemption Ledger.

Mortgage on Long Lease

Certain Transferred Receivables are secured by a mortgage on a long lease (*erfpacht*). A long lease will, among other things, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long

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

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

Tax deductibility and prepayment penalties

In The Netherlands, subject to a number of conditions, mortgage loan interest payments are deductible from the income of the borrower for income tax purposes. The period for allowed deductibility is restricted to a term of 30 years and the mortgage loans must be secured by owner occupied property. As from 2005, it is no longer permitted, after a refinancing, to deduct interest payable on any equity extractions. It is however uncertain if and to what extent such deductibility will remain in force and for how long. Should there be a change to the possibility of the deductibility of interest payments (see the paragraph entitled "*Government Policy and Restrictions*" in section 2.5 (*Overview of the Dutch Residential Mortgage Market*)), this may among other things have an effect on the house prices and the rate of recovery and, depending on the changes in treatment of existing mortgage loans, may result in an increase of defaults, prepayments and repayments. There have been proposals to reduce the levels of deductibility but there have been no legislative changes as of the date of this Prospectus.

In addition, the fiscal incentives mentioned above result in a tendency amongst borrowers to opt for products that do not directly involve principal repayment. The most common mortgage loan types in The Netherlands are interest-only, linear, savings, life and investment mortgage loans or a combination of these types. Under the interest-only, savings, life and investment types of mortgage loans no principal is repaid during the term of the contract. Instead, save in the case of interest-only mortgage loans, the Borrower makes payments into a savings account, towards endowment insurance or into an investment fund. Upon maturity, amounts available pursuant to the savings account, the insurance contract or the investment fund are applied to repay the mortgage loans.

Prepayment penalties that are incorporated in mortgage loan contracts tend to lower prepayment rates in The Netherlands. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment. Lower rates of prepayment may lead to slower repayments of the principal amount outstanding of mortgage loans in The Netherlands. As a result, the exposure of the Originator to the Borrowers of the Loans tends to remain high over time and the Issuer will have a similar position following the acquisition of the Receivables pursuant to the Receivables Purchase Agreement.

Defaulted Receivables

The ability of the Issuer to repay the full amount under the Notes will depend on, among other things, the proceeds of the Transferred Receivables. Borrowers may default on their obligations due under the Transferred Receivables. Defaults may occur for a variety of reasons. The Transferred Receivables are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to make the required payments under the Transferred Receivables. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (*faillissementen*) of Borrowers or the Borrowers becoming subject to debt rescheduling arrangements (*schuldsaneringsregelingen*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Transferred Receivables. In addition, the ability of a Borrower to sell a Property at a price sufficient to repay the amounts outstanding under that

Transferred Receivable will depend upon a number of factors, including the availability of buyers for that Property, the value of that Property and property values in general at the time.

Prepayment

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 the Transferred Receivables (including full and partial prepayments, foreclosure proceeds on enforcement of the Transferred Receivables, and repurchases by the Originator 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 Transferred Receivables.

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 laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including but not limited to home-owner mobility). No guarantee can be given as to the level of prepayment that the Loans may experience.

Limited recourse to the Originator

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

There is no further recourse to the Originator in respect of a breach of a Representation or Warranty. There is no recourse to the assets of the Originator if an Issuer Default occurs.

The Receivables Purchase Agreement provides that if at any time after the Signing Date (or relevant Transfer Date as the case may be) any Receivables Warranty (other than the Relevant Receivables Warranty) proves to have been untrue or incorrect in any material respect, the Originator shall within 14 days of receipt of written notice thereof from the Issuer (i) remedy such breach or (ii) repurchase and accept re-assignment of the relevant Transferred Receivable on the immediately succeeding Monthly Payment Date. The Receivables Purchase Agreement provides that if at any time after the Signing Date (or relevant Transfer Date as the case may be) the Relevant Receivables Warranty proves to have been untrue or incorrect, the Originator shall repurchase and accept re-assignment of the relevant Transferred Receivable on the immediately succeeding Monthly Payment Date.

NHG Guarantees and Municipality Guarantee

Certain of the Transferred Receivables have the benefit of an NHG Guarantee or a Municipality Guarantee. Pursuant to the terms and conditions of the NHG Guarantee and the Municipality Guarantee, the WEW or the relevant municipality, respectively, has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee or the Municipality Guarantee, as the case may be. Under or pursuant to the Receivables Purchase Agreement, the Originator warrants and represents in relation to each Receivable which is secured by an NHG Guarantee or a Municipality Guarantee that:

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

Furthermore, if a Transferred Receivable no longer has the benefit of a Municipality Guarantee or an NHG

Guarantee as a result of any action taken or omitted to be taken by the Originator, the Administrator or the Servicer, and, as a consequence thereof, such Receivable would not meet the Eligibility Criteria, if tested at that time, then the Originator is obliged under the Receivables Purchase Agreement to purchase and accept a reassignment of the relevant Receivable on the next Monthly Payment Date in accordance with the Receivables Purchase Agreement.

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

Rating of the State of The Netherlands

The rating given to the Notes by the Rating Agencies is based in part on modelling which takes into account any NHG Guarantee and Municipality Guarantee granted in connection with the Loans. NHG Guarantees and Municipality Guarantees are backed by the State of The Netherlands (see section 2.6 (Municipality/NHG Guarantee Programme) of this Prospectus). In the event that (i) the rating assigned to the State of The Netherlands is lowered by a Rating Agency, or (ii) WEW, if it has a rating assigned to it, has that rating lowered by a Rating Agency, this may result in a review by the Rating Agencies of the rating ascribed to the Notes and could potentially result in a downgrade to the rating of the Notes.

Risks that the foreclosure proceeds will be insufficient

As further described in section 2.7 (*Origination and servicing by Originator*) of this Prospectus, valuations of the Properties securing the Transferred Receivables have been obtained in the form of Valuation Reports, WOZ Value Statements or Contracts for Construction/Brochure Price.

At origination the Loans had a Loan to Foreclosure Value of up to 128%. In general, a valuation represents the analysis and opinion of the person undertaking the valuation at the time that the relevant valuation is prepared. The valuation is not a guarantee, indication or assurance of the present or future value of any relevant Property. There can be no assurance that a different person valuing any of the Properties would have arrived at the same or similar valuation attributable to the Property associated with the Transferred Receivable, even if such different person used the same approach and/or methodology to value such Property.

Also, there is a risk that the valuation amounts determined in relation to a Property, regardless of the type of valuation obtained, could be significantly higher than the actual amount recoverable from the sale of a Property under a distressed or liquidation sale. In addition, in many real estate markets property values have declined since the time that the underlying valuations were obtained. Therefore, any underlying valuations of Properties may not be a true and accurate reflection of the current market value of such Properties.

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

A.3 SERVICING; ADMINISTRATION

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

By acquiring the Transferred Receivables, the Issuer is deemed to provide consumer credit, which is a licensable activity under the Wft. The Issuer can rely on an exemption from this licence requirement, if the Issuer outsources the servicing of the Transferred Receivables and the administration thereof to an entity which is adequately licensed under the Wft to act as consumer credit provider or intermediary and which complies with certain information duties towards the Borrowers. Pursuant to the Servicing Agreement, the Issuer outsources the servicing and administration of the Transferred Receivables to the Servicer. In the Servicing Agreement, the Servicer represents and warrants that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and undertakes to comply with the information duties towards the Borrowers under or pursuant to the Wft. Furthermore, the

Servicer has covenanted that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft. If the Servicing Agreement is terminated, the Issuer will need to appoint a substitute Servicer which must be adequately licensed in order for the Issuer to keep the benefit of exemptive relief. Alternatively, the Issuer needs to obtain a licence itself. The Servicing Agreement stipulates that the Servicer may only terminate the Servicing Agreement if a substitute Servicer is appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit provider or intermediary.

If a Servicer Default occurs which is continuing, then the Issuer and/or the Trustee will be entitled to terminate the appointment of the Servicer and appoint a substitute servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering residential mortgage loans would be found who would be willing and able to service the Transferred Receivables on the terms of the Servicing Agreement. The ability of a substitute servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the ability of the Issuer to make payments under the Notes. If a Servicer ceases to be assigned at least the Minimum Servicer Rating, then the Servicer will, upon request of the Trustee, use reasonable efforts to procure that the parties to the Servicing Agreement enter into a servicing agreement with a third party in such form as the Trustee shall reasonably require.

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

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

A.4 LIQUIDITY FACILITY

On any Notes Payment Date on which amounts are due and payable by the Issuer, there is a risk that the Issuer will not have sufficient liquidity to pay such amounts. In order to mitigate this risk insofar as Liquidity Income Shortfalls are concerned, the Issuer has entered into the Liquidity Facility Agreement.

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

A.5 SWAP

Interest Rate Risk

Interest on the Loans is calculated on the basis of a variety of different rates and is set on a number of different interest fixing dates, whilst interest on the Notes is calculated on the basis of the Reference Rate set on the relevant Notes Calculation Date plus the relevant Margin. Therefore the Issuer is exposed to a potential mismatch between the interest received on the Loans and the interest due on the Notes.

Swap termination/default

In order to reduce the risk of such potential mismatch, the Issuer will enter into a swap transaction (the "**Swap Transaction**") on or about the Closing Date with the Swap Counterparty. Such Swap Transaction

shall be documented under a swap confirmation (the "**Swap Confirmation**") which is subject to a 1992 ISDA Master Agreement dated on or around the date hereof and between the Issuer, the Swap Counterparty and the Trustee (together with the schedule and credit support annex thereto and as amended from time to time, the "**Swap Agreement**").

The Swap Counterparty will be obliged to make payments under the Swap Agreement subject to the Issuer (or the Administrator acting on its behalf) making payments under the Swap Agreement. The Issuer's obligation to make payments under the Swap Agreement will be the lesser of the Issuer Actual Income and the Issuer Scheduled Income in respect of the related Notes Calculation Period (in each case less any amounts payable by the Issuer on such Notes Payment Date under paragraphs (a), (b) and (c) of the Income Priority of Payments).

In circumstances in which the Issuer Actual Income is less than the Issuer Scheduled Income for a Notes Payment Date the Swap Counterparty's swap payment for the swap payment date corresponding to such Notes Payment Date (prior to the application of netting under the Swap Agreement) shall be reduced proportionately.

To the extent that the Swap Counterparty defaults in its obligations to make payments to the Issuer in euro calculated by reference to the Reference Rate (plus the weighted average Margin of the Notes) on any date for payment by the Swap Counterparty under the Swap Transaction (each of which corresponds to a Notes Payment Date) (and to the extent that there is insufficient other Available Income), (i) for that Notes Payment Date the Issuer may not have sufficient funds to meet the interest payments due under the Notes and (ii) if the Issuer elects to terminate the Swap Transaction then, (a) to the extent that one or more comparable replacement swap transactions cannot be entered into, the Issuer will be exposed on a continuing basis to the potential mismatch between the variable rates of interest payable on the Loans and the Reference Rate plus the relevant Margin due in respect of interest on the Notes and (b) the Issuer may be required to pay a swap termination payment to the Swap Counterparty or as a result of the occurrence of the circumstances referred to in either (a) or (b) above, the Issuer may have insufficient funds to make payments due on the Notes.

The Swap Agreement will provide that, upon the occurrence of certain events (including certain tax events and events of default), the Issuer or the Swap Counterparty may terminate the Swap Transaction. In the event that the Swap Transaction is terminated, either the Issuer or the Swap Counterparty may be required to pay a swap termination payment based initially on the cost of a replacement transaction. If the Issuer is required to make such payment to the Swap Counterparty then, as a consequence, the Issuer may have insufficient funds to make payments due in respect of the Notes on an ongoing basis.

Any swap termination payment payable by the Issuer to the Swap Counterparty following termination of the Swap Transaction (other than a swap termination payment due from the Issuer to the Swap Counterparty in circumstances where the Swap Counterparty's default has given rise to the termination of the Swap Transaction (such payment being a Subordinated Swap Payment)) will rank senior in the relevant Priorities of Payments to payments by the Issuer in respect of all classes and sub-classes of the Notes. In such case, payment by the Issuer of such swap termination payment may reduce amounts available to the Issuer to pay interest and principal on the Notes.

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

Tax Event in Relation to the Swap Transaction

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If by reason of a change in tax law affecting the Swap Transaction which becomes effective on or after the Closing Date, the Issuer would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and/or the Swap Counterparty would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and is obliged to gross up its payments to the Issuer under the Swap Agreement to account for such tax, then the Swap Counterparty shall use its reasonable endeavours to appoint a substitute Swap Counterparty (or act through another office

of the Swap Counterparty) so that such deduction or gross up is no longer required. In circumstances where the Swap Counterparty is not able to make such a substitution, then the Swap Counterparty may be entitled to terminate the Swap Transaction, and, if it does so, there may be a swap termination payment to be made by the Issuer thus reducing the funds available to the Issuer to make payments in respect of the Notes. If the Issuer is required to make such payment to the Swap Counterparty then the Issuer may not have sufficient funds to make payments due in respect of the Notes and to the extent that one or more comparable replacement swap transactions cannot be entered into, the Issuer will be exposed on a continuing basis to the possible variance between the different rates payable by Borrowers on the Loans and the amount due in respect of the Notes, and the Issuer may have insufficient funds to make payments due on the Notes on an ongoing basis.

A.6 CASHFLOWS AND COMMINGLING RISK

Payments by the Borrowers under the Transferred Receivables are due on the first day of each month, interest being payable in arrears. For as long as no Notification Event has occurred, all payments made by Borrowers will be paid into the Collection Account maintained by the Originator with ING. The Collection Account is not pledged to any party and are also used for the collection of moneys paid in respect of Receivables other than the Transferred Receivables and in respect of other moneys belonging to the Originator. In respect of payments so made under the Transferred Receivables prior to a Dutch Insolvency Proceeding of the Originator, the Issuer will be an ordinary, non preferred creditor, having an insolvency claim against the Originator. In respect of post insolvency payments, the Issuer will be a creditor of the estate (*boedelschuldeiser*), and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate. There is therefore a risk that the cashflows under the Transferred Receivables through the Collection Account are interrupted by a Dutch Insolvency Proceeding of the Originator. To mitigate this risk, the Receivables Purchase Agreement provides that if the rating of the Originator falls below the minimum as determined to be applicable or agreed by Fitch, Moody's and DBRS from time to time, which as at the Closing Date in respect of its short-term debt obligations is, in the case of a rating by Fitch, F1, and in the case of a rating by Moody's P-1 and in respect of its long-term debt obligations is, in the case of a rating by Fitch, A, in the case of a rating by Moody's A1, and in the case of a rating by DBRS, BBB (High), the Originator will as soon as reasonably practicable and in any event within 14 calendar days after such assignment of rating open an escrow account in the name of the Issuer, for its own account, with a party having at least the Escrow Account Bank Required Ratings and transfer to such escrow account an amount equal to the highest monthly value of Revenue Receipts and Principal Receipts in the last 6 months. The aforementioned deposit shall not longer be required if the Originator has ensured that (i) the Borrowers shall be notified that they should immediately make their payments to the GIC Account, or into such other account as the Trustee may direct, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Notes, (ii) payments to be made with respect to amounts received on the Collection Account will be guaranteed by way of an unlimited and unconditional guarantee by a party having a rating of at least that determined to be applicable or agreed by Fitch, Moody's and DBRS from time to time, or, if (i) or (ii) is not reasonably practicable, (iii) another solution acceptable to Fitch, Moody's and DBRS has been found in order to maintain the then current rating of the Notes.

The Issuer may not have sufficient assets to pay all its creditors. In order to mitigate the risk that the Issuer becomes insolvent, the recourse (*verhaalsrecht*) of the Transaction Parties and the Noteholders is limited to the Secured Property and the Transaction Parties and the Noteholders are subjected to subordination in the Priorities of Payments and to non-petition provisions.

There is a risk that the Issuer applies funds to make payments even though it may be expected that there will be insufficient funds to redeem the Notes in full. To mitigate this risk in respect of funds that might otherwise be applied, for example, to pay interest on the Class B Notes, the Issuer (or Administrator on its behalf) is required to maintain a Principal Deficiency Ledger in which Principal Losses are administered. To the extent any amount is debited to the Principal Deficiency Ledger, (i) such debit entries in the Principal Deficiency Ledger are required to be made up before lower ranking items in the Income Priority of Payments are paid, (ii) and that amount is standing to the debit of the Class B Principal Deficiency Ledger, no Liquidity Revolving Drawing or Liquidity Standby Drawing may be made by the Issuer to pay interest on the Class B Notes and (iii) this will give rise to a Notional Principal Amount Outstanding of the Notes (as opposed to a Principal Amount Outstanding), which may result in a reduced payment by the Issuer on redemption of a class or sub-class of Notes.

A.7 GENERAL

Forecasts and Estimates

Forecasts and estimates in this Prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

Basel II risk-weighted asset framework

The regulatory capital framework published by the Basel Committee on Banking Supervision in June 2006 under the title "International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)" ("**Basel II**") forms the basis for the regulatory capital regimes in those countries which have chosen to implement it. Basel II is not self-implementing and, accordingly, the degree and timing of implementation varies from one country to another. In the European Union, the publication of Basel II was followed by changes to Directives 2006/48/EC and 2006/49/EC (together the Capital Requirements Directive).

In September 2010, the Basel Committee published certain revisions to Basel II and further changes may follow (collectively, "**Basel III**"). In addition, since May 2009 the Capital Requirements Directive has been amended on more than one occasion and further amendments have been proposed. As and when implemented, Basel III, changes to the Capital Requirements Directive and any other changes to local regulatory capital regimes may affect the amount of regulatory capital which an investor in the Notes who is subject to such a regime will be required to hold. Consequently, any such investors should consult their own advisers as to the regulatory capital implications for them of investing in the Notes. No predictions can be made as to the precise effects of the implementation of Basel III, the amendments to the Capital Requirements Directive and/or any other changes to local regulatory capital regimes on any investor or otherwise.

New Dutch legislation dealing with ailing financial institutions

On 22 May 2012 the Dutch Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*; the "**SMFI**") was passed by the Dutch parliament, giving the Dutch Minister of Finance and DNB additional powers to deal with ailing financial institutions. The SMFI is expected to come into force on 1 July 2012.

Under the SMFI, substantial new powers will be granted to DNB and the Minister of Finance enabling them to take certain measures in respect of struggling Dutch financial institutions prior to or in insolvency. These powers will allow them to take measures in respect of such a financial institution which may result in: (i) the transfer of all or part of the business (including, in the case of a bank, deposits) of the bank or insurance company to a private sector purchaser; (ii) the transfer of all or part of the business of the bank or insurance company to a "bridge entity"; (iii) the transfer of shares in the bank or insurance company to a private sector purchaser or a "bridge entity"; (iv) immediate interventions by the Minister of Finance with regard to the financial institution and (v) public ownership (nationalisation) of all or part of the business of the financial institution or of all or part of the shares or other securities issued by that financial institution. The SMFI also contains provisions prohibiting counterparties of banks and insurance companies from invoking or enforcing without the consent of DNB certain contractual rights (for example, contractual rights to terminate a contract or to demand payment, performance or security) if a counterparty attempts to invoke or enforce those contractual rights because of (contemplated or actual) action undertaken by DNB or the Minister of Finance under the SFMI or by authorities under similar foreign intervention laws.

Although the exercise of powers by DNB or the Minister of Finance under the SFMI when promulgated could not affect the transfer to the Issuer of the legal title to the Receivables by the Originator, there is a risk that the exercise of powers by DNB or the Minister of Finance could adversely affect the Issuer's right to invoke or enforce provisions of the Transaction Documents against its counterparty contracting banks and insurance companies (including ING Bank N.V. (in its various capacities) and Nationale-Nederlanden Levensverzekering Maatschappij N.V. (in its capacity as Participant)) if those counterparty contracting banks and insurance companies were the subject of intervention under the SFMI, given that the Issuer would need the consent of DNB. However, subject to applicable insolvency laws, the Issuer's right to invoke or enforce provisions of the relevant Transaction Documents against such contracting parties would

not in principle be affected by the SFMI if the exercise of those Issuer's rights is based on grounds other than the intervention by DNB or the Minister of Finance under the SFMI (for example, on the basis of a payment default or a ratings downgrade not related to or resulting from intervention pursuant to the SFMI).

Any exercise of powers, therefore, by DNB or the Minister of Finance under the SFMI when promulgated could in certain circumstances adversely affect the ability of the Issuer to fulfil its payment obligations under the Notes.

Different Capacities

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

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

The Issuer has been advised that, as a matter of Dutch law, a party is not capable of contracting with itself. However, this general principle does not apply where such party (like the Bank) is acting with other parties (such as the Trustee and the Issuer).

B. KEY FEATURES

The following description of the key features of the Notes and the transaction contemplated therein does not purport to be complete and is taken from, and is qualified in all respects by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Note or Transaction Document, the applicable terms and conditions of the Note or Transaction Document. Any decision to invest in the Notes should only be made after, without limitation, consideration of this Prospectus as a whole, including any amendment and supplement hereto.

No civil liability attaches to the Issuer for this section B. (Key Features) summary in any Member State of the European Economic Area which has implemented the Prospectus Directive solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

B.1 NOTES

Notes	The Class A Notes (€2,500,000,000 Class A1 Floating Rate Notes due 2044 and €2,500,000,000 Class A2 Floating Rate Notes due 2044), the Class A3 Notes (€3,100,000,000 Class A3 Floating Rate Notes due 2044), the Class A4 Notes (€3,221,700,000 Class A4 Floating Rate Notes due 2044) and the Class B Notes (€2,319,00,000 Class B Floating Rate Notes due 2044), to be issued on the Closing Date.
Distribution	The Notes may be distributed outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act) by way of private or public placement.
Selling Restrictions	There are selling restrictions in relation to the United States, the United Kingdom, the European Economic Area and such other restrictions as may apply in connection with the offering and sale of the Notes. See section 1.4 (<i>Subscription and Sale</i>) of this Prospectus.
Currency	The Notes will be denominated in euros.
Maturity	The Notes will mature on the Notes Final Maturity Date.
Issue Price	The issue price of the Notes is 100% of their principal amount.
Status and Ranking	<p>The Notes in each (sub)class will rank without preference or priority <i>pari passu</i> among themselves. The Notes shall have the benefit of the Security which has been granted to the Trustee as security for the Secured Obligations owed to the Trustee (including the Parallel Debt).</p> <p>The Notes represent the right to receive interest and principal payments from the Issuer in accordance with the Conditions and the Trust Deed.</p> <p>All payments of interest due on the Class A Notes will rank in priority to payments of interest due on the Class B Notes and all payments of principal due on the Class A Notes will rank in priority to payments of principal due on the Class B Notes.</p>
Note Rate	<p>The Notes will represent entitlements to payment of interest in respect of successive Notes Calculation Periods from the Closing Date at the Note Rate. The Note Rate in respect of each class of Notes is equal to the following percentages above the Reference Rate:</p> <p>up until (but excluding) the First Optional Redemption Date:</p>

- (a) for the Class A1 Notes 1.05% per annum;
- (b) for the Class A2 Notes 1.50% per annum;
- (c) for the Class A3 Notes 1.60% per annum
- (d) for the Class A4 Notes, 1.70% per annum; and
- (e) for the Class B Notes, 0% per annum;

and from (and including) the First Optional Redemption Date:

- (a) for the Class A1 Notes 2.05% per annum;
- (b) for the Class A2 Notes 2.50% per annum;
- (c) for the Class A3 Notes, 2.60% per annum;
- (d) for the Class A4 Notes, 2.70% per annum; and
- (e) for the Class B Notes, 0% per annum;

For a description of the Reference Rate, please refer to its definition in Schedule 1 (*Master Definitions Schedule*) to this Prospectus.

Interest

Interest on each Note is payable in euro at the Note Rate on the Principal Amount Outstanding of each Note. The Notes bear interest in respect of Notes Calculation Periods, payable quarterly in arrear on each Notes Payment Date. There will be a long first coupon from the Closing Date until the First Notes Payment Date, for which the Reference Rate will be referenced to the linear interpolation of five and six months EURIBOR. Interest payments shall be made on Notes Payment Dates only to the extent the Issuer has funds available for the purpose and in accordance with the relevant Priority of Payments.

Taxation

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

Form and denomination

The Notes will be issued in bearer form in the denominations of €100,000.

Each class of Notes will initially be represented by a Temporary Global Note without interest coupons or talons. Each Temporary Global Note will be deposited on or around the Closing Date with Euroclear Netherlands.

Each Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note relating to the same class, without interest coupons or talons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected until such certification of non-U.S. beneficial ownership has been received by the Paying Agent.

A Permanent Global Note is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event, subject to mandatory provisions of applicable laws and regulations, all as described in section 1.1 (*Form of Notes*) of this Prospectus. Any interest in a Global Note will be transferable only in accordance with the rules and

procedures for the time being of Euroclear Netherlands.

Limited Recourse and Non-Petition

For a description of the limited recourse and non-petition provisions, please refer to Conditions 10 (*Limited Recourse*) and 15 (*No action by Noteholders, Couponholders or any other Secured Creditors*) respectively.

Final Redemption

Unless the Notes have previously been purchased and cancelled or redeemed in full as described in Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*), the Notes will be redeemed by the Issuer on the Notes Final Maturity Date at their then Notional Principal Amount Outstanding. Any difference at such time between the Notional Principal Amount Outstanding and the Principal Amount Outstanding of such Note will not be due or payable and will be fully and finally written-off.

Mandatory Redemption in Part

Prior to the delivery of an Enforcement Notice (as defined below), the Issuer shall on each Notes Payment Date apply the Available Redemption Funds, subject to the possible application thereof towards payment of the Initial Purchase Price for the Further Advance Receivables (as defined below), if any, subject to and in accordance with the Conditions and the applicable Priority of Payments, towards redemption, at their respective Principal Amount Outstanding of (i) *firstly*, (A) up to (but excluding) the First Optional Redemption Date, the Class A1 Notes until fully redeemed and subsequently, the Class A2 Notes until fully redeemed and subsequently, the Class A3 Notes until fully redeemed and subsequently, the Class A4 Notes until fully redeemed and (B) as from (and including) the First Optional Redemption Date, *pro rata*, according to the respective amounts thereof, the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes, until fully redeemed and (ii) *secondly*, the Class B Notes.

Clean-up Call; Redemption in Whole

The Issuer must redeem all (but not some only) of the Notes in each sub-class at their Notional Principal Amount Outstanding on the second Notes Payment Date falling after the Notes Calculation Date on which the Originator exercises the Clean-up Call subject to the further provisions set out in Condition 9.6 (*Redemption - Clean-up Call*).

Prepayment Call; Optional Redemption in Whole

The Issuer may redeem all (but not some only) of the Notes in each class at their Notional Principal Amount Outstanding on any Notes Payment Date that is an Optional Redemption Date, provided that prior to giving any notice as referred to below, the Issuer shall have provided to the Trustee a certificate signed by the Issuer Director to the effect that it expects to have the funds on the relevant Notes Payment Date required to redeem the Notes pursuant to Condition 9.7 (*Optional Redemption - Prepayment Call*) and meet its payment obligations of a higher priority under the Income Priority of Payments and the Redemption Priority of Payments, subject to the further provisions set out in Condition 9.7 (*Optional Redemption - Prepayment Call*).

Optional Redemption - Tax Call

The Issuer may redeem all (but not some only) of the Notes in each class at their Notional Principal Amount Outstanding on any Notes Payment Date:

- after the date on which the Issuer is to make any payment in respect of the Notes and the Issuer would be required to make a Tax Deduction in respect of such payment; or

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

subject to the further provisions set out in Condition 9.8 (*Optional Redemption – Tax Call*).

Ratings

The Notes are expected on issue to be assigned the following ratings:

Class A Notes - AAAsf by Fitch; Aaa(sf) by Moody's; AAA(sf) by DBRS.

Class B Notes - unrated.

Listing

Application has been made to the Stock Exchange for the Notes to be admitted to trading on its regulated market.

Clearing

Euroclear Netherlands.

Governing Law

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

Principal Documents

Global Notes, Trust Deed, Receivables Pledge Agreement, Deeds of Assignment and Pledge, Deeds of Reassignment and Release, Account Pledge, Rights Pledge and Agency Agreement.

B.2 RECEIVABLES

Purchase by Issuer

Pursuant to the Receivables Purchase Agreement, the Issuer will purchase and accept assignment of Receivables from the Originator from time to time. It will purchase the Initial Portfolio on the Closing Date and may from time to time purchase Further Advance Receivables if offered to it by the Originator and on the condition that such purchase does not result in (i) a Breach of the LTV Test and (ii) a breach of the Additional Purchase Conditions.

The Purchase Price for each Transferred Receivable consists of an Initial Purchase Price and a Deferred Purchase Price. The Issuer will fund the Purchase Price from (a) the Notes proceeds and/or (b) Initial Settlement Amounts to be received from the Participants.

Further Advance Receivables are purchased by the Issuer on the condition that ING purchases a Participation in such Further Advance Receivable for an Initial Settlement Amount equal to the Gross Outstanding Principal Balance of such Further Advance Receivable. The Initial Purchase Price for any Further Advance Receivable purchased by the Issuer will be funded by, and set off against, the Initial Settlement Amount receivable from the Originator as consideration for the relevant Participation, in accordance with the terms of the Receivables Purchase Agreement.

Sale by Issuer Following (i) the exercise by the Originator of the Clean-up Call as set out in Condition 9.7 (*Redemption - Clean-up Call*) or (ii) the exercise by the Issuer of the Prepayment Call as set out in Condition 9.8 (*Optional Redemption – Prepayment Call*) or the Tax Call as set out in Condition 9.9 (*Optional Redemption – Tax Call*) the Issuer will be obliged to sell and assign all (but not some only) of the Transferred Receivables in accordance with the provisions of the Receivables Purchase Agreement.

Eligible Receivables Receivables which meet the Eligibility Criteria at the Closing Date qualify as Eligible Receivables. Each Loan to which an Eligible Receivable relates is either an Interest-Only Loan, an Annuity Loan, a Linear Loan, an Investment Loan, a Life Loan, a Savings Loan, a Hybrid Loan, a Bank Savings Loan or a Revolving Credit Loan.

Principal Transaction Documents Receivables Purchase Agreement, Deeds of Assignment and Pledge, Deeds of Reassignment and Release, Sub-Participation Agreements, Beneficiary Waiver Agreements.

B.3 SERVICING; ADMINISTRATION

Servicing and Administration In the Servicing Agreement, the Servicer undertakes to provide the Services to the Issuer in relation to the Transferred Receivables. In the Administration Agreement, the Administrator undertakes to provide the Administration Services to the Issuer

Principal Transaction Documents Servicing Agreement, Administration Agreement.

B.4 LIQUIDITY FACILITY

Liquidity Facility The Issuer has entered into the Liquidity Facility Agreement for the purpose of funding any Liquidity Income Shortfall. The Liquidity Facility is a 364 day facility. The Issuer may make Liquidity Revolving Drawings on any Notes Payment Date and Liquidity Standby Drawings in certain limited circumstances. On any Notes Payment Date, the Issuer may utilise amounts standing to the credit of the Liquidity Ledger as a result of a Liquidity Standby Drawing, to compensate any Liquidity Income Shortfall.

Principal Transaction Document Liquidity Facility Agreement.

B.5 SWAP

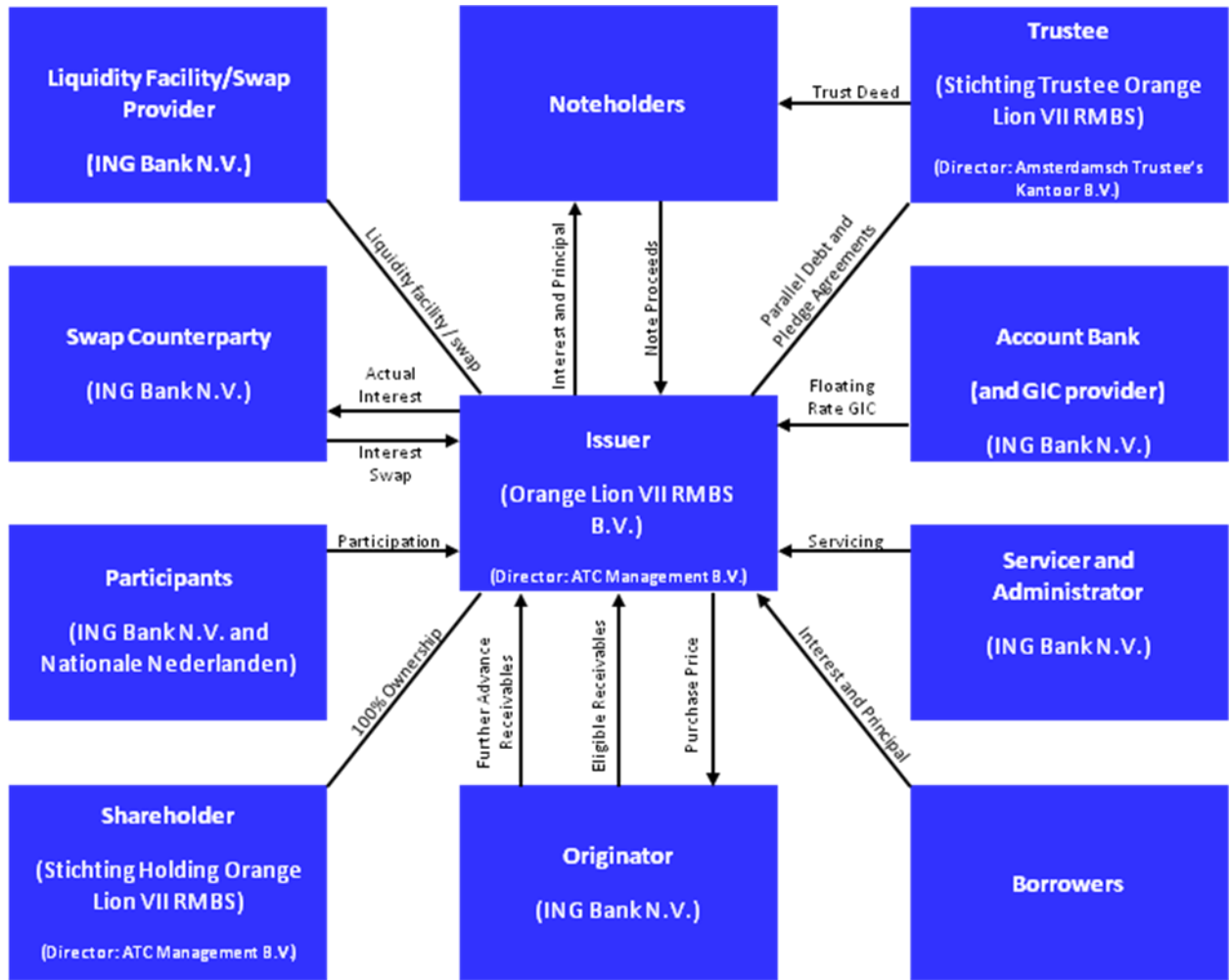
Swap Agreement Interest on the Loans is calculated on the basis of a variety of different rates and is set on a number of different interest fixing dates, whilst interest on the Notes is calculated on the basis of the Reference Rate set on the relevant Notes Calculation Date plus the relevant Margin. Therefore the Issuer is exposed to a potential mismatch between the interest received on the Loans and the interest due on the Notes. In order to reduce the risk of such mismatch, the Issuer will enter into the Swap Transaction on or about the Closing Date with the Swap Counterparty. The Swap Transaction will be documented under a Swap Confirmation which is subject to the Swap Agreement which is governed by English law.

Principal Transaction Documents Swap Agreement, Swap Confirmation.

B.6 CASHFLOWS

GIC Account Agreement:	On or before the Closing Date, the Issuer, the Account Bank, the Administrator and the Trustee will enter into the GIC Account Agreement. Under the GIC Account Agreement, the Account Bank will open and maintain the GIC Account in the name of the Issuer and provide the Issuer certain account management and cash handling services in respect of the GIC Account. The Account Bank shall pay a certain guaranteed rate of interest on all funds standing to the credit of the GIC Account. The Account Bank will also maintain the Issuer Capital Account in the name of the Issuer.
Ledgers	The Issuer (or the Administrator on its behalf) will maintain and administer the GIC Account with the following Ledgers: the Income Ledger, the Redemption Ledger, the Swap Collateral Ledger, the Swap Replacement Ledger, the Participation Ledger, the Liquidity Ledger, the Construction Ledger, the Deposit Ledger and the Capital Ledger. The Issuer (or the Administrator on its behalf) will maintain and administer the Principal Deficiency Ledger.
Priorities of Payments	Any payments by the Issuer will be made subject to, and in accordance with, the relevant Priority of Payments.
Principal Transaction Documents	Trust Deed, Administration Agreement, GIC Account Agreement.

C. STRUCTURE DIAGRAM



D. PRINCIPAL TRANSACTION PARTIES

In addition to the transaction parties identified in this Prospectus, potential investors in the Notes should consider the following list of (other) transaction parties involved in the issue of the Notes.

The following list does not purport to be complete and is qualified in all respects by the remainder of this Prospectus. The parties set out below may be replaced from time to time.

Administrator	ING Bank N.V., a public company (<i>naamloze vennootschap</i>) incorporated under the laws of The Netherlands, having its seat (<i>statutaire zetel</i>) in Amsterdam and its registered address at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33031431.
Account Bank	ING Bank N.V.
Arranger	ING Bank N.V.
Issuer	Orange Lion VII RMBS B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), incorporated under the laws of The Netherlands, having its seat (<i>statutaire zetel</i>) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 55205216.
Issuer Director	ATC Management B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), incorporated under the laws of The Netherlands, having its seat (<i>statutaire zetel</i>) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33226415.
Liquidity Facility Provider	ING Bank N.V.
Listing Agent	ING Bank N.V.
Notes Purchaser	ING Bank N.V.
Originator	ING Bank N.V.
Participants	ING Bank N.V. in relation to Bank Savings Receivables and Further Advance Receivables and Nationale-Nederlanden Levensverzekering Maatschappij N.V. in relation to Savings Receivables and Hybrid Receivables.
Paying Agent	ING Bank N.V.
Rating Agencies	Fitch Ratings Limited, a company incorporated in England and Wales under registered number 01316230, having its registered office at 30 North Colonnade, Canary Wharf, London E14 5GN, United Kingdom. Moody's Investors Service Limited, Inc, a company incorporated in England and Wales under registered number 01950192, having its registered office at One Canada Square, Canary Wharf, London, E14 5FA, United Kingdom. DBRS Ratings Limited, a company incorporated in England and Wales under registered number 07139960, having its registered office at 10 th Floor, 1 Minster Court, Mincing Lane, London, EC3R 7AA, United

	Kingdom.
Servicer	ING Bank N.V.
Swap Counterparty	ING Bank N.V.
Shareholder	Stichting Holding Orange Lion VII RMBS, a foundation (<i>stichting</i>) established under the laws of The Netherlands, having its seat (<i>statutaire zetel</i>) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 55114431 (the " Shareholder ").
Shareholder Director	ATC Management B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), incorporated under the laws of The Netherlands, having its seat (<i>statutaire zetel</i>) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33226415.
Trustee	Stichting Trustee Orange Lion VII RMBS, a foundation (<i>stichting</i>) established under the laws of The Netherlands, having its seat (<i>statutaire zetel</i>) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 55114717.
Trustee Director	Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), incorporated under the laws of The Netherlands, having its seat (<i>statutaire zetel</i>) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33001955.

1. NOTES

1.1 FORM OF THE NOTES

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

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

On and after the date (the "**Exchange Date**") which is not less than 40 days after the date on which the Temporary Global Note is issued (or the "restricted period" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Global Note, against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note is improperly withheld or refused.

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

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

In the case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, on the occurrence of an Exchange Event as described above, an exchange for Definitive Notes will only be possible in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands.

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

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

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

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

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to in the second legend paragraph above provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on the Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

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

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

1.2 TERMS AND CONDITIONS OF THE NOTES

The Conditions are attached as a Schedule to the Trust Deed and will be incorporated by reference into each Global Note and Definitive Note, in the latter case only if permitted by the Stock Exchange or other relevant authority (if any) but, if not so permitted, such Definitive Note will have the Conditions endorsed thereon or attached thereto. A copy of the Conditions is set out below. Any amendments to the Conditions will be made by way of, and in accordance with the applicable requirements for, amendments to the Trust Deed.

1. General

- 1.1 The Issuer has agreed to issue the Notes subject to the terms of the Trust Deed.
- 1.2 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders are bound by the terms of the Trust Deed, and are deemed to have notice of all the provisions of the relevant Transaction Documents.
- 1.5 Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and at the Specified Office of the Paying Agent, the initial Specified Office of which is set out below.

2. Definitions

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

3. Interpretation and Construction

Wording and expressions used in these Conditions have the constructions ascribed to them in the Master Definitions Schedule.

4. Form, Denomination and Title

- 4.1 **Form and Denomination:** The Notes are in bearer form in the denomination of €100,000 without Coupons and Talons attached. Title to the Notes will pass by delivery.
- 4.2 **Title:** Under Dutch law, the valid transfer of Notes requires, among other things, delivery (*levering*) thereof, where applicable in accordance with the Dutch Securities Giro Act. The holder of any Notes shall (except as otherwise required by law) be treated as the absolute owner of such Notes for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

5. Ranking

- 5.1 **Ranking:** The Notes in each class will at all times rank without preference or priority *pari passu* among themselves.
- 5.2 **Sole obligations:** The Notes and the Coupons are obligations solely of the Issuer and are not obligations of, or guaranteed by any of the other Transaction Parties.
- 5.3 **Interest:** Interest on the Notes shall be payable in accordance with the provisions of Condition 8 (*Interest*) and Condition 11 (*Payments*), subject to the terms of these Conditions and the terms of the Trust Deed. If on any Notes Payment Date, the Issuer has insufficient Available Income to pay all amounts then due and payable, it shall be under no obligation to pay any (default) interest or

damages or other form of compensation to Noteholders in respect of any amounts of interest that remains unpaid as a result of there being insufficient Available Income on any Notes Payment Date.

- 5.4 **Priority of Interest Payments:** Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, in each case in accordance with the applicable Priority of Payments.

If on any Notes Payment Date the Issuer has insufficient Available Income to pay all amounts then due and payable, the Available Income that is available on such date shall be applied in accordance with the applicable Priority of Payments and only if and to the extent that payments or provisions of a higher order or priority have been made in full.

- 5.5 **Priority of Principal Payments:** Payments of principal on the Class A Notes will at all times rank in priority to payments of principal on the Class B Notes, in each case in accordance with the applicable Priority of Payments.

Up to (but excluding) the First Optional Redemption Date, the holders of the Class A2 Notes will not be entitled to any repayment of principal in respect of the Class A2 Notes until the date on which the Principal Amount Outstanding of all Class A1 Notes is reduced to zero. As from that date the Principal Amount Outstanding of the Class A2 Notes will be redeemed in accordance with the provisions of Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

Up to (but excluding) the First Optional Redemption Date, the holders of the Class A3 Notes will not be entitled to any repayment of principal in respect of the Class A3 Notes until the date on which the Principal Amount Outstanding of all Class A2 Notes is reduced to zero. As from that date the Principal Amount Outstanding of the Class A3 Notes will be redeemed in accordance with the provisions of Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

Up to (but excluding) the First Optional Redemption Date, the holders of the Class A4 Notes will not be entitled to any repayment of principal in respect of the Class A4 Notes until the date on which the Principal Amount Outstanding of all Class A3 Notes is reduced to zero. As from that date the Principal Amount Outstanding of the Class A4 Notes will be redeemed in accordance with the provisions of Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

As from the First Optional Redemption Date, the holders of the Class A1 Notes, the holders of the Class A2 Notes, the holders of the Class A3 Notes and the holders of the Class A4 Notes will be, *pro rata* and *pari passu*, entitled to any repayment of principal in respect of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes.

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the holders of the Class B Notes will not be entitled to any repayment of principal in respect of the Class B Notes. As from that date the Principal Amount Outstanding of the Class B Notes will be redeemed in accordance with the provisions of Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

6. Security

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

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

- 6.3 **Enforceability:** The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 13 (*Issuer Default*) and subject to the matters referred to in Condition 14 (*Enforcement*), provided that an Enforcement Event has occurred.

7. **Issuer Covenants**

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

8. **Interest**

8.1 **Accrual of Interest:** Each Note bears interest on its Principal Amount Outstanding from the Closing Date.

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

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

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

8.3 **Day Count Fraction:** Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the applicable Day Count Fraction.

8.4 **Interest Payments:** Interest on each Note is payable in euro in arrears on each Notes Payment Date commencing on the First Notes Payment Date, in an amount equal to the Note Interest Amount in respect of such Note for the Notes Calculation Period ending on the day immediately preceding such Notes Payment Date.

8.5 **Calculation of Note Interest Amount:** Upon or as soon as practicable after each Notes Calculation Date, the Issuer shall calculate (or shall cause the Paying Agent to calculate) the Note Interest Amount payable on each Note for the related Notes Calculation Period.

8.6 **Notification:** As soon as practicable after each Notes Calculation Date, the Paying Agent will cause:

8.6.1 the Note Rate for each (sub)class for the related Notes Calculation Period;

8.6.2 the Note Interest Amount for each sub-class for the related Notes Calculation Period; and

8.6.3 the Notes Payment Date first following the related Notes Calculation Period,

to be notified to the Issuer, the Administrator, the Trustee and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange.

8.7 **Publication:** As soon as practicable after receiving each notification of the Note Rate, the Note Interest Amount and the Notes Payment Date in accordance with Condition 8.6 (*Notification*) the Issuer will cause such Note Rate and Note Interest Amount for each class and the first following Notes Payment Date to be published in accordance with the Notices Condition.

8.8 **Amendments to Publications:** The Note Rate and the Note Interest Amount for each class and the Notes Payment Date so published/notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Notes Calculation Period.

8.9 ***Determination or Calculation by Trustee:*** If the Paying Agent does not at any time for any reason determine the Note Rate or the Note Interest Amount for each class in accordance with this Condition, the Trustee may (but without any liability accruing to the Trustee as a result):

8.9.1 determine the Note Rate for each sub-class at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or

8.9.2 calculate the Note Interest Amount for each sub-class in the manner specified in this Condition,

and any such determination and/or calculation shall be deemed to have been made by the Paying Agent.

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

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

9.2 ***Mandatory Redemption in part:*** On each Notes Payment Date on which there are Available Redemption Funds the Issuer shall, subject to Condition 5.5 (*Priority of Principal Payments*):

9.2.1 redeem each Class A Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class A Note determined on the related Notes Calculation Date; and

9.2.2 redeem each Class B Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class B Note determined on the related Notes Calculation Date.

In respect of a Note of sub-class A1, A2, A3 and A4, Available Redemption Funds will be applied in accordance with this Condition 9.2 (*Mandatory Redemption in part*) up to the amount of the Notional Principal Amount Outstanding of the Note, whereupon such Note will be deemed to be redeemed in full. Any difference at such time between the Notional Principal Amount Outstanding and the Principal Amount Outstanding of such Note will not be due or payable and will be fully and finally written-off.

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

9.3.1 the aggregate of any Note Principal Payment due in relation to each sub-class on the Notes Payment Date immediately succeeding such Notes Calculation Date; and

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

9.4 ***Calculations final and binding:*** Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding and the Notional Principal Amount Outstanding of a Note of each sub-class shall in each case (in the absence of any Breach of Duty and/or manifest error) be final and binding on all persons.

9.5 ***Trustee to determine amounts in case of Issuer Default:*** If the Issuer does not at any time for any reason calculate (or cause the Administrator to calculate) any Note Principal Payment, Principal Amount Outstanding or Notional Principal Amount Outstanding in relation to any Note in accordance with this Condition, such amounts may be calculated by the Trustee (without any liability accruing to the Trustee as a result) in accordance with this Condition (based on

information supplied to it by the Issuer or the Administrator) and each such calculation shall be deemed to have been made by the Issuer.

- 9.6 **Redemption - Clean-up Call:** The Issuer must redeem all (but not some only) of the Notes in each sub-class at their Notional Principal Amount Outstanding on the second Notes Payment Date falling after the Notes Calculation Date on which the Originator exercises the Clean-up Call.

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

- 9.7 **Optional Redemption - Prepayment Call:** The Issuer may redeem all (but not some only) of the Notes in each sub-class at their Notional Principal Amount Outstanding on any Notes Payment Date that is an Optional Redemption Date, provided that prior to giving any notice as referred to below, the Issuer shall have provided to the Trustee a certificate signed by the Issuer Director to the effect that it expects to have the funds on the relevant Notes Payment Date required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Income Priority of Payments and the Redemption Priority of Payments.

In both instances, the Issuer shall give not more than 60 nor less than 14 days notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class.

- 9.8 **Optional Redemption - Tax Call:** The Issuer may redeem all (but not some only) of the Notes in each class at their Notional Principal Amount Outstanding on any Notes Payment Date:

9.8.1 after the date on which the Issuer is to make any payment in respect of the Notes and the Issuer would be required to make a Tax Deduction in respect of such payment;

9.8.2 after the date on which the Issuer would, by virtue of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law), not be entitled to Tax relief for any material amount which it is obliged to pay under the Transaction Documents; or

9.8.3 after the date of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law) which would cause the total amount payable in respect of interest in relation to the Transferred Receivables to cease to be receivable by the Issuer, including as a result of any Borrower being obliged to make a Tax Deduction in respect of any payment in relation to the relevant Transferred Receivables,

subject to the following:

9.8.4 that the Issuer has given not more than 60 nor less than 30 days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each Class; and

9.8.5 that prior to giving any such notice, the Issuer has provided to the Trustee (a) a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in The Netherlands of international repute (approved in writing by the Trustee), opining on the relevant change in Tax law, (b) a certificate signed by the Issuer Director to the effect that the obligation to make a Tax Deduction cannot be avoided and (c) a certificate signed by the Issuer Director to the effect that the Issuer expects to have the funds on the Notes Payment Date required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Income Priority of Payments and the Redemption Priority of Payments.

- 9.9 **Conclusiveness of certificates and legal opinions:** Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*) or Condition 9.9 (*Optional Redemption - Tax Call*) may be relied on by the Trustee without further investigation and shall (in the absence of any Breach of Duty and/or manifest error) be conclusive and binding on the Noteholders and on the other Secured Creditors.

- 9.10 **Notice of Calculation:** The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each sub-class to be notified immediately after calculation to the Trustee, the Paying Agent and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange and will immediately cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each class to be published in accordance with the Notices Condition by not later than three Business Days prior to each Notes Payment Date.
- 9.11 **Notice of no Note Principal Payment:** If no Note Principal Payment is due to be made on the Notes in relation to any class on any Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with the Notices Condition by not later than three Business Days prior to such Notes Payment Date.
- 9.12 **Notice irrevocable:** Any such notice as is referred to in Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*), Condition 9.9 (*Optional Redemption - Tax Call*) or Condition 9.10 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Notional Principal Amount Outstanding if effected pursuant to Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*) or Condition 9.9 (*Optional Redemption - Tax Call*) and in an amount equal to the Note Principal Payment in respect of each Note calculated as at the related Notes Calculation Date if effected pursuant to Condition 9.2 (*Mandatory Redemption in part*).
- 9.13 **Issuer may purchase Notes:** The Issuer may on any Notes Payment Date purchase Notes using Available Redemption Funds in lieu of redeeming Notes in accordance with Condition 9.2 (*Mandatory Redemption in part*), provided that all of the Notes in each class in respect of which payment of principal ranks in order of priority ahead of payment of principal in respect of the Notes to be purchased have been redeemed and/or purchased in full and, in the case of any purchase of Definitive Notes, all unmaturing Coupons and Talons appertaining thereto are attached thereto or surrendered therewith.
- 9.14 **Restrictions on purchase price:** The Issuer may not purchase any Note of a class if the purchase price for such Note (after deducting the accrued interest and expenses in relation to such purchase) would be more than the Notional Principal Amount Outstanding of such Note as at the date of purchase of such Note.
- 9.15 **Cancellation of purchased or redeemed Notes:** All Notes purchased by the Issuer or redeemed in full will be cancelled forthwith by the Issuer, together with all unmaturing Coupons and Talons appertaining thereto or surrendered therewith, and no such Notes, Coupons or Talons may be reissued or resold.

10. Limited Recourse

- 10.1 Each of the Noteholders agrees with the Issuer that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders, including, without limitation, the Principal Liabilities, are limited in recourse as set out below:
- 10.1.1 it will have a claim (*verhaalsrecht*) only in respect of the Secured Property and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its contributed capital;
- 10.1.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Secured Property whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by the Issuer in accordance with the Priorities of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- 10.1.3 upon the Trustee giving written notice to the Noteholders that it has determined in its sole opinion, and the Administrator having certified to the Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Secured Property

(whether arising from an enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the relevant Transaction Documents and the Notes, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

11. **Payments**

- 11.1 **Principal:** Payments of principal shall be made only against (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Notes, at the Specified Offices of the Paying Agent outside the United States, by transfer to an account in euro maintained by the payee with a bank in a city in which banks have access to TARGET2.
- 11.2 **Interest:** Payments of interest shall, subject to Condition 11.5 (*Payments on business days*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Offices of the Paying Agent outside the United States in the manner described in Condition 11.1 (*Principal*).
- 11.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- 11.4 **Unmatured Coupons Void:** On the due date for final redemption of any Note pursuant to Condition 9.2 (*Mandatory Redemption in part*) or early redemption of such Note pursuant to Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*), Condition 9.9 (*Optional Redemption - Tax Call*) or Condition 13 (*Issuer Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 11.5 **Payments on business days:** If any Note or Coupon is presented for payment on a day which is not a Business Day in the place of presentation, payment shall not be made on such day but on the first succeeding business day in such place and no further interest or other payment in respect of any such delay shall be due in respect of such Note or Coupon.
- 11.6 **Business Days:** In this Condition 11, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and on which TARGET2 is open.
- 11.7 **Other Interest:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Paying Agent outside the United States.
- 11.8 **Partial Payments:** If the Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, it will endorse on such Note or Coupon a statement indicating the amount and date of such payment.
- 11.9 **Exchange of Talons:** On or after the Notes Payment Date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Paying Agent for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 18 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- 11.10 **Notifications to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) and the Paying Agent or the Trustee shall (in the absence of any Breach of Duty and manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of any Breach of Duty and/or manifest error) no liability to the Trustee, the Noteholders or the Couponholders shall attach to the Reference Banks and the Paying Agent or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 11.

12. **Taxation**

- 12.1 **Payments free of Tax:** All payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Trustee or the Paying Agent (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agent (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so deducted.
- 12.2 **No payment of additional amounts:** Neither the Issuer, the Trustee nor the Paying Agent will be obliged to pay any additional amounts to the Noteholders as a result of any Tax Deduction.
- 12.3 **Taxing Jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than The Netherlands, references in these Conditions to The Netherlands shall be construed as references to The Netherlands and/or such other jurisdiction.
- 12.4 **Tax Deduction not Issuer Default:** Notwithstanding that the Issuer, the Trustee or the Paying Agent is required to make a Tax Deduction this shall not constitute an Issuer Default.

13. **Issuer Default**

- 13.1 **Issuer Default:** Subject to the other provisions of this Condition, each of the following events shall be treated as an Issuer Default:
- 13.1.1 **Non-payment:** the Issuer fails to pay any amount of principal or interest in respect of the Notes within 7 or 14 days, respectively, of the due date for such payment;
- 13.1.2 **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of (x) the Transaction Documents to which the Issuer is a party, (y) the Notes or (z) the Issuer Covenants and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days after the Trustee has given written notice of such default to the Issuer;
- 13.1.3 **Insolvency Events:**
- (a) a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets which has not been discharged or released within a period of thirty (30) days;
 - (b) an order is made by any competent court or other authority or a resolution is passed for the dissolution (*ontbinding*) or winding-up of the Issuer or for the appointment of a liquidator (*curator*), administrator (*bewindvoerder*) or other similar officer of the Issuer or of all or substantially all of its assets;
 - (c) an assignment occurs for the benefit of, or the entering into of any general assignment (*akkoord*) with, the Issuer's creditors; or
 - (d) Insolvency Proceedings are imposed on the Issuer;
- 13.1.4 **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which the Issuer is a party.
- 13.2 **Delivery of Enforcement Notice:** If an Issuer Default occurs and is continuing, the Trustee may at its discretion and shall:
- 13.2.1 if so requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or
- 13.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of outstanding Notes;
- deliver an Enforcement Notice to the Issuer.

13.3 **Conditions to delivery of Enforcement Notice:** Notwithstanding Condition 13.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless:

13.3.1 in the case of the occurrence of any of the events mentioned in Condition 13.1.2 (*Breach of other obligations*), the Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders; and

13.3.2 it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.4 **Consequences of delivery of Enforcement Notice:** Upon the delivery of an Enforcement Notice, the Notes of each class shall become immediately due and payable without further action or formality at their Notional Principal Amount Outstanding.

14. **Enforcement**

14.1 **Proceedings:** If at any time an Event of Default occurs and an Enforcement Notice has been delivered pursuant to Condition 13 (*Issuer Default*), the Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each class and under the other relevant Transaction Documents, but it shall not be bound to do so unless:

14.1.1 so requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes; or

14.1.2 so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes,

and in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

14.2 **Directions to the Trustee:** If the Trustee shall take any action described in Condition 14.1 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, provided that so long as any of the Most Senior Class of Notes are outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other class of Notes unless:

14.2.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the classes of Notes ranking senior to such other class; or

14.2.2 (if the Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Notes ranking senior to such other class.

15. **No action by Noteholders, Couponholders or any other Secured Creditor**

15.1 Only the Trustee may pursue the remedies available under the general law or under the relevant Transaction Documents to enforce the Security and no Noteholder, Couponholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security. In particular, none of the Noteholders and Couponholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

15.1.1 otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;

15.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders and Couponholders or any other Secured Creditors;

15.1.3 until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any Insolvency Proceeding in relation to the Issuer; or

15.1.4 to take or join in the taking of any steps or proceedings which would result in the Priorities of Payments not being observed.

16. **Meetings of Noteholders**

16.1 **Convening:** The Trust Deed contains "*Provisions for Meetings of Noteholders*" for convening separate or combined meetings of Noteholders of any class to consider matters relating to the Notes, including the modification of any provision of the Trust Deed (including these Conditions attached thereto).

16.2 **Separate and combined meetings:** The Trust Deed provides that:

16.2.1 an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;

16.2.2 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interests between the Noteholders of one class of Notes and the holders of another class of Notes shall be transacted either at separate meetings of the Noteholders of each such class or at a single meeting of the Noteholders of all such classes of Notes as the Trustee shall determine in its absolute discretion; and

16.2.3 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each such class.

16.3 **Request from Noteholders:** A meeting of Noteholders of a particular class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than 10% of the aggregate Principal Amount Outstanding of the outstanding Notes of that class.

16.4 **Quorum:** The quorum at any meeting convened to vote on:

16.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular class or classes of the Notes will be two or more persons holding or representing a majority of the Principal Amount Outstanding of the outstanding Notes in that class or those classes or, at any adjourned meeting, two or more persons being or representing Noteholders of that class or those classes, whatever the Principal Amount Outstanding of the outstanding Notes so held or represented in such class or classes; and

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

16.5 **Relationship between classes:** In relation to each class of Notes:

16.5.1 no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);

16.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes unless the Trustee considers that the holders of the Most Senior Class of Notes would not be materially prejudiced by the absence of such sanction; and

- 16.5.3 any resolution passed at a Meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such Meeting and whether or not voting and upon all Couponholders of such class or classes and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes and the holders of the Coupons relating thereto.
- 16.6 **Resolutions in writing:** A Written Resolution shall take effect as if it were an Extraordinary Resolution.
17. **Modification and Waiver**
- 17.1 **Modification:**
- 17.1.1 The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor, concur with the Issuer and any other relevant parties in making:
- (i) any modification to these Conditions, the relevant Transaction Documents (other than in respect of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Rating Agency Confirmation is obtained; or
 - (ii) any modification to these Conditions, the relevant Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification.
- 17.1.2 The Trustee may at any time concur with the Issuer or any other relevant party in making any modification to these Conditions, the relevant Transaction Documents or the Notes (including, without limitation, with respect to a Reserved Matter), based on the approval given by the Noteholders by way of (i) a resolution passed at a Meeting duly convened and held in accordance with the Trust Deed or (ii) a Written Resolution.
- 17.2 **Waiver:** In addition, the Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the relevant Transaction Documents or the Notes (including an Issuer Default) if, in the opinion of the Trustee, the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver.
- 17.3 **Restriction on power to waive:** The Trustee shall not exercise any powers conferred upon it by Condition 17.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or of a request or direction in writing made by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Most Senior Class of Notes, but so that no such direction or request shall affect (a) any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each class of outstanding Notes have, by Extraordinary Resolution, so authorised its exercise.
- 17.4 **Notification:** Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders, the other Secured Creditors and the Rating Agencies in accordance with the Notices Condition and the relevant Transaction Documents, as soon as practicable after it has been made.
- 17.5 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 17.1 (*Modification*) or Condition 17.2 (*Waiver*) shall be binding on the Noteholders, Couponholders and the other Secured Creditors.

18. **Prescription**

- 18.1 **Principal:** Claims for principal in respect of Notes shall become void unless the relevant Notes are presented for payment and surrendered within 5 years of the appropriate Relevant Date.
- 18.2 **Interest:** Claims for interest in respect of Notes, shall become void unless the relevant Coupons are presented for payment and surrendered within 5 years of the appropriate Relevant Date.

19. **Replacement of Notes and Coupons**

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

20. **Trustee and Paying Agent**

- 20.1 **Trustee's right to Indemnity:** Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.
- 20.2 **Trustee not responsible for loss or for monitoring:** The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Secured Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Administrator or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their respective obligations under the Transaction Documents.
- 20.3 **Appointment and Removal of Director of the Trustee:** The power of appointing a new director of the Trustee shall be vested in the board of directors of the Trustee, but the Management Agreement (Trustee) provides that no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in accordance with the Trust Deed. Any appointment of a new director of the Trustee shall as soon as practicable thereafter be notified by the Issuer to the Paying Agent, the Rating Agencies and the Noteholders. The holders of the Most Senior Class of Notes then outstanding shall together have the power, exercisable by Extraordinary Resolution to remove any director of the Trustee. Pursuant to the Trust Deed, the removal of any director of the Trustee shall not be effected unless either another existing director of the Trustee remains in office after such removal or a new director of the Trustee has been duly appointed.
- 20.4 **Regard to classes of Noteholders:** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will:
- 20.4.1 have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
- 20.4.2 have regard only to the holders of the Most Senior Class of outstanding Notes and will not have regard to any lower ranking class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Enforcement Priority of Payments.
- 20.5 **Paying Agent solely agent of Issuer:** In acting under the Agency Agreement and in connection with the Notes, Coupons or Talons, the Paying Agent acts solely as agent of the Issuer and (to the extent provided therein) the Trustee and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

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

ING Bank N.V.
Amstelveenseweg 500
1081 KL Amsterdam
The Netherlands

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

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

20.7.1 maintain a Paying Agent;

20.7.2 ensure that, so long as the Notes are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a Specified Office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange; and

20.7.3 ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

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

21. Notices

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

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

21.1.2 on the Relevant Screen.

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

21.2 **Date of publication:** Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on the Relevant Screen (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

21.3 **Other Methods:** The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the Stock Exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

21.4 ***Couponholders deemed to have notice:*** The Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

21.5 ***Notices to Stock Exchange and Rating Agencies:*** A copy of each notice given in accordance with this Condition 21 (*Notices*) shall be provided to the Rating Agencies and, for so long as the Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, to the Stock Exchange.

22. **Governing Law and Jurisdiction**

22.1 ***Governing law:*** The Transaction Documents and the Notes are governed by, and shall be construed in accordance with, Dutch law other than the Swap Agreement, which is governed by, and shall be construed in accordance with, English law.

22.2 ***Jurisdiction:*** In relation to any legal action or proceedings arising out of or in connection with the Notes, Coupons or Talons, the Issuer irrevocably submits to the jurisdiction of the court of first instance (*rechtbank*) in Amsterdam, The Netherlands. This submission is made for the exclusive benefit of the Noteholders and the Trustee and shall not affect their right to take such action or bring such proceedings in any other court of competent jurisdiction. The Issuer has in each of the Transaction Documents (including the Swap Agreement) to which the Issuer is a party irrevocably submitted to the jurisdiction of such court.

ANNEX 1 TO CONDITIONS

MASTER DEFINITIONS SCHEDULE

[The Master Definitions Schedule appears at the back of this Prospectus as Schedule 1]

[Remainder of page intentionally left blank.]

1.3 TAXATION IN THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note or Coupon, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

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

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note.

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

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

1. WITHHOLDING TAX

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

2. TAXES ON INCOME AND CAPITAL GAINS

Residents

Resident entities

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at rates up to 25%.

Resident individuals

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52% if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

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

Non-residents

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. GIFT AND INHERITANCE TAXES

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

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. Value Added Tax

The issuance or transfer of a Note, and payments of interest and principal under a Note, will not be subject to value added tax in The Netherlands.

5. Other Taxes and Duties

The subscription, issue, placement, allotment, delivery or transfer of a Note will not be subject to registration tax, stamp duty or any other similar tax or duty payable in The Netherlands.

6. Residence

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

7. EU Council Directive on Taxation of Savings Income

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

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

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

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

1.4 SUBSCRIPTION AND SALE

The Notes Purchaser has, in a notes purchase agreement dated 12 June 2012 and made between the Issuer, the Originator, the Arranger and the Notes Purchaser upon the terms and subject to the conditions contained therein, agreed to subscribe the Notes at their stated issue price. The Issuer has also agreed to reimburse the Notes Purchaser for certain of its expenses incurred in connection with the management of the issue of the Notes. The Notes Purchaser is entitled in certain circumstances to be released and discharged from its obligations under the Notes Purchase Agreement prior to the closing of the issue of the Notes.

United Kingdom

Each of the Issuer and the Notes Purchaser has represented, warranted and undertaken that:

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

United States of America

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

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

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

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

European Economic Area

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

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the manager nominated by the Issuer for any such offer; or

- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the Issuer or the Notes Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, 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 includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Capital Requirements Directive

The Originator has in the Notes Purchase Agreement undertaken to the Arranger that the Originator will at all times comply with the requirements of Article 122a of the Capital Requirements Directive. The Originator has specifically undertaken that it will at all times retain a material net economic interest of not less than five per cent. in the Securitisation in accordance with the requirements of the Capital Requirements Directive. As at the Closing Date, such material net economic interest will be held in accordance with Article 122a paragraph (1) sub-paragraph (d) of the Capital Requirements Directive and will comprise of the entire interest in the first loss tranche of the Securitisation (held through the Class B Notes). The Originator has further undertaken that any intended or actual change in, or the manner in which, its interest in the first loss tranche is held will be made in accordance with Article 122a of the Capital Requirements Directive and will be notified by the Originator to the Issuer.

In addition to the information set out herein and forming part of this Prospectus, the Originator has undertaken to the Arranger to make available to Noteholders all materially relevant data required to ensure that the Originator complies with the requirements of Article 122a paragraph (7) of the Capital Requirements Directive upon request.

After the Closing Date, the Issuer will prepare quarterly investor reports wherein relevant information with regard to the Loans and Transferred Receivables will be disclosed publicly together with a confirmation by the Originator of its compliance with the requirements of Article 122a of the Capital Requirements Directive, including, confirmation of the retention of the material net economic interest in the Securitisation by the Originator.

General

Each of the Issuer and the Notes Purchaser has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer, the Originator and the Notes Purchaser to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or process, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

None of the Issuer, the Originator, the Trustee or the Notes Purchaser has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

1.5 USE OF PROCEEDS

The proceeds of the Notes to be issued on the Closing Date amount to €13,640,700,000.

The net proceeds of the issue of the Notes will be applied by the Issuer on the Closing Date to pay part of the Initial Purchase Price for the Initial Portfolio purchased by the Issuer under the Receivables Purchase Agreement on the Closing Date.

The Issuer will be entitled to receive an amount of €184,750,397.76 as consideration for the Participations granted to the Participants in the Participation Receivables forming part of the Initial Portfolio on the Closing Date. The Issuer will apply the proceeds of such Participations to pay part of the Initial Purchase Price for the Issuer under the Receivables Purchase Agreement on the Closing Date.

In addition, an amount of €25,609,287.95 of the Initial Purchase Price will be withheld by the Issuer and credited to the Construction Ledger in order to reflect those parts of the Loans comprising Construction Deposits.

1.6 ISSUER

Introduction

The issuer of the Notes is Orange Lion VII RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce (*Kamer van Koophandel*) in Amsterdam, The Netherlands under number 55205216. The telephone number of the Issuer is +31 20 577 1177.

The Issuer has been incorporated as a special purpose vehicle for the purpose of purchasing the Transferred Receivables and issuing the Notes.

Principal Activities

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

- (a) to raise funds through, without limitation, borrowing under loan agreements, issuing notes or other debt instruments, entering into financial derivatives or otherwise;
- (b) to invest and put out funds obtained by the Issuer in, without limitation, (interests in) loans, bonds, debt instruments and other evidences of indebtedness, shares, warrants, other securities and financial derivatives;
- (c) to enter into swap agreements, agency agreements, trust deeds, servicing agreements and any other type of agreement or structure necessary to facilitate the issuance of residential mortgage backed securities or similar transactions or programmes in the broadest sense of the term;
- (d) to grant security for the Issuer's obligations and debts;
- (e) to obtain, to hold, to transfer, encumber and otherwise dispose of assets whether or not embodied in securities or bonds and to exercise all accessory and ancillary rights connected thereto; and
- (f) to enter into agreements, including, but not limited to, bank accounts, securities, administration, custody and asset management agreements in connection with the objects mentioned under (a) through (e) above.

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

Issuer Share Capital

The Issuer has an authorised share capital of euro 18,000 which has been issued in full and is fully paid. The authorised share capital is divided into one hundred and eighty (180) ordinary shares with a nominal value of one hundred euros (€100) each, numbered 1 up to and including 180. All shares of the Issuer are registered shares and are held by the Shareholder.

The Shareholder is a foundation (*stichting*) established under the laws of The Netherlands on 16 April 2012. The objects of the Shareholder are, amongst other things, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares.

Directors

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

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

Name	Business Address	Business Occupation
ATC Management B.V.	Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands	Corporate Services Provider

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

Audit Committee

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

Financial Statements

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer, when published, can be obtained at the specified offices of the Paying Agent during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2012. The annual financial statements of the Issuer will be audited. The Issuer will not prepare interim financial statements.

Capitalisation

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

Share Capital

Authorised Share Capital: EUR 18,000

Issued Share Capital: EUR 18,000

Borrowings and Initial Sub-Participations

Class A Notes: EUR 11,321,700,000

Class B Notes: EUR 2,319,000,000

Initial Sub-Participations: EUR 184,750,397.76

Issuer covenants

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

- (a) carry on any business or enter into any documents;

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

1.7 TRUSTEE

Introduction

The Trustee under the Trust Deed is Stichting Trustee Orange Lion VII RMBS, a foundation (*stichting*) established under the laws of The Netherlands on 16 April 2012. It has its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and is registered with the Commercial Register of the Chamber of Commerce of Amsterdam, The Netherlands under number 55114717.

Principal Activities

The objects of the Trustee are (a) to act as agent and/or trustee in favour of holders of notes issued by Orange Lion VII RMBS B.V. as well as other creditors of Orange Lion VII RMBS B.V.; (b) to obtain security rights as agent and/or trustee and/or for itself; (c) to perform (legal) acts including accepting the parallel debt of Orange Lion VII RMBS B.V. in order to hold the security rights referred to under (b); (d) to manage, hold and enforce the security rights mentioned under (b); (e) to borrow or raise money and (f) to perform any and all acts which are related, incidental or which may be conducive to the above.

Directors

The sole director of the Trustee is Amsterdamsch Trustee's Kantoor B.V. having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are Mr Dirk Peter Stolp and Mrs Fleur Eugénie Marie Kuijpers.

1.8 SECURITY

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

Pursuant to the provisions of the Common Terms regarding the authorisation to acknowledge the Parallel Debt and Condition 6.2 (*Parallel Debt*), the Secured Creditors and the Noteholders, respectively, have acknowledged or are deemed to have acknowledged the Parallel Debt.

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

- (a) pursuant to the Receivables Pledge Agreement, a first ranking non-disclosed right of pledge (*stil pandrecht*) over the Transferred Receivables. The right of pledge created pursuant to the Receivables Pledge Agreement will not be notified to the Borrowers except upon the occurrence of a Notification Event, in which circumstances the Trustee is authorised to serve (or may require the Issuer to serve) notice of the right of pledge on the relevant Borrowers and Insurers other than the Relevant Insurer, as the debtors of the Transferred Receivables. Notification of the right of pledge to the Relevant Insurer will take place through the Beneficiary Waiver Agreement executed on or around the Closing Date and each subsequent Deed of Pledge. Upon notification of the right of pledge and the assignment of the relevant Transferred Receivables, only the Trustee is entitled to receive payment under the pledged Transferred Receivables;
- (b) pursuant to the Account Pledge, a first ranking disclosed right of pledge (*openbaar pandrecht*) over the Account Rights is created. The right of pledge created pursuant to the Account Pledge has been notified to the Account Bank through a notification letter; and
- (c) pursuant to the Rights Pledge, a first ranking disclosed right of pledge over the Rights is created. The right of pledge created pursuant to the Rights Pledge has been notified to the Transaction Parties through the provisions of the Common Terms regarding notification of the rights pledge.

Upon the occurrence of an Enforcement Event, the Trustee will be entitled to enforce the Security and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction and the Conditions and the relevant Transaction Documents.

2. RECEIVABLES

2.1 PURCHASE BY ISSUER

In the Receivables Purchase Agreement the Originator has agreed to sell and assign, and the Issuer has agreed to purchase and accept assignment of, Eligible Receivables and Further Advance Receivables from time to time. The Receivables will be assigned by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the Originator and the Issuer of a Deed of Assignment and either (i) registering that deed with the Dutch tax authorities (*Belastingdienst*) or (ii) ensuring such execution is before a civil law notary. Notification (*mededeling*) to the Borrowers or any Insurer other than the Relevant Insurer of the assignment may, at the option of the Issuer or the Trustee, only take place if a Notification Event occurs. Notification to the Relevant Insurer will take place through the Beneficiary Waiver Agreement executed on or around the Closing Date and each subsequent Deed of Assignment. Following receipt by the Borrowers or Insurers, as the case may be, of notification of the assignment, only payment to the Issuer will discharge a Borrower's or an Insurer's obligations under the relevant Transferred Receivable, subject to the rights of the Trustee as pledgee. The purchase price for the Transferred Receivables shall consist of:

- (a) an Initial Purchase Price for each Receivable equal to the Gross Outstanding Principal Balance of such Receivable as at the relevant Cut-off Date; and
- (b) a Deferred Purchase Price which is not calculated on a Receivable by Receivable basis but for all Transferred Receivables together and which is equal to the aggregate Deferred Purchase Price Instalments.

Each Initial Purchase Price is payable on the relevant Transfer Date, save to the extent the relevant Receivable relates to a Construction Deposit, in which case the Issuer may withhold the equivalent of such Construction Deposit as at the relevant Cut-off Date and credit the same to the Construction Ledger. Amounts credited to the Construction Ledger will be applied as described in section 5.2 (*Ledgers*) of this Prospectus. Each Deferred Purchase Price Instalment is payable in accordance with the relevant Priority of Payments.

The Issuer is entitled to all proceeds relating to a Transferred Receivable to the extent relating to the period starting on the relevant Transfer Date or, if it concerns principal proceeds, the period starting on the relevant Cut-off Date.

Purchase of Initial Portfolio

On the Closing Date, the Originator will sell and assign to the Issuer the Initial Portfolio. The Initial Purchase Price for the Initial Portfolio is €13,825,409,616.29, being the equivalent of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the relevant Cut-off Date.

The Initial Purchase Price for the Initial Portfolio will be funded by the Issuer from the net proceeds of the issue of the Notes and the aggregate Initial Settlement Amounts to be received from the Participants in relation to the Initial Portfolio.

Purchases of Further Advance Receivables

In the Receivables Purchase Agreement the Originator covenants, among other things, that if it makes any Further Advance under any Loan Agreement relating to a Transferred Receivable, then on the first following Monthly Payment Date the Originator (1) will offer such Further Advance Receivable for sale and assignment to the Issuer and (2) procure that ING as Participant purchases a Participation in such Further Advance Receivable for an Initial Settlement Amount equal to the Gross Outstanding Principal Balance of such Further Advance Receivable. The Issuer is obliged to accept each such offer of Further Advance Receivables, on the condition that the purchase of such Further Advance Receivable does not result in a Breach of the LTV Test or in a breach of any of the Additional Purchase Conditions. If the purchase of such Further Advance Receivable would, if completed, result in a Breach of the LTV Test or in a breach of any of the Additional Purchase Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable and will instead be obliged to sell, and the Originator will be obliged to repurchase and accept reassignment of, all Transferred Receivables relating to the Loan in respect of which the relevant Further Advance was granted.

The Initial Purchase Price for any Further Advance Receivable purchased by the Issuer will be funded by, and set off against, the Initial Settlement Amount receivable from the Originator as consideration for the relevant Participation, in accordance with the terms of the Receivables Purchase Agreement.

Originator's Representations and Warranties

Neither the Issuer nor the Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Transferred Receivables. Instead, each is relying entirely on the Representations and Warranties by the Originator contained in the Receivables Purchase Agreement. The parties to the Receivables Purchase Agreement may, subject to the prior written consent of the Trustee and after having received Rating Agency Confirmation, amend the Representations and Warranties. The Receivables Warranties are as follows and are given on the Closing Date by the Originator in respect of the Receivables forming part of the Initial Portfolio to be transferred by it to the Issuer:

- (i) each Receivable is an Eligible Receivable;
- (ii) the particulars of the Eligible Receivables set out in annex 1 to the Deed of Assignment relating to the Closing Date, are true, complete and accurate in all material respects and the Gross Outstanding Principal Balance in respect of each Receivable as at the Cut-off Date relating to the Closing Date is correctly stated in annex 1 to the Deed of Assignment relating to the Closing Date;
- (iii) the Originator has not created, agreed to create or permitted to subsist any limited right (*bepert recht*) on, or right of set-off pertaining to, any Collection Account or rights or receivables pertaining thereto;
- (iv) the Relevant Receivables Warranty; and
- (v) prior to (but not earlier than a Reasonable Prudent Lender would deem acceptable) making the Initial Advance under each Loan Agreement, the Originator complied with its obligations under the Dutch Identification Act (*Wet Identificatie bij Dienstverlening*) or the Dutch Act on the Notification of Unusual Transactions (*Wet Melding Ongebruikelijke Transacties*) (as amended and supplemented from time to time and currently referred to as the Dutch Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*)) together with any other ancillary regulatory requirements, including but not limited to any requirements of the AFM, in connection with the origination of each Eligible Receivable.

Additional Purchase Conditions

The purchase by the Issuer of any Further Advance Receivables will be subject to a number of conditions (the "**Additional Purchase Conditions**"), which include that at the relevant date of completion of the sale and purchase of such Further Advance Receivables:

- (i) the Originator will represent and warrant to the Issuer and the Trustee the matters specified in (i) up to and including (v) as listed above under "*Originator's Representations and Warranties* " in respect of such Further Advance Receivable (except that sub-paragraph 14 of paragraph (A) (*General*) of the Eligibility Criteria does not apply to such Receivable);
- (ii) no Notification Event has occurred and is continuing;
- (iii) there has been no failure by the Originator to repurchase any Receivable which it is required to repurchase pursuant to the Receivables Purchase Agreement;
- (iv) all receivables with a higher ranking than the Further Advance Receivable are owned by the Issuer;
- (v) the purchase price for the Further Advance Receivable will be set-off against the Initial Settlement Amount in accordance with the provisions of the Receivables Purchase Agreement;
- (vi) the Further Advance relates to a Transferred Receivable; and
- (vii) the aggregate outstanding principal amount of the Further Advance Receivables sold and assigned by the Originator to the Issuer during the immediately preceding 12 calendar months does not

exceed 1.00 per cent. of the aggregate outstanding principal amount of all Transferred Receivables as at the first day of such 12 month period.

Downgrade of Originator

The Receivables Purchase Agreement provides that in the event that, and for as long as, the debt obligations of the Originator are assigned a direct or indirect rating below, in the case of a rating by Fitch, F1 (short-term) and A (long-term), and, in the case of a rating by Moody's of P-1 or in the case of a rating by DBRS, BBB (High) (or that determined to be applicable or agreed by Fitch, Moody's or DBRS, as the case may be, from time to time), the Originator will within 14 calendar days of such assignment of rating post collateral to cover the risk that a Borrower invokes set-off in respect of any cash deposit (other than in relation to Bank Savings Receivables) it has with the Originator. Such collateral will be posted by transferring an amount equal to the Deposit Required Amount to the GIC Account for further credit to the Deposit Ledger, and where applicable replenishing such Deposit Ledger up to the Deposit Required Amount from time to time. Each time when and to the extent that a Borrower invokes set-off in respect of any amount up to its cash deposit (other than in relation to Bank Savings Receivables) against any amount it owes under, pursuant to or in connection with a Transferred Receivable, the Issuer shall debit the Deposit Ledger for an amount equal to the amount in respect of which set-off is so invoked and apply such amount, to the extent related to (i) interest, to the Income Ledger for addition to the Revenue Receipts made in the immediately preceding Monthly Calculation Period or (ii) principal, to the Redemption Ledger for addition to the Principal Receipts made in the immediately preceding Monthly Calculation Period, in accordance with the Administration Agreement. The amount deposited by the Originator as collateral will be repaid to the Originator each time when and to the extent that the Deposit Required Amount is decreased and there is a surplus standing to the credit of the Deposit Ledger over the new Deposit Required Amount, and to the extent not repaid at such time, on the Notes Final Maturity Date.

Intercreditor arrangements

The Receivables Purchase Agreement provides that if a Borrower invokes set-off in respect of any amount he owes under, pursuant to or in connection with a Transferred Receivable against any amount he is entitled to receive from the Originator, then the Originator shall forthwith pay to the Issuer an amount equal to the amount in respect of which set-off is so invoked.

In the Receivables Purchase Agreement, the following intercreditor arrangement is agreed between the Originator, the Issuer and the Trustee. If:

- (i) and to the extent that any Related Security secures both a Transferred Receivable and any Residual Claim, the Originator and the Issuer have agreed that the Issuer shall have, and the Originator has granted the Issuer, exclusive authority to perform all acts of management (*beheer*) and/or disposal (*beschikking*) pertaining to such Related Security and in any event, without prejudice to the generality of the foregoing, to:
 - (a) foreclose (*uitwinnen*) on such Related Security without any involvement of the Originator; and
 - (b) apply the foreclosure proceeds in payment of the Transferred Receivable such that only the remaining proceeds (if any) will be available for application in payment of the Residual Claim,

provided that (i) for as long as no Notification Event has occurred, the Issuer has agreed to delegate such authority to the Originator, and (ii) such authority shall not be vested in the Issuer but in the Originator if the Originator can prove that such Related Security was specifically created to secure the Residual Claim and was not intended to secure the Transferred Receivable;

- (ii) paragraph (i) above is not effective to procure compliance therewith by the Originator (or its liquidator in any Insolvency Proceedings), the Originator will owe the Issuer an amount equal to its share in the foreclosure proceeds of each relevant Related Security, which amount shall be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Transferred Receivable or the Residual Claim(s) such Borrower owes to the Originator, provided that the Issuer's recourse to the Originator in relation to any Related Security is limited to the Originator's share in the foreclosure proceeds of such Related Security;

- (iii) (A) in case any of the Originator's credit ratings ceases to be at least the Minimum Short-term Ratings and the Originator does not regain such Minimum Short-term Ratings on the date falling one month after the date of such downgrade, or (B) in case any of the Originator's credit ratings ceases to be at least the Minimum Long-term Trigger Ratings or any such rating is withdrawn, unless in both cases an appropriate remedy to the satisfaction of the Trustee is found after having received Rating Agency Confirmation, then the Originator has agreed to forthwith, and in any event within ten Business Days after the occurrence of such downgrade or withdrawal, grant to the Issuer a right of pledge on its Residual Claims as security for the payment of the relevant amount it owes to the Issuer pursuant to paragraph (ii) above. If, after the pledge of the Residual Claims, the Originator regains a credit rating from each of the Rating Agencies of at least the Minimum Short-term Ratings and retains such Minimum Short-term Ratings for a consecutive period of at least one month or such other period as may be agreed with the Rating Agencies from time to time, the Issuer and the Trustee will be obliged to release the rights of pledge vested on the Residual Claims. In addition, each of the Issuer and the Trustee has undertaken to release such right of pledge on any Residual Claims of a Borrower if (i) the principal amount outstanding in respect of the relevant Transferred Receivable has been repaid in full together with all accrued interest and other secured amounts due under or in connection with the related Loan or (ii) if all Transferred Receivables that are secured by the same Related Security as such Residual Claims have been retransferred to the Originator in accordance with the terms of the Receivables Purchase Agreement;
- (iv) the pledge pursuant to paragraph (iii) above is implemented, any foreclosure proceeds are applied in discharge of amounts due pursuant to paragraph (ii) above and the Related Security is no longer in place or, as reasonably determined by the Issuer and the Trustee, no longer expected to generate any proceeds, the Issuer will retransfer to the Originator a part of (the unsatisfied part of) the relevant Transferred Receivable for a principal amount corresponding to the principal amount of the pledged Residual Claims so applied;
- (v) the Issuer transfers a Transferred Receivable in accordance with the Receivables Purchase Agreement to any transferee other than the Originator, it is entitled to transfer its corresponding rights and obligations pursuant to Clause 12 (*Intercreditor Arrangements*) of the Receivables Purchase Agreement to such transferee and the Originator has in advance irrevocably granted its cooperation to any such transfer (within the meaning of article 6:159 of the Dutch Civil Code); and
- (vi) the Originator transfers a Residual Claim to any transferee it will simultaneously transfer its corresponding rights and obligations pursuant to Clause 12 (*Intercreditor Arrangements*) of the Receivables Purchase Agreement to such transferee and will notify the Issuer and the Trustee of such transfer, and the Issuer has in advance irrevocably agreed to co-operate with any such transfer (within the meaning of article 6:159 of the Dutch Civil Code), and in addition, the Originator will ensure that upon such transfer the relevant transferee (other than any transferee that is a member of the ING Group) shall immediately pledge to the Issuer such Residual Claims if such transferee's credit ratings are less than the Minimum Short-term Ratings or Minimum Long-term Trigger Ratings (whereby any reference in such definitions to the Originator is, for the purpose hereof, deemed to be a reference to such transferee) or if such transferee does not have any long-term credit rating assigned to it. The Originator has warranted and represented that it has not transferred any Residual Claims to any party prior to the relevant Transfer Date on which the Transferred Receivable that is secured by the same Related Security is transferred to the Issuer in accordance with the terms of the Receivables Purchase Agreement.

2.2 SALE BY ISSUER

After the Closing Date the Issuer may from time to time sell Transferred Receivables, either to the Originator or to third parties, as described in more detail below.

The purchase price for each Transferred Receivable so sold to the Originator or to a third party (other than in connection with a redemption of Notes pursuant to Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*) or Condition 9.9 (*Optional Redemption - Tax Call*) or in connection with a Relevant Mandatory Repurchase) shall be an amount equal to at least the relevant Gross Outstanding Principal Balance of such Transferred Receivable increased with Accrued Interest and Arrears of Interest, all as at the relevant Cut-off Date, provided that with respect to a Transferred Receivable that has Arrears of Interest for a period exceeding 60 days or with respect to which an instruction has been given to the civil law notary to sell the related Property publicly, the purchase price shall be at least the lesser of: (a) the sum of (i) the Gross Outstanding Principal Balance, (ii) any Accrued Interest, Arrears of Interest and any other amount due in respect of the relevant Transferred Receivables and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment; and (b) the sum of (i) all of an amount equal to the Indexed Foreclosure Value of the related Property, (ii) the value of other collateral including the amount claimable under any guarantee granted by a municipality in accordance with then applicable criteria to banks who then granted mortgage loans to certain lower income groups (a "**Municipality Guarantee**") or any NHG Guarantee and (iii) any costs incurred by the Issuer in effecting and completing such sale and reassignment, all as at the relevant Cut-off Date. If a Transferred Receivable is repurchased by and reassigned to the Originator, the Originator is entitled to all proceeds relating to such Receivable to the extent relating to the period starting on the relevant Monthly Payment Date or, if it concerns principal proceeds, the period starting on the relevant Cut-off Date.

The purchase price for each Transferred Receivable so sold to the Originator or to a third party in connection with a redemption of Notes pursuant to Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*) or Condition 9.9 (*Optional Redemption - Tax Call*) shall be an amount equal to at least the higher of: (a) the amount calculated in accordance with the method described in the preceding paragraph (in respect of the purchase price for each Transferred Receivable so sold to the Originator or to a third party (other than in connection with a redemption of Notes pursuant to Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*) or Condition 9.9 (*Optional Redemption - Tax Call*)); and (b) the amount that is required to (A) redeem all Notes at their Notional Principal Amount Outstanding as at the day immediately prior to the relevant Optional Redemption Date and (B) meet the Issuer's payment obligations of a higher priority than the Notes under the Income Priority of Payments and the Redemption Priority of Payments.

The purchase price for each Transferred Receivable so sold to the Originator in connection with a Relevant Mandatory Repurchase shall be an amount equal to (i) the relevant Gross Outstanding Principal Balance of such Transferred Receivable increased with Accrued Interest and Arrears of Interest, all as at the relevant Cut-off Date and (ii) any costs incurred by the Issuer in effecting and completing such sale and reassignment. If a Transferred Receivable is repurchased by and reassigned to the Originator in connection with a Relevant Mandatory Repurchase, the Originator is entitled to all proceeds relating to such Receivable to the extent relating to the period starting on the relevant Monthly Payment Date or, if it concerns principal proceeds, the period starting on the relevant Cut-off Date.

The Principal Receipts of such sale shall be applied by or on behalf of the Issuer as Available Redemption Funds in accordance with the Redemption Priority of Payments or the Enforcement Priority of Payments, as the case may be.

Mandatory repurchase by Originator

Other than in the events set out below, the Originator will not be obliged to repurchase any Transferred Receivables from the Issuer. If at any time in relation to a Transferred Receivable:

- (i) a material breach occurs of the Receivables Warranties (other than the Relevant Receivables Warranty) as of the relevant Transfer Date, the Originator is obliged to within 14 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within such period of 14 days;

- (ii) the Originator or the Servicer agrees with a Borrower to an amendment or waiver of the terms of a Loan which does not result from a deterioration in the creditworthiness of the Borrower, and as a result thereof (i) the maturity date of such Loan is extended beyond its initial maturity date or (ii) the related Transferred Receivable would not qualify as an Eligible Receivable, if tested against the Eligibility Criteria at such time;
- (iii) a Transferred Receivable no longer has the benefit of a Municipality Guarantee or an NHG Guarantee as a result of any action taken or omitted to be taken by the Originator, the Administrator or the Servicer and, as a consequence thereof, such Transferred Receivable no longer qualifies as an Eligible Receivable, as tested against the Eligibility Criteria at such time;
- (iv) in relation to a Hybrid Loan a Borrower switches all or part of the invested capital premiums from savings into an investment;
- (v) following the grant of a Further Advance the purchase of the related Further Advance Receivable by the Issuer would result, if such purchase were completed, in a Breach of the LTV Test or a breach of the Additional Purchase Conditions; or
- (vi) a breach occurs of the Relevant Receivables Warranty as of the relevant Transfer Date,

then the Originator is obliged to repurchase (at the price described in the second paragraph of this section 2.2 (*Sale by Issuer*)) and accept reassignment of the relevant Transferred Receivable on the first following Monthly Payment Date, other than in respect of sub-paragraph (v) above where the Originator is obliged to repurchase (at the price described in the second paragraph of this section 2.2 (*Sale by Issuer*)) and accept reassignment of all Transferred Receivables relating to the Loan in respect of which the relevant Further Advance was granted.

Following the occurrence of a PVA Trigger Event, the Servicer will perform a PVA in respect of all Transferred Receivables in respect of which a Principal Loss has been incurred in order to determine whether in respect of each such Transferred Receivable the Recorded Foreclosure Value of the related Property corresponds with the Relevant Foreclosure Value of such Property. The Servicer has undertaken in the Servicing Agreement to provide no later than the date falling four months after the occurrence of the PVA Trigger Event to each of the Originator, the Issuer and the Trustee (and with a copy to the Rating Agencies) a report with its findings, which report shall (i) state whether in respect of each such Transferred Receivable the Relevant Receivables Warranty was accurate as of the relevant Transfer Date and (ii) be accompanied by a letter from an independent auditor instructed by the Originator confirming that the findings set out in such report are correct in all material respects. In the Receivables Purchase Agreement the Originator has undertaken, amongst other things, to, upon the occurrence of a PVA Trigger Event, forthwith provide to the Servicer, the Issuer and the Trustee all Borrower Files and other relevant information relating to Transferred Receivables in respect of which a Principal Loss has been incurred, in order to enable the Servicer to perform a PVA in respect of such Transferred Receivables.

Optional repurchase by Originator; sale to third party

If on any Notes Calculation Date the aggregate Gross Outstanding Principal Balance of the Transferred Receivables is less than 10% of the aggregate Gross Outstanding Principal Balance of the Transferred Receivables on the Closing Date the Originator may, but is not obliged to, on the second following Note Payment Date repurchase and accept reassignment of all (but not only part of) the Transferred Receivables. The Issuer has undertaken in the Receivables Purchase Agreement to sell and assign the Receivables to the Originator, or to any third party appointed by the Originator at its sole discretion, in the event that the Originator exercises the Clean-up Call.

In addition, the Issuer has the right to sell and assign all but not some of the Transferred Receivables (a) on any Optional Redemption Date or (b) following its exercise of the Tax Call. If the Issuer decides to sell and assign all but not some of the Transferred Receivables on (a) an Optional Redemption Date or (b) following its exercise of the Tax Call, as the case may be, it shall, on the Notes Payment Date (a) immediately preceding such Optional Redemption Date or (b) on which the Notes will be redeemed following its exercise of the Tax Call, as the case may be, first offer to the Originator all of the Transferred Receivables for sale (such sale to be completed on such (a) Optional Redemption Date or (b) the Notes Payment Date following the exercise of the Tax Call, as the case may be). The Originator shall within a period of fifteen Business Days inform the Issuer whether it wishes to repurchase all of the Transferred Receivables. If for

whatever reason the Originator does on such date not repurchase and accept reassignment of the Transferred Receivables, the Issuer may select a third party.

2.3 ELIGIBLE RECEIVABLES

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

1. An interest-only loan (an "**Interest-Only Loan**") is a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. An Interest-Only Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
2. An annuity loan (an "**Annuity Loan**") is characterised by equal periodical payments by the Borrower. These payments contain both an interest and a principal component. Given that with each principal payment part of the Loan is redeemed, the interest component declines after each successive payment. The principal component increases in such a way that the remaining balance of the Loan at maturity will be zero. An Annuity Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
3. A linear loan (a "**Linear Loan**") is a loan on which the periodical payment consists of a constant principal component plus an interest component based on the remaining Loan balance. The balance of the Loan is thus being repaid in a straight-line fashion i.e. linear, and will be zero at maturity, while the interest payment declines after each successive payment. A Linear Loan is not connected to a Mixed Insurance Policy and does not have an investment part;
4. An investment loan (an "**Investment Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Investment Loan, the Borrower pledges a securities account which it maintains with an investment firm or a bank established in The Netherlands. Under the related securities account agreement, the Borrower pays (upfront and/or on a regular basis) a sum which is invested in a variety of investment funds offered by the investment firm or bank. Upon maturity the investment proceeds are applied towards repayment of the Investment Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. An Investment Loan has an investment part and with respect to certain Investment Loans, the Borrower has the possibility to open a savings account which is connected to his securities account. The savings account is maintained in the name of the Borrower with the Bank. Subject to the terms and conditions of the relevant Investment Loan, at the option of the Borrower, (part of) the sum which is to be paid by the Borrower (upfront and/or on a regular basis) is deposited in such savings account (rather than being invested). The Borrower will be allowed to switch from investments to savings and vice versa in accordance with the terms and conditions of the relevant Investment Loan. To secure such Investment Loan, the Borrower pledges the savings account. An Investment Loan is not connected to a Mixed Insurance Policy;
5. A life loan or life insurance loan (a "**Life Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Life Loan, the Borrower pledges the rights under a life insurance policy to the Originator, which is a combined risk and capital insurance policy, if and to the extent that the amount of the relevant Life Loan exceeds 100% of the foreclosure value (*executiewaarde*) of the relevant Property. Under the life insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk and a capital/investment element. The Borrower has the choice between (i) the Traditional Alternative and (ii) the Unit-Linked Alternative. "**Traditional Alternative**" means the alternative under which the amount to be received upon pay out of the life insurance policy depends on the performance of certain (bond) investments chosen by the relevant insurance company with a guaranteed minimum yield. "**Unit-Linked Alternative**" means the alternative under which the amount to be received upon pay out of the life insurance policy depends on the performance of certain investment funds chosen by the Borrower out of a selection of funds selected by the Originator. The insurance proceeds of the life insurance policy are due by the insurer at the earlier of the maturity of the life insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Life Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Life Loan is connected to a Mixed Insurance Policy;
6. A savings loan (a "**Savings Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure

the Savings Loan, the Borrower pledges the rights under a savings insurance policy to the Originator, which is a combined risk and capital insurance policy. Under the savings insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk and a savings element. The savings element is calculated in such a manner that, on an annuity basis, the proceeds of the savings insurance policy due by the insurer are equal to the principal amount due by the Borrower at maturity of the Savings Loan. The insurance proceeds of the savings insurance policy are due at the earlier of the maturity of the savings insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Savings Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Savings Loan is connected to a Mixed Insurance Policy, but does not have an investment part;

7. A hybrid loan, an asset growth loan or a life growth loan or any other loan with substantially the same or comparable characteristics (a "**Hybrid Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. A Hybrid Loan is a combination of a Life Loan and a Savings Loan. To secure the Hybrid Loan, the Borrower pledges the rights under an insurance policy to the Originator, which is a combined risk and capital insurance policy. Under the insurance policy the Borrower pays premium consisting of (apart from a cost element) a risk element and an investment element and, if applicable, a savings element. Due to the hybrid nature of the insurance policy, the Borrower has the right (subject to various conditions) (i) to choose to invest the life insurance premiums (a) in investment funds, as in the life insurance policy of the Unit-Linked Alternative as described above, or (b) in a savings part, as in the savings insurance policy as described under Savings Loan above, and (ii) to switch between the Unit-Linked Alternative and the savings insurance alternative of the insurance policy, in whole or in part. The insurance proceeds of the insurance policy are due at the earlier of the maturity of the insurance policy (which is generally thirty years) and the death of the Borrower, and are applied towards repayment of the Hybrid Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall. A Hybrid Loan is connected to a Mixed Insurance Policy and has an investment part;
8. A bank savings loan (a "**Bank Savings Loan**") is, like an Interest-Only Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Bank Savings Loan, the Borrower pledges the rights in respect of a savings account (a "**Bank Savings Account**") to the Originator, which is held in the name of the Borrower with the Bank and which is connected to the Bank Savings Loan. The Bank Savings Account is a blocked account and the amounts standing to the credit thereto shall in principle only be released at maturity of the Bank Savings Loan (which is generally thirty years), the death of the Borrower or, subject to the applicable general conditions, in certain other limited circumstances (e.g. a sale of the Property) and shall, subject to the applicable general conditions, in principle only be applied to repay the related Bank Savings Loan. The Borrower has the choice between (i) Alternative I and (ii) Alternative II. Under Alternative I the Borrower during the life of the Bank Savings Loan makes a monthly fixed payment into the Bank Savings Account, which will only be adjusted upon a prepayment being made in respect of the Bank Savings Loan. The monthly fixed payment is calculated in such a manner that, on an annuity basis, the aggregate amount (consisting of such monthly fixed payments and accrued interest thereon) credited to the Bank Savings Account at maturity of the Bank Savings Loan is equal to the principal amount due by the Borrower at maturity of the Bank Savings Loan. The interest rate payable by the Bank in respect of amounts standing to the credit of the Bank Savings Account is not linked to the interest rate payable by the Borrower under the Bank Savings Loan. In respect of Alternative I, in the event that the Bank Savings Account is terminated within ten years from the date on which the Bank Savings Account became effective, the Borrower is obliged to repay the Bank Savings Loan in full. Under Alternative II, the Borrower during the life of the Bank Savings Loan makes a monthly fixed payment into the Bank Savings Account whereby the interest rate payable by the Bank in respect of amounts standing to the credit of the Bank Savings Account is linked to the interest rate payable by the Borrower under the Bank Savings Loan. The monthly fixed payment will be adjusted each time that either a prepayment is made in respect of the Bank Savings Loan, an amendment is made to the maturity date of the Bank Savings Loan, the Borrower makes an additional payment into the Bank Savings Account or the interest rate payable by the Borrower under the Bank Savings Loan is reset (i.e. at the end of each fixed-interest period), to ensure that (similar to Alternative I) the aggregate amount credited to the Bank Savings Account (consisting of such payments and accrued interest thereon and calculated in such manner on an annuity basis) at maturity of the Bank Savings

Loan is equal to the principal amount due by the Borrower at maturity of the Bank Savings Loan. If at maturity of the Bank Savings Loan, the amount standing to the credit of the related Bank Savings Account is insufficient to repay the Bank Savings Loan in full, the Borrower is obliged to make up the shortfall. A Bank Savings Loan has a savings part but not an investment part and is not connected to a Mixed Insurance Policy; and/or

9. A revolving credit loan (a "**Revolving Credit Loan**") is a loan which can be repaid at any time by the Borrower without incurring any prepayment penalty,

provided in each case that if and to the extent that the amount of the Loan (other than a Loan which has an NHG Guarantee connected to it (see section 2.6 (*Municipality/NHG Guarantee Programme*) of this Prospectus)) exceeds 100% of the foreclosure value (*executiewaarde*) of the relevant property, the Borrower is advised (but not obliged) to enter into a risk life insurance policy under which the Borrower pays premium consisting of (apart from a cost element) a risk element only, and to pledge such risk life insurance policy to the Originator as security for the Loan.

Interest types

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

Floating rate interest (Variabele rente)

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

Fixed rate interest (Vaste rente)

The Borrower pays the same interest rate throughout the fixed-interest period. The fixed-interest periods are available in terms of one year to twenty years. Subject to certain conditions it is possible to change the term (of the fixed-interest period) by means of either interest rate averaging or by paying up front the cash value of the interest difference.

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

Combination of interest periods (Renteknip)

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

Eligibility Criteria

A Receivable is an "**Eligible Receivable**" if it complies with the following criteria, (the "**Eligibility Criteria**") as at the relevant Transfer Date of such Receivable:

(A) General

1. It is existing, is denominated in euro and is owed by Borrowers established or resident in The Netherlands.
2. It is governed by Dutch law and the terms and conditions of such Receivable do not provide for the jurisdiction of any court or arbitration tribunal outside The Netherlands.
3. It is secured by Property located in The Netherlands which is not the subject of any residential letting and which is occupied by the relevant Borrower since origination (or shortly thereafter) and used mainly for residential purposes.
4. The Loan from which it results is fully disbursed unless it is a Revolving Credit Loan.

5. Its nominal amount remains a debt, which has not been paid or discharged by set-off or otherwise, and includes all loan parts (*leningdelen*) granted to the relevant Borrower under the relevant Loan Agreement.
6. The Loan from which it results was in all material respects granted in accordance with all applicable laws, legal requirements and the "code of conduct on mortgage loans" (*Gedragcode Hypothecaire Financieringen*) prevailing at the time of origination and met in all material respects the Originator's Lending Criteria prevailing at the time of origination which, where applicable, are generally based on the NHG requirements and prior to 1995 on the Municipality Guarantee requirements as applicable at that time (and which provide, inter alia, that a Loan will not be provided by the Originator if (i) there is a negative BKR registration in respect of the applicant or (ii) the applicant has provided self-certified income statements) and all required consents, approvals and authorisations have been obtained in respect of such Loan.
7. In the case of Loans granted to employees of the ING Group, (i) other than in respect of the applicable interest rate, the Loan was granted in accordance with the Originator's Lending Criteria prevailing at the time of origination and the Loan is subject to general terms and conditions that apply to all relevant Loans originated in the same period, (ii) the Loan does not necessarily terminate upon the termination of the employment relationship, (iii) the only connection between the Loan and the employment relationship is the entitlement to a reduced interest percentage on the Loan and (iv) no set-off of amounts due under the Loan against salary payments is agreed or effectuated in practice.
8. The Originator has in all material respects performed all its obligations which have fallen due under or in connection with the relevant Loan Agreements connected to it and no Borrower has threatened in writing or, so far as the Originator is aware, commenced any legal action which has not been resolved against the Originator for any failure on the part of the Originator to perform any such obligation.
9. It can be easily segregated and identified for ownership and Related Security purposes on any day.
10. It is not a Receivable in respect of which the Issuer has notified the Originator that the Issuer has determined that such Receivable or class of Receivables is not reasonably acceptable to the Issuer.
11. The loan files relating to it contain the relevant Borrower Files, which include authentic copies of the notarial mortgage deeds.
12. The maximum outstanding principal amount of the Loan from which it results, or the aggregate maximum outstanding amount of all Receivables secured by the same Related Security together, does not exceed the maximum amount as may be set under the NHG Guarantee requirements or Municipality Guarantee requirements, as the case may be, at the time of origination or, if it does not have an NHG Guarantee or Municipality Guarantee connected to it, €1,250,000.
13. The outstanding principal amount of the Loan from which it results does not exceed:
 - (i) if it does not have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*) or a Municipality Guarantee:
 - (A) 100% of the foreclosure value of the related Property at the time of origination of such Loan if it is an Interest-Only Loan; or
 - (B) 128% of the foreclosure value of the related Property at the time of origination of such Loan (other than an Interest-Only Loan); or
 - (ii) if it does have the benefit of an NHG Guarantee or a Municipality Guarantee, the maximum amount as may be set under the NHG Guarantee requirements or Municipality Guarantee requirements, as the case may be, at the time of origination.

14. The legal maturity of the Loans does not exceed the Notes Payment Date falling in August 2042.

(B) Borrowers

15. It constitutes a legal, valid and enforceable obligation of the related Borrower and is enforceable against such Borrower in accordance with the terms of the relevant Loan Agreement without any right of rescission, withholding, suspension, counterclaim or other defence other than those provided for under mandatory rules of applicable law and subject to any limitations arising from bankruptcy, insolvency or any other laws of general application relating to or affecting the rights of creditors generally.

16. So far as the Originator is aware:

- (i) the related Borrower has not asserted and no circumstances exist as a result of which such Borrower would be entitled to assert any counterclaim, right of rescission or set-off, or any defence to payment of any amount due or to become due or to performance of any other obligation due under the related Loan Agreement;
- (ii) the related Borrower is not in material breach, default or violation of any obligation under such Loan Agreement;
- (iii) the related Borrower is not subject to bankruptcy or any other insolvency procedure within the meaning of any applicable insolvency law;
- (iv) no proceedings have been taken in respect of it by the Originator against the related Borrower; and
- (v) no litigation, dispute or complaint is subsisting, threatened or pending which affects or might affect it or the related Borrower which may have an adverse effect on the ability of such Borrower to perform its related obligations.

(C) Payments

17. Payments of interest are scheduled to be made monthly.

18. It is not in arrears in relation to any payments and at least one payment in respect of such Receivable has been made.

(D) Unencumbered Transfer

19. The Originator has full right and title to it and has power to transfer or encumber (*is beschikkingsbevoegd*) it and such Receivable is not subject to any agreement to transfer or encumber it, whether or not in advance, in whole or in part, in any way whatsoever.

20. It is owed to the Originator and is free and clear of any Adverse Claims.

21. It can be transferred by way of assignment (*cessie*) and is not subject to any contractual or legal restriction of transfer by way of assignment.

22. Its transfer will not violate any law or any agreement by which the Originator may be bound and upon such transfer it will not be available to the creditors of the Originator on such Originator's liquidation.

(E) Security and previous transfers

23. It is secured by mortgage rights and rights of pledge governed by Dutch law which:

- (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the assets which are purported to be the subject of such mortgage rights and rights of pledge and, to the extent relating to mortgage rights, have been entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*);
- (ii) have first priority (*eerste in rang*) or first and sequentially lower priority;

- (iii) were vested for a principal amount outstanding which is at least equal to the principal amount of the related Loan when originated increased with interest, penalties, costs and/or insurance premiums together up to an amount equal to (at least) 140% of the principal amount of the related Loan when originated; and
 - (iv) were created pursuant to a mortgage or pledge deed which does not contain any specific wording regarding the transfer of such right of mortgage or pledge securing it, unless an express confirmation to the effect that upon a transfer of the relevant Receivable, the Receivable will following the transfer continue to be secured by the right of mortgage or pledge.
24. The consent, licence, approval or authorisation of any person (other than the related Borrower) which was necessary to permit the creation of its Related Security were obtained including the consent of the spouse of such Borrower pursuant to article 1:88 of the Dutch Civil Code.
25. It:
- (i) was originated by the Originator (which includes origination by an originator (i) which has Merged into the Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger) and it has not (nor has any such Merged Originator or Demerged Originator (as the case may be)) transferred any receivable (including but not limited to any Residual Claim) secured by the Related Security to any party other than the Issuer (or in the case of a Merged Originator or Demerged Originator (as the case may be), other than the Originator) or, if it is a Savings Receivable or Hybrid Receivable, the Relevant Insurer; or
 - (ii) is secured by Related Security which does not include All-monies Security and any and all present and future receivables which are secured by the Fixed Security forming part of the Related Security, together with any and all contractual relationships (*rechtsverhoudingen*) from which receivables have arisen or may arise which are or will be secured by such Fixed Security, have, together with all Related Security, been transferred to the Originator.
26. Each Loan constitutes the entire mortgage loan (*hypothecaire lening*) granted to the relevant Borrower that is secured by the same Mortgage.

(F) *Valuation*

27. The related Borrower was obliged to obtain a building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*) of the Property at the time the related Loan was advanced.
28. Each Property concerned was valued in accordance with the then prevailing valuation criteria as applied by the Originator.

(G) *Long Lease*

29. If it is secured by a right of mortgage on a long lease (*erfpacht*), the terms of the relevant Loan Agreement provide that the principal amount outstanding of the related Loan, including interest, will become immediately due and payable if (a) the long lease terminates (whether or not as a result of (i) a material breach or cessation in the performance by the leaseholder of its payment obligations under the long lease (*canon*) or (ii) a breach by the leaseholder of any of the conditions of the long lease) and (b), if applicable, the associated right of the lender under the Loan Agreement to accelerate the Loan on that basis is exercised.

(H) *No Bridge Loans or Residential Subsidy Rights*

30. It does not arise from bridging mortgage loans (*overbruggingshypotheken*).
31. It is not related to a Loan in connection with which Residential Subsidy Rights were purportedly transferred to the Originator.

(I) *Specific Products*

32. It is related to an Interest-Only Loan, an Annuity Loan, a Linear Loan, an Investment Loan, a Life Loan, a Savings Loan, a Hybrid Loan, a Bank Savings Loan or a Revolving Credit Loan, or any combination of the foregoing.
33. If it has an NHG Guarantee connected to it, (i) the NHG Guarantee is granted for its full amount outstanding at origination, and constitutes legal, valid and binding obligations of Stichting Waarborgfonds Eigen Woningen, enforceable in accordance with such NHG Guarantee's terms, (ii) all terms and conditions (*Voorwaarden en Normen*) applicable to the NHG Guarantee at the time of origination of the related Loans were complied with and (iii) the Originator is not aware of any reason why any claim under any NHG Guarantee in respect of it should not be met in full and in a customary manner.
34. If it has a Municipality Guarantee connected to it, (i) the Municipality Guarantee is granted for its full amount outstanding at origination and constitutes legal, valid and binding obligations of the relevant municipality (*gemeente*), enforceable in accordance with such Municipality Guarantee's terms, (ii) all conditions (*voorwaarden*) set forth in any laws, rules or regulations applicable to the Municipality Guarantee have been fulfilled and (iii) the Originator is not aware of any reason why any claim under any Municipality Guarantee in respect of it should not be met in full and in a customary manner.
35. If it relates to a Life Loan, a Savings Loan or a Hybrid Loan, then it has the benefit of the applicable Mixed Insurance Policy and (i) the Originator (or an originator (i) which has Merged into the Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger) has either been validly appointed as beneficiary (*begunstigde*) under such Mixed Insurance Policy upon the terms of the relevant Loan Agreement and Mixed Insurance Policy or, if another person has been appointed as beneficiary, under an irrevocable payment instruction from such person to the relevant insurer, (ii) all receivables under such Mixed Insurance Policy have been validly pledged by the relevant Borrower to the Originator (or an originator (i) which has Merged into the Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger), which pledge has been notified to the relevant insurer and (iii) none of the underlying policy, beneficiary clause, payment instruction or deed of pledge, as applicable, contains any provision restricting or prohibiting (a) said pledge to the Originator, (b) a transfer of the Beneficiary Rights by the Originator to the Issuer, (c) an appointment by the Originator of the Issuer as new beneficiary under such Mixed Insurance Policy or (d) a waiver of the Beneficiary Rights by the Originator.
36. The general conditions applicable to it and/or the relevant mortgage deed provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the Originator on behalf of the relevant Borrowers and any other amounts due by such Borrowers to such Originator will become due and payable, among other things, if (a) a Mixed Insurance Policy attached to it is invalid and/or payment of premium under the Mixed Insurance Policy is suspended (*premievrij*); and (b) if applicable, the associated right of the lender under the Loan Agreement to accelerate the Loan on that basis is exercised.
37. If it is related to an Interest-Only Loan, an Annuity Loan, a Linear Loan, a Bank Savings Loan or a Revolving Credit Loan, it does not relate to a Mixed Insurance Policy and does not have an investment part.
38. If it is related to an Interest-Only Loan, it does not exceed the Foreclosure Value.
39. If it is related to an Investment Loan:
 - (a) the relevant securities account maintained in the name of the relevant Borrower has been validly pledged to the Originator (or an originator (i) which has Merged into the Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger) and is maintained with:
 - (i) an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*), which is by law obliged to administer the securities

through a bank (see the next paragraph) or a separate securities giro (*effectengiro*);
or

- (ii) a bank (which is by law obliged to administer the securities through a separate depository vehicle unless the transfer of any such securities is subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*), in which case the bank can administer such securities itself; and
 - (b) any relevant savings account connected to the relevant securities account is maintained in the name of the relevant Borrower and has been validly pledged to the Originator (or an originator (i) which has Merged into the Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger) and is maintained with the Bank.
40. If it is related to a Life Loan (i) the relevant Mixed Insurance Policy and the relevant Life Loan (other than a Life Loan in respect of which the related Mixed Insurance Policy is entered into by the Borrower with a Relevant Insurer) are in the relevant insurer's and Originator's promotional materials not offered as one product, and (ii) (a) if it falls under category 3 of the Deduction Risk description, the relevant Borrowers are not obliged to enter into a Mixed Insurance Policy with an insurer which is a group company of the Originator and are free to choose the relevant insurer (subject to prior approval of the Originator) or (b) if it falls under category 4 of the Deduction Risk description, the guaranteed yield of the capital/investment under the Mixed Insurance Policy is not linked to the interest base applicable to the relevant Loan.
41. If it is related to an Investment Loan and the related investment product is offered by the Originator itself (and not by a third party investment firm or bank), such investment product has been offered in accordance with all applicable laws and legal requirements prevailing at the time of origination, including those on the information that is to be provided to prospective investors.
42. If it is related to a Bank Savings Loan (A) the relevant Bank Savings Account maintained in the name of the relevant Borrower has been validly pledged to the Originator (or an originator (i) which has Merged into the Originator or (ii) whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger), (B) at maturity of the Bank Savings Loan the amounts standing to the credit of the related Bank Savings Account can be applied to repay such Bank Savings Loan and (C) the general conditions applicable to it provide that its principal sum, increased with interest, reimbursements, costs and amounts paid by the Originator on behalf of the relevant Borrower and any other amounts due by such to such Originator will become due and payable, among other things, if (a) such Borrower does not timely make the relevant monthly payments into the related Bank Savings Account; and (b), if applicable, the associated right of the lender under the Loan Agreement to accelerate the Loan on that basis is exercised.
43. Pursuant to the terms and conditions of the relevant Loan, the Originator will only pay out monies under a Construction Deposit to or on behalf of a Borrower after having received relevant receipts from the relevant Borrower relating to the construction.

2.4 STRATIFICATION TABLES

The key characteristics of the provisional portfolio of Loans as of April 2012 (the "**Provisional Portfolio**") are set out below. Each Loan can consist of one or more mortgage loan parts, e.g. an interest only part and a savings mortgage part or parts with different interest reset dates and/or different final maturities. The Provisional Portfolio has been selected in accordance with the Eligibility Criteria. For a description of the representations and warranties given by the Originator reference is made to section 2.1 (*Purchase by Issuer*).

The Transferred Receivables will be selected from the Provisional Portfolio prior to the Closing Date, subject to the application of the Eligibility Criteria at the date of extraction and taking into account changes resulting from e.g. repayment, prepayment and further advances.

Summary

All amounts in EURO

Portfolio Cut off Date	30-04-2012
Original Principal Balance	13,966,685,470.65
Principal Balance	13,799,791,720.92
Value of Savings Deposits	184,750,397.76
Principal Balance (net)	13,640,659,218.53
Of which Arrears in Principal	8,607.42
Of which Cash Reserve for Building Deposits	25,609,287.95
Of which Active Outstanding Notional Amount	13,615,041,323.16
Number of Borrowers	55,609
Number of Loan parts	123,691
Average Principal Balance (borrower)	244,835.21
Average Principal Balance (parts)	110,073.02
Coupon: Weighted Average	4.4
Minimum	0.1
Maximum	8.4
Weighted Average Loan to Foreclosure Value	113.65%
Weighted Average Loan to Indexed Foreclosure Value	117.89%
Seasoning (years): Weighted Average	4.39
Original Maturity (years): Weighted Average	29.40
Remaining Tenor (years): Weighted Average	25.01
Remaining Interest Period (years): Weighted Average, Fixed and Floating	5.88
Remaining Interest Period (years): Weighted Average, Fixed only	6.60
Weighted average PTI	0.21

1. Product Type

Product Type	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
Annuity	170,240,301.41	1.25%	3,642	2.94%	4.78%
Bank Savings Mortgage 1	75,812,987.32	0.56%	709	0.57%	4.70%
Bank Savings Mortgage 2	1,553,109,971.74	11.41%	14,560	11.77%	4.61%
Credit Mortgage	232,212,984.40	1.71%	4,957	4.01%	1.52%
Hybrid	1,363,809,827.64	10.02%	13,300	10.75%	4.68%
Interest Only	7,756,622,258.87	56.97%	63,617	51.43%	4.38%
Interest Only (Meerwaarde)	146,925,859.17	1.08%	425	0.34%	5.07%
Investment	806,486,475.57	5.92%	5,504	4.45%	4.40%
Life	983,147,914.41	7.22%	11,428	9.24%	4.50%
Life (Standard and Unit Linked)	180,881,169.04	1.33%	1,564	1.26%	4.67%
Life (Unit Linked)	574,683.18	0.00%	4	0.00%	3.57%
Lineair	24,974,520.25	0.18%	426	0.34%	4.61%
Savings	183,072,288.10	1.35%	2,622	2.12%	4.78%
Switch Mortgage	137,170,082.06	1.01%	933	0.75%	4.90%
	13,615,041,323.16	100%	123,691	100%	4.43%

2. Loan Coupon**average: 4,43%**

Coupon Loan Part (%)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
0,00% - 3,01%	1,244,183,088.68	9.14%	12,298	9.94%	1.95%
3,01% - 3,25%	176,862,545.84	1.30%	1,669	1.35%	3.15%
3,26% - 3,5%	326,688,778.30	2.40%	2,905	2.35%	3.43%
3,51% - 3,75%	436,331,898.39	3.20%	3,979	3.22%	3.66%
3,76% - 4%	995,224,032.86	7.31%	9,055	7.32%	3.91%
4,01% - 4,25%	1,173,786,393.80	8.62%	10,916	8.83%	4.15%
4,26% - 4,5%	1,963,849,384.25	14.42%	17,494	14.14%	4.40%
4,51% - 4,75%	1,668,337,492.59	12.25%	14,754	11.93%	4.65%
4,76% - 5%	2,110,620,200.06	15.50%	17,746	14.35%	4.90%
5,01% - 5,25%	1,356,182,999.98	9.96%	12,120	9.80%	5.15%
5,26% - 5,5%	1,113,665,887.23	8.18%	10,181	8.23%	5.39%
5,51% - 5,75%	565,090,303.39	4.15%	5,258	4.25%	5.64%
5,76% - 6%	333,585,632.51	2.45%	3,337	2.70%	5.87%

Coupon Loan Part (%)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
6.01% - 6.25%	92,799,755.39	0.68%	1,133	0.92%	6.13%
6.26% - 6.5%	34,728,335.30	0.26%	476	0.38%	6.39%
6.51% - 6.75%	12,577,320.63	0.09%	192	0.16%	6.64%
6.76% - 7%	7,447,371.40	0.05%	114	0.09%	6.87%
7.01% - 7.25%	1,338,585.70	0.01%	28	0.02%	7.10%
7.26% - 7.5%	1,129,992.98	0.01%	23	0.02%	7.40%
7.51% - more	611,323.91	0.00%	13	0.01%	7.77%
	13,615,041,323.16	100%	123,691	100%	4.43%

3. Origination Year

Year	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
1992	2,510,159.74	0.02%	65	0.05%	4.75%
1993	3,971,087.21	0.03%	103	0.08%	4.58%
1994	10,675,116.04	0.08%	246	0.20%	4.71%
1995	15,742,840.27	0.12%	343	0.28%	4.92%
1996	29,350,872.26	0.22%	604	0.49%	4.79%
1997	30,539,330.11	0.22%	550	0.44%	4.67%
1998	44,147,633.75	0.32%	646	0.52%	4.81%
1999	82,947,669.71	0.61%	1,137	0.92%	4.57%
2000	86,045,661.95	0.63%	1,018	0.82%	3.98%
2001	118,166,198.13	0.87%	1,147	0.93%	4.29%
2002	157,843,120.64	1.16%	1,331	1.08%	4.49%
2003	430,025,748.02	3.16%	4,376	3.54%	4.41%
2004	658,150,408.46	4.83%	7,149	5.78%	4.23%
2005	1,459,446,496.79	10.72%	14,875	12.03%	4.11%
2006	1,479,265,147.23	10.86%	13,537	10.94%	4.30%
2007	1,719,506,656.32	12.63%	14,226	11.50%	4.64%
2008	1,924,609,064.14	14.14%	15,637	12.64%	5.02%
2009	1,436,906,112.00	10.55%	11,358	9.18%	4.28%
2010	1,835,848,185.67	13.48%	15,971	12.91%	4.30%
2011	2,075,894,416.33	15.25%	19,192	15.52%	4.30%
2012	13,449,398.39	0.10%	180	0.15%	4.21%
	13,615,041,323.16	100%	123,691	100%	4.43%

4. Legal Maturity Year

Year	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
2012	652,228.75	0.00%	21	0.02%	4.17%
2013	1,529,086.72	0.01%	55	0.04%	4.62%
2014	1,642,744.10	0.01%	67	0.05%	4.62%
2015	3,644,983.72	0.03%	90	0.07%	3.89%
2016	5,359,150.08	0.04%	120	0.10%	4.20%
2017	4,281,538.60	0.03%	111	0.09%	4.76%
2018	6,331,816.72	0.05%	161	0.13%	5.02%
2019	8,826,464.66	0.06%	189	0.15%	4.51%
2020	9,725,678.21	0.07%	195	0.16%	4.47%
2021	10,602,721.07	0.08%	215	0.17%	4.59%
2022	14,988,526.29	0.11%	230	0.19%	4.67%
2023	18,658,667.13	0.14%	311	0.25%	4.73%
2024	26,828,732.81	0.20%	458	0.37%	4.67%
2025	38,388,208.01	0.28%	612	0.49%	4.62%
2026	54,214,074.53	0.40%	875	0.71%	4.65%
2027	59,525,869.42	0.44%	837	0.68%	4.61%
2028	76,759,891.72	0.56%	997	0.81%	4.67%
2029	125,542,626.42	0.92%	1,532	1.24%	4.54%
2030	170,536,751.03	1.25%	1,848	1.49%	4.23%
2031	288,828,533.15	2.12%	2,705	2.19%	4.40%
2032	278,921,123.75	2.05%	2,453	1.98%	4.49%
2033	522,767,083.44	3.84%	5,104	4.13%	4.44%
2034	735,760,824.24	5.40%	7,765	6.28%	4.27%
2035	1,471,366,165.78	10.81%	14,781	11.95%	4.14%
2036	1,479,814,410.32	10.87%	13,301	10.75%	4.32%
2037	1,666,063,569.88	12.24%	13,488	10.90%	4.63%
2038	1,851,152,364.15	13.60%	14,708	11.89%	5.01%
2039	1,301,224,275.43	9.56%	10,139	8.20%	4.24%
2040	1,569,212,272.22	11.53%	13,613	11.01%	4.25%
2041	1,804,373,344.98	13.25%	16,604	13.42%	4.28%
2042	7,517,595.86	0.06%	106	0.09%	3.94%
	13,615,041,323.16	100%	123,691	100%	4.43%

5. Seasoning

average: 4,39

In Years	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
less - 0.5	102,310,135.44	0.75%	1,088	0.88%	4.31%
0.5 - 1.0	886,914,045.28	6.51%	8,096	6.55%	4.44%
1.0 - 1.5	1,584,773,025.98	11.64%	14,777	11.95%	4.16%
1.5 - 2.0	979,391,571.37	7.19%	8,597	6.95%	4.33%
2.0 - 2.5	533,333,723.40	3.92%	4,061	3.28%	4.47%
2.5 - 3.0	864,464,399.98	6.35%	6,686	5.41%	4.07%
3.0 - 4.0	1,690,355,373.27	12.42%	13,904	11.24%	4.97%
4.0 - 5.0	1,721,259,045.24	12.64%	13,967	11.29%	4.80%
5.0 - 6.0	1,584,986,750.75	11.64%	14,014	11.33%	4.42%
6.0 - 7.0	1,626,420,756.53	11.95%	15,782	12.76%	4.11%
7.0 - 8.0	856,750,556.73	6.29%	9,291	7.51%	4.19%
8.0 - 9.0	506,574,327.65	3.72%	5,379	4.35%	4.35%
9.0 - 10.0	210,280,512.02	1.54%	1,808	1.46%	4.50%
more - 10.0	467,227,099.52	3.43%	6,241	5.05%	4.44%
	13,615,041,323.16	100%	123,691	100%	4.43%

6. Remaining Tenor

average: 25,01

In Years	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
less - 01	1,293,700.35	0.01%	39	0.03%	4.12%
01-02	1,338,509.14	0.01%	60	0.05%	4.76%
02-03	2,632,990.77	0.02%	69	0.06%	3.97%
03-04	3,973,185.62	0.03%	103	0.08%	4.50%
04-05	4,864,712.67	0.04%	117	0.09%	4.12%
05-06	4,904,424.93	0.04%	124	0.10%	4.90%
06-07	7,268,063.63	0.05%	173	0.14%	4.76%
07-08	9,315,713.58	0.07%	187	0.15%	4.64%
08-09	9,894,605.47	0.07%	213	0.17%	4.40%
09-10	12,759,235.92	0.09%	214	0.17%	4.42%

In Years	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
10-11	14,897,432.10	0.11%	250	0.20%	4.88%
11-12	20,821,759.62	0.15%	360	0.29%	4.69%
12-13	27,513,415.86	0.20%	462	0.37%	4.69%
13-14	47,238,450.40	0.35%	742	0.60%	4.51%
14-15	58,050,144.05	0.43%	903	0.73%	4.62%
15-16	60,026,012.23	0.44%	817	0.66%	4.70%
16-17	84,381,359.65	0.62%	1,101	0.89%	4.67%
17-18	137,640,422.29	1.01%	1,632	1.32%	4.52%
18-19	207,261,388.04	1.52%	2,147	1.74%	4.23%
19-20	300,199,241.57	2.20%	2,752	2.22%	4.44%
20-21	317,472,307.27	2.33%	2,749	2.22%	4.48%
21-22	596,353,545.45	4.38%	6,064	4.90%	4.40%
22-23	920,166,841.80	6.76%	9,787	7.91%	4.22%
23-24	1,604,939,453.66	11.79%	15,334	12.40%	4.14%
24-25	1,578,988,318.24	11.60%	13,710	11.08%	4.42%
25-26	1,672,815,475.94	12.29%	13,280	10.74%	4.79%
26-27	1,612,570,175.47	11.84%	12,979	10.49%	4.96%
27-28	1,228,096,838.65	9.02%	9,341	7.55%	4.16%
28-29	2,217,080,827.99	16.28%	20,141	16.28%	4.19%
29-30	850,014,104.58	6.24%	7,835	6.33%	4.42%
30 - more	268,666.24	0.00%	6	0.00%	4.57%
	13,615,041,323.16	100%	123,691	100%	4.43%

7. Loan Part Interest Reset Dates

Year	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
2012	350,510,068.16	2.57%	3,270	2.64%	4.41%
2013	586,689,040.57	4.31%	5,370	4.34%	4.67%
2014	719,539,368.91	5.28%	6,839	5.53%	4.83%
2015	1,126,566,452.89	8.27%	10,448	8.45%	4.29%
2016	1,710,712,943.38	12.56%	15,605	12.62%	4.31%
2017	1,058,613,720.23	7.78%	9,766	7.90%	4.75%
2018	1,620,807,888.12	11.90%	13,717	11.09%	5.08%
2019	775,077,876.77	5.69%	7,076	5.72%	5.35%

Year	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
2020	1,160,484,821.90	8.52%	10,961	8.86%	4.58%
2021	1,247,398,499.31	9.16%	11,805	9.54%	4.57%
2022	92,661,953.57	0.68%	899	0.73%	4.91%
2023	71,536,505.56	0.53%	651	0.53%	5.12%
2024	30,122,497.66	0.22%	284	0.23%	5.17%
2025	83,822,639.87	0.62%	774	0.63%	4.40%
2026	355,375,961.64	2.61%	2,756	2.23%	4.50%
2027	808,683,614.34	5.94%	5,927	4.79%	4.68%
2028	188,625,077.24	1.39%	1,421	1.15%	5.15%
2029	35,995,217.00	0.26%	279	0.23%	5.51%
2030	29,712,441.68	0.22%	258	0.21%	5.08%
2031	35,125,186.26	0.26%	307	0.25%	5.02%
2032	362,132.92	0.00%	4	0.00%	5.36%
Floating	1,526,617,415.22	11.21%	15,274	12.35%	2.39%
	13,615,041,323.16	100%	123,691	100%	4.43%

8. Geography

Province	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
Drenthe	331,613,236.54	2.44%	1,482	2.67%	4.45%
Flevoland	649,479,665.18	4.77%	2,870	5.16%	4.49%
Friesland	476,763,086.57	3.50%	2,579	4.64%	4.36%
Gelderland	1,529,270,800.36	11.23%	5,989	10.77%	4.48%
Groningen	341,063,929.81	2.51%	1,794	3.23%	4.48%
Limburg	485,825,956.05	3.57%	2,153	3.87%	4.46%
Noord-Brabant	1,551,332,096.82	11.39%	5,796	10.42%	4.48%
Noord-Holland	2,897,050,778.60	21.28%	10,334	18.58%	4.32%
Overijssel	738,015,733.09	5.42%	3,253	5.85%	4.46%
Utrecht	949,369,388.44	6.97%	3,200	5.75%	4.36%
Zeeland	175,197,569.78	1.29%	877	1.58%	4.59%
Zuid-Holland	3,490,059,081.92	25.63%	15,282	27.48%	4.47%
	13,615,041,323.16	100%	55,609	100%	4.43%

9. Loan to Foreclosure Value

In %	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
average: 113,65%					
<-40.00%	59,947,003.39	0.44%	973	1.75%	4.34%
40.01%-50.00%	56,624,759.07	0.42%	455	0.82%	4.22%
50.01%-55.00%	33,460,576.37	0.25%	254	0.46%	4.47%
55.01%-60.00%	44,139,784.24	0.32%	309	0.56%	4.47%
60.01%-65.00%	52,358,676.18	0.38%	292	0.53%	4.23%
65.01%-70.00%	97,664,703.70	0.72%	520	0.94%	4.16%
70.01%-75.00%	174,542,941.32	1.28%	781	1.40%	4.00%
75.01%-80.00%	116,832,680.15	0.86%	544	0.98%	4.16%
80.01%-85.00%	157,812,907.36	1.16%	683	1.23%	4.03%
85.01%-90.00%	212,513,496.80	1.56%	846	1.52%	4.08%
90.01%-95.00%	322,019,378.44	2.37%	1,302	2.34%	4.05%
95.01%-100.00%	960,288,463.36	7.05%	3,320	5.97%	4.19%
100.01%-105.00%	695,831,867.49	5.11%	2,932	5.27%	4.37%
105.01%-110.00%	1,009,371,234.55	7.41%	3,975	7.15%	4.37%
110.01%-115.00%	1,430,711,393.99	10.51%	5,542	9.97%	4.40%
115.01%-120.00%	2,202,307,766.53	16.18%	8,435	15.17%	4.52%
120.01%-125.00%	4,810,066,967.88	35.33%	18,483	33.24%	4.53%
125.01%-130.00%	677,880,751.33	4.98%	3,324	5.98%	4.47%
130.01% - more	500,665,971.01	3.68%	2,639	4.75%	4.50%
Unknown					
	13,615,041,323.16	100%	55,609	100%	4.43%

10. Outstanding Notional Amount

average: 244.835,21

Aggregate Outstanding Notional Amount	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
less - 25.000,00	4,984,913.48	0.04%	358	0.64%	4.68%
25.000,00 - 50.000,00	30,035,209.44	0.22%	761	1.37%	4.92%
50.000,00 - 75.000,00	57,067,517.05	0.42%	899	1.62%	4.74%
75.000,00 - 100.000,00	138,408,463.44	1.02%	1,556	2.80%	4.58%
100.000,00 - 125.000,00	330,771,345.27	2.43%	2,898	5.21%	4.54%
125.000,00 - 150.000,00	668,946,389.09	4.91%	4,823	8.67%	4.53%

Aggregate Outstanding Notional Amount	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
150.000,00 - 175.000,00	1,009,687,379.13	7.42%	6,181	11.12%	4.53%
175.000,00 - 200.000,00	1,279,912,147.81	9.40%	6,805	12.24%	4.50%
200.000,00 - 225.000,00	1,295,306,818.30	9.51%	6,091	10.95%	4.48%
225.000,00 - 250.000,00	1,296,732,100.13	9.52%	5,454	9.81%	4.46%
250.000,00 - 275.000,00	1,090,648,068.93	8.01%	4,155	7.47%	4.46%
275.000,00 - 300.000,00	938,128,872.36	6.89%	3,256	5.86%	4.46%
300.000,00 - 325.000,00	762,619,552.24	5.60%	2,439	4.39%	4.46%
325.000,00 - 350.000,00	681,877,014.73	5.01%	2,017	3.63%	4.40%
350.000,00 - 375.000,00	484,536,401.91	3.56%	1,335	2.40%	4.41%
375.000,00 - 400.000,00	441,413,867.40	3.24%	1,136	2.04%	4.42%
400.000,00 - 425.000,00	370,388,882.05	2.72%	896	1.61%	4.40%
425.000,00 - 450.000,00	338,515,603.98	2.49%	772	1.39%	4.35%
450.000,00 - 475.000,00	272,122,600.71	2.00%	588	1.06%	4.30%
475.000,00 - 500.000,00	245,552,207.89	1.80%	502	0.90%	4.40%
500.000,00 - 600.000,00	641,432,810.53	4.71%	1,170	2.10%	4.30%
600.000,00 - 700.000,00	388,107,085.08	2.85%	597	1.07%	4.28%
700.000,00 - 800.000,00	236,395,657.29	1.74%	315	0.57%	4.18%
800.000,00 - 900.000,00	149,477,520.40	1.10%	176	0.32%	4.08%
900.000,00 - 1.000.000,00	104,298,837.73	0.77%	109	0.20%	3.95%
1.000.000,00 - 1.250.000,00	357,674,056.79	2.63%	320	0.58%	4.03%
	13,615,041,323.16	100%	55,609	100%	4.43%

11. Property Description

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
Apartment on long lease	475,500,381.26	3.49%	2,265	4.07%	4.42%
Flat / Apartment	2,087,648,107.40	15.33%	11,227	20.19%	4.48%
Flat / Apartment with Garage	74,558,148.50	0.55%	322	0.58%	4.37%
House	1,339,446,469.51	9.84%	4,488	8.07%	4.68%
House > 60% / Shop	119,738,641.32	0.88%	531	0.96%	4.59%
Residence / Office	28,414,942.38	0.21%	74	0.13%	4.38%
Residence on long lease	341,957,155.85	2.51%	1,328	2.39%	4.41%
Residence with garage and land	1,142,524,224.35	8.39%	3,912	7.04%	4.39%
Residence with garage on long lease	17,844,572.05	0.13%	57	0.10%	4.51%

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
Residence with land	7,979,479,408.24	58.61%	31,386	56.44%	4.38%
Residential Farm	7,929,272.30	0.06%	19	0.03%	4.47%
	13,615,041,323.16	100%	55,609	100%	4.43%

12. Source of Income

Source of Income	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
(Early) retirement	19,944,175.78	0.15%	92	0.17%	4.32%
Alimony	6,206,262.01	0.05%	27	0.05%	4.83%
Income Capital	2,794,608.76	0.02%	3	0.01%	4.17%
Insurance Policy	344,994.69	0.00%	2	0.00%	3.90%
Other (social) benefits	97,321,443.56	0.71%	610	1.10%	4.22%
Permanent Contract	9,586,264,340.94	70.41%	39,049	70.22%	4.38%
Reduced Income	9,487,023.78	0.07%	40	0.07%	4.35%
Rent Receipt	9,537,147.70	0.07%	14	0.03%	3.49%
Retired / Pensioner	101,821,385.76	0.75%	574	1.03%	4.09%
Self Employed	765,776,485.93	5.62%	1,905	3.43%	4.25%
Temporary Contract	1,195,674,920.96	8.78%	5,605	10.08%	4.56%
Unknown	1,819,868,533.29	13.37%	7,688	13.83%	4.70%
	13,615,041,323.16	100%	55,609	100%	4.43%

13. Occupancy Status

Occupancy Status	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
Owner Occupied	13,615,041,323.16	100.00%	55,609	100.00%	4.43%
	13,615,041,323.16	100%	55,609	100%	4.43%

14. Mortgage Payment Frequency

Payment Frequency	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
Monthly	13,615,041,323.16	100.00%	123,691	100.00%	4.43%
	13,615,041,323.16	100%	123,691	100%	4.43%

15. Interest Payment Type

Interest Payment Type	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
Euribor 1M	99,764,350.57	0.73%	651	0.53%	1.39%
Euribor 3M	4,535,843.98	0.03%	20	0.02%	1.92%
Euribor 6M	2,862,314.88	0.02%	42	0.03%	2.36%
Fixed	12,088,423,907.95	88.79%	108,417	87.65%	4.68%
Floating	1,419,454,905.79	10.43%	14,561	11.77%	2.46%
	13,615,041,323.16	100%	123,691	100%	4.43%

16. Debt to Income Ratio

Weighted Average DTI: 4,59

Ratio	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
Unknown	84,984,879.21	0.62%	777	1.40%	4.67%
less - 1	10,957,670.17	0.08%	265	0.48%	4.45%
1-2	145,880,048.83	1.07%	1,176	2.11%	4.36%
2-3	673,235,011.60	4.94%	3,689	6.63%	4.30%
3-4	2,738,603,363.52	20.11%	12,369	22.24%	4.36%
4-5	5,556,681,456.53	40.81%	22,656	40.74%	4.43%
5-6	3,246,208,528.53	23.84%	11,419	20.53%	4.50%
6-7	808,775,562.89	5.94%	2,371	4.26%	4.44%
7-8	190,300,222.27	1.40%	471	0.85%	4.40%
8-9	69,950,048.07	0.51%	176	0.32%	4.23%
9-10	39,164,521.00	0.29%	95	0.17%	4.41%
10 - more	50,300,010.54	0.37%	145	0.26%	4.14%
	13,615,041,323.16	100%	55,609	100%	4.43%

17. Payment to Income Ratio

Weighted Average PTI: 0,21

Ratio	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
0.00 - 0.05	65,904,435.76	0.48%	516	0.93%	2.04%
0.05 - 0.10	488,736,803.04	3.59%	2,184	3.93%	2.72%
0.10 - 0.15	1,526,003,131.97	11.21%	6,699	12.05%	3.77%

Ratio	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
0.15 - 0.20	3,913,798,513.25	28.75%	16,447	29.58%	4.23%
0.20 - 0.25	4,239,961,051.04	31.14%	17,194	30.92%	4.64%
0.25 - 0.30	2,356,436,462.53	17.31%	8,941	16.08%	4.97%
0.30 - 0.35	636,681,331.71	4.68%	2,006	3.61%	5.12%
0.35 - 0.40	174,528,366.39	1.28%	458	0.82%	5.04%
0.40 - 0.45	53,887,720.43	0.40%	149	0.27%	5.02%
0.45 - 0.50	25,153,308.63	0.19%	78	0.14%	4.88%
0.50 - 0.55	21,276,982.57	0.16%	65	0.12%	4.89%
0.55 - 0.60	10,125,387.47	0.07%	26	0.05%	5.16%
0.60 - 0.65	2,068,227.14	0.02%	8	0.01%	4.67%
0.65 - 0.70	478,384.86	0.00%	2	0.00%	5.08%
0.70 - more	6,164,446.64	0.05%	24	0.04%	4.35%
Unknown	93,836,769.73	0.69%	812	1.46%	4.61%
	13,615,041,323.16	100%	55,609	100%	4.43%

18. In construction

Construction deposit	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
Total Building Deposits: €25.609.287,95					
In Construction	632,926,939.51	4.65%	2,636	4.74%	4.27%
No Building Deposit	12,982,114,383.65	95.35%	52,973	95.26%	4.43%
	13,615,041,323.16	100%	55,609	100%	4.43%

19. Guaranteed loanpart

Guarantee Indication	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon
Municipal Guarantee	80,000.00	0.00%	1	0.00%	4.90%
NHG	3,734,047,274.67	27.43%	41,658	33.68%	4.38%
No Guarantee	9,880,914,048.49	72.57%	82,032	66.32%	4.44%
	13,615,041,323.16	100%	123,691	100%	4.43%

20. ING Staff

Staff	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon
Employed by ING	1,580,150,413.60	11.61%	6,240	11.22%	3.79%
Not Employed by ING	12,034,890,909.56	88.39%	49,369	88.78%	4.51%
	13,615,041,323.16	100%	55,609	0%	4.43%

21. Delinquencies

Nr Monthly payments in arrears	Nr of Borrowers	Principal in arrears	Interest in arrears	Savings in arrears	Total amount in arrears	Aggregate Outstanding Notional Amount	% Nr of Loans	% of Aggregate Outstanding Not. Amt.
0	54,143	8.59	148.97	4.10	161.66	13,303,250,087.49	97.36%	97.71%
0 - 1	1,466	8,598.83	1,066,628.55	6,486.75	1,084,320.79	311,791,235.67	2.64%	2.29%
	55,609	8,607.42	1,066,777.52	6,490.85	1,084,482.45	13,615,041,323.16	100%	100%

2.5 OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

HOUSING MARKET CHARACTERISTICS

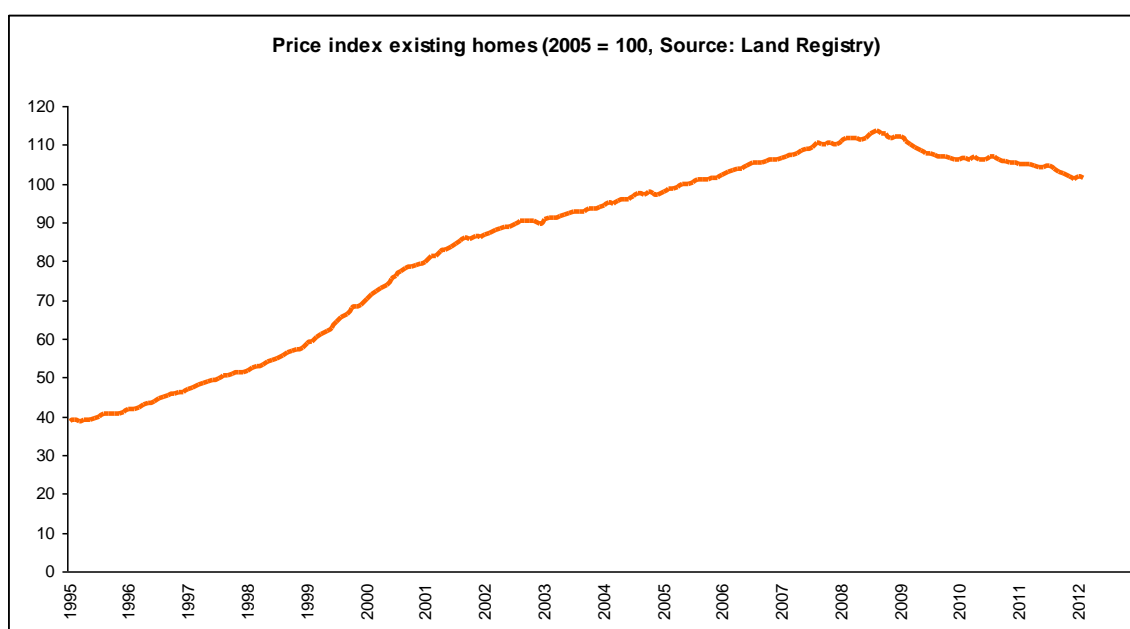
Owner-occupancy rates

The Dutch housing market exhibited a relatively low owner-occupancy rate of 59% in 2010 (2008: 55%) whereas the average owner-occupancy rate in the EU as a whole was 69% in 2009 (source: Hypostat). However, the owner-occupancy rate in The Netherlands has been gradually increasing: in 1982 only 42% of the total housing stock was owner-occupied.

House prices

General price increases occurred on the Dutch housing market in the period from 1995 through 2008, due to the combined effects of favourable economic conditions and institutional changes. Income growth, declining mortgage interest rates and a reduction of unemployment increased demand for owner-occupied housing. Furthermore, a decrease in the number of newly built homes supported these price increases. Another cause of the price increases in the late 1990's is a change in how some mortgage lenders calculate the borrowing capacity of households. In general, lenders formerly calculated the borrowing capacity of households based on the primary household salary only. Since the mid-1990's, some lenders also evaluated a second household salary. For double-income households this resulted in a surge of their borrowing capacity, which could be used to increase bid prices of the relatively scarce owner-occupied property. In addition the number of double-income households has been increasing over the past decade. It is not certain whether, and how many, lenders will continue to underwrite mortgage loans in this way and, accordingly, increased capacity may not be generally sustained.

Although homes sales already started to decline in 2006 – due to deteriorating affordability – prices continued to rise until August 2008. Since then, houses have on average declined almost 8% in value. Regionally, the development in Dutch housing prices has differed significantly for different areas (or regions). The average time required for the sale of a house has increased sharply during the last few years. With supply and demand still not at market equilibrium, prices could ease further.



MORTGAGE MARKET CHARACTERISTICS

Lenders

Banks are the main mortgages lenders in The Netherlands, followed by insurers and other financial institutions such as pension funds and building funds. The top ten lenders provide more than 80% of the mortgage loans. These mortgage loans are offered through branches, call centres, the internet and to an increasing extent via intermediaries.

Mortgage indebtedness

Compared to other European countries the Dutch market shows a relatively high degree of mortgage indebtedness. Both the fiscal climate and the existence of the NHG Guarantee help explain this fact. In The Netherlands it is possible to deduct mortgage interest payments from taxable income (see the paragraph entitled "*Government policy and restrictions*" below). The NHG Guarantee makes it possible to finance a house with a mortgage loan corresponding to 100% of the market value of the property plus costs relating to the purchase of the property, with a maximum loan of euro 350,000 in 2009, although effective as from 1 July 2012 this will be lowered to euro 320,000. The NHG Guarantee covers around 80% of all newly issued mortgages amounting up to euro 265,000 and 50% of all newly issued mortgages amounting from euro 265,000 to euro 350,000. Foreclosure value in The Netherlands is estimated to be generally around 80% of the market value.

Total mortgage debt outstanding was euro 630 billion, measured as at the end of 2010, which causes the Dutch economy to be a relatively high Mortgage Debt-to-GDP economy with a ratio of approximately 106% as at the end of 2010.

Default losses

Since the National Credit Register (*Bureau Krediet Registratie*; "**BKR**") registers all loans as well as their status, financial institutions use the historical information of the BKR to determine potential borrowers' creditworthiness. In case of default this will inevitably lead to limited or no access to loans for the defaulting party for some years. Furthermore, under Dutch law the lender is able to seize a portion of the borrower's earnings from his employer in case the borrower defaults. Available data indicate that losses peaked in the early 1980's to about 30 basis points of the outstanding amount, due to a combined effect of declining house prices and an increase in unemployment levels. In the event of foreclosure recoveries are generally still less than fair market value. Since then, losses declined substantially, reaching levels of below 2 basis points of the outstanding principal in the 1990's and the new millennium.

Prepayment terms

Lending terms in The Netherlands generally allow a borrower to prepay up to 10 to 20% a year of the original amount that has been borrowed without being penalised. Under most mortgage loan conditions, full prepayment without penalty is only possible in cases of moving or decease. However, borrowers are also allowed to prepay on an interest-reset date without a penalty. If prepayment occurs in other situations, prepayment penalties are severe: the borrower generally has to pay the lender a compensation for the lender's loss of income, if any. This compensation equals the present value of the loss in interest income. Prepayment penalties are tax deductible to the borrower. Declining interest rates in the mid- and late 1990's encouraged many borrowers to refinance.

Government policy and restrictions

The Dutch tax system allows full deduction of all mortgage loan interest payments on the borrower's primary residence from taxable income. The interest deduction is limited to thirty years of interest payments. The Dutch government also levies a property tax, the so-called *Eigenwoningforfait*, on homeowners. The fiscal advantage of the interest deduction is maximised in The Netherlands through the availability of interest-only mortgage loans whereby full redemption takes place at the end of maturity. In addition, a proportion of residential mortgage loans has the benefit of a life insurance policy or a savings insurance policy or a blocked savings account, the value of which is exempted during the term, which is most commonly 30 years. The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount (in 2011: euro 151,000 for individuals and euro 302,000 for couples) plus annual indexing, provided the term of insurance is at least 20 years and other conditions are being met.

Mortgage loan interest payments on residences that are not the primary residence of the borrower are not tax deductible. Instead, both the fair market value of the property and the corresponding loan are taken into account for the calculation of the borrower's "yield basis" when determining the borrower's income on savings and investments. On an annual basis the borrower will be taxed at a rate of 30% on deemed income (which consists of 4%) of the yield basis of the borrower insofar the yield basis exceeds a certain threshold.

There have been discussions to reduce the levels of deductibility but there have been no legislative changes as of the date of this Prospectus. However, as part of the package of measures aimed at reducing the national budget deficit that were published in 2012, a majority of the Dutch parliament has agreed to amend mortgage interest deductibility. The intention of parliament is to amend the interest deductibility on new mortgage loans as from January 2013. It is expected that mortgage loans entered into before 2013 will be grandfathered. Under the resulting '2012 Stability Programme', mortgage loan interest payments remain tax deductible provided that the relevant mortgage loan is redeemed in full within thirty years on an annuity basis. It is also expected that the maximum amount of a mortgage loan against which this tax deductibility may be claimed will be gradually reduced to 100% of the purchase value of the residential property. Furthermore, in its Council Recommendations of 30 May 2012, the European Commission suggests that the Dutch government phase out mortgage interest deductibility in order to reduce structural distortions on the Dutch housing market.

In 2010 the AFM introduced a new assessment framework to protect consumers more effectively against the risks of excessive debts. In addition to restrictions about debt regarding the level of income and budget of the household, the AFM also introduced a cap on the amount of a mortgage loan relative to the value of the residential property. A mortgage loan may amount to a maximum of 112% of the purchase value of the residential property and the part of the debt that is in excess of the purchase value has to be repaid within 7 years or covered by accumulated assets (source: www.afm.nl).

On 1 November 2010, the Netherlands Competition Authority (NMa) published the "Mortgage Rate Quick Scan", concluding that the margins on Dutch mortgage loans have been relatively high since mid 2009, both by historical standards and in comparison with neighbouring countries. This preliminary inquiry is part of a broader sector study of the level of competition on the mortgage market which has not been finalised so far.

On 10 November 2010, Nibud ('*Nationaal Instituut voor Budgetvoorlichting*') announced to lower the 'woonquote' effectively per 1 January 2011. This has further tightened the residential mortgage lending. The woonquote is defined as the gross income vis-à-vis the loan debt. As a consequence, households will be able to borrow a lower amount than in 2010 given the same income. For instance a household with a gross income of € 25,000, would be able to borrow a maximum mortgage loan amount of € 114,097, being 4.5 per cent. lower than in 2010. In particular first-time buyers (or starters) will find difficulty in entering the Dutch mortgage market, as they form a substantial part of this income class. It is well possible that this measure may impact other segments of the Dutch mortgage market as well, given the potential knock-on effect on the entire Dutch housing market (i.e. home owners can or will not move to a new house before having sold their existing house first).

On 21 March 2011, a new GHF-code for underwriting of Dutch residential mortgage loans was proposed by the NVB ('*Nederlandse Vereniging van Banken*') and Verbond van Verzekeraars. This amended GHF Code of Conduct became effective on 1 August 2011. The new code intends to find a balance between customer protection and ongoing access to the housing market. It does fully comply with the existing legislation set by the Ministry of Finance.

Under the new conditions (i) mortgages may not exceed 104% of the market value (*vrije verkoopwaarde*) of the property plus the applicable transfer tax, (ii) the interest-only element of a mortgage may not exceed 50% of the property's market value and (iii) the rules surrounding the approval of so-called "explain" mortgages (being mortgages that do not necessarily comply in full with the Code of Conduct) have been tightened. AFM will closely monitor the mortgage lenders to see whether they will indeed apply the code.

The potentially negative impact on lending volumes following the mentioned tighter underwriting criteria and amended GHF-code could be offset by (1) provisions made by WEW that temporarily increased the maximum NHG-loan amount to EUR 350,000 (from 265,000 in 2009 and which will be lowered to EUR 320,000 as from 1 July 2012) and (2) temporary reduction of the transfer tax to 2 per cent. from 6 per cent. in June 2011, which is expected to become permanent following a bill before the Dutch parliament that was published on 4 June 2012. Finally, as mentioned before the tax deductibility scheme has been left unchanged by the Dutch government.

Accuracy of Information

Most of the information contained in this section 2.5 (*Overview of the Dutch Residential Mortgage Market*) of this Prospectus has been obtained from a source that the Issuer believes to be reliable (ING Economics

Department), and has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

2.6. MUNICIPALITY / NHG GUARANTEE PROGRAMME

Municipality Guarantee

In 1960, The Netherlands government introduced the 'municipal government participation', an open ended scheme in which the municipalities give, according to a set of defined criteria, Municipality Guarantees. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the Municipality Guarantee, the Dutch State would make an interest free mortgage loan to cover its obligations. The aim was to promote house ownership among the lower income groups. The Municipality Guarantee covers the outstanding principal, accrued unpaid interest and disposal cost. To the extent that the mortgage loan is partially redeemed either through scheduled payments or prepayments, the Municipality Guarantee is reduced accordingly. Additional mortgage loans made under a mortgage loan agreement are not covered by the Municipality Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled repayments.

NHG Guarantee

Since 1 January 1995 a central, privatised entity "Stichting Waarborgfonds Eigen Woningen" ("WEW") has been responsible for the administration and granting of the NHG Guarantee (*Nationale Hypotheek Garantie*), under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on a mortgage loan, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (interest and principal) as if such mortgage loan were being prepaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments or prepayments under such mortgage loan (see section A.2 (*Receivables*) of this Prospectus).

Transition from Municipality to NHG Guarantee

The Dutch State has effectively transferred its reimbursement obligations with respect to amounts guaranteed by a Municipality to the WEW. All municipalities have transferred their obligations under guarantees issued pursuant to the previous State terms and conditions to the WEW.

The transfer of obligations by the Dutch State and the municipalities to the WEW is set forth, respectively, in a 'buy-off' agreement (*afkoopovereenkomst*) dated 8 December 1994 between the Dutch State and the WEW and in standard buy-off agreements entered into between each participating municipality and the WEW. The buy-off agreements basically provide for WEW to assume all payment obligations of the Dutch State and the municipalities under guarantees issued (but not enforced) prior to 1 January 1995 against payment by the Dutch State and the participating municipalities of an up-front lump sum (and, if necessary, additional payments) to the WEW.

Financing of the WEW

The WEW finances itself by, among other things, a one-off charge to the borrower of 0.70% of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the Dutch State and, in respect of guarantees issued prior to 1 January 2011, from the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the Dutch State will provide subordinated interest free loans to the WEW of up to 50% and, only in respect of guarantees issued from 1 January 2011, 100% of the difference between the WEW's own funds and a pre-determined average loss level. In respect of guarantees issued prior to 1 January 2011 the municipalities participating in the NHG scheme will provide subordinated interest free loans to the WEW, the other 50% of the difference. Both the keep well agreement between the Dutch State and the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the WEW at all times (including in the event of bankruptcy (*faillissement*), moratorium of payments (*surseance van betaling*) or liquidation (*ontbinding*) of the WEW) to meet its obligations under guarantees issued.

Terms and Conditions of the Municipality Guarantee

The Dutch State established the terms and conditions for the Municipality Guarantees. These terms and conditions have been amended from time to time over the years. As of October 1992, to qualify for a Municipality Guarantee under the relevant State terms and conditions, among other things, the following conditions had to be met: (1) a municipality guarantee must be applied for the purchase of an asset; (2) the

applicant for whose benefit the guarantee is given must be the owner-occupier; (3) the purchase price (as defined in the relevant terms and conditions) must not exceed 375,000 Dutch Guilders (which amounts to approximately 113,445 euro); (4) the relevant mortgage loan granted for the purchase of the property must have a minimum maturity of five years and a maximum maturity of 30 years; (5) repayments have to be on a monthly basis and can be 'annuity' or 'linear'; (6) the relevant mortgage loan must be secured by a first priority mortgage right securing only the mortgage loan on the mortgaged asset, in favour of the lender; (7) the guarantee covers the lender's claims under the mortgage loan as of the date of sale of the property by the lender enforcing the mortgage; (8) if the mortgage right is combined with a life insurance policy, the rights under the policy must be pledged to the lender; (9) the lender must ensure that the property is adequately insured (by the borrower) against fire damage during the term of the mortgage loan. In addition, once the guarantee has been issued, the lender has certain ongoing obligations under the Municipality Guarantee vis-à-vis the municipality; (i) without the consent of the municipality the lender shall not agree to a suspension of payment under the mortgage loan; (ii) the lender must inform the municipality on a yearly basis as to the amount outstanding under the mortgage loan; (iii) if and when the borrower is in default under the mortgage loan, the lender must inform the municipality accordingly; (iv) if the default of the borrower under the mortgage loan is continuing, the lender may not sell the property, except with the consent of the municipality; (v) the lender may not claim under the guarantee, unless the mortgage has been enforced and the property has been sold.

Terms and Conditions of the NHG Guarantees

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

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

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the National Credit Register (*Bureau Krediet Registratie*; "**BKR**"), a central credit agency used by all financial institutions in The Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages (*Stichting Fraudepreventie Hypotheken*, "**SFH**"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80% of the value of the property.

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

As of 1 July 2009 an NHG Guarantee can be issued up to a maximum amount of EUR 350,000, although effective as from 1 July 2012 this will be lowered to EUR 320,000.

Claiming under the Municipality Guarantee

The claim must be made under the same conditions as for the NHG claim (see below). There are three possibilities for claiming payment for a defaulted mortgage loan by a Municipality Guarantee: (1) the municipality has joined the NHG scheme and has transferred its obligations to the NHG, (2) the municipality has joined the NHG scheme and has transferred its obligations to the NHG but the municipality has retained its old obligations, or (3) the municipality has not joined the NHG scheme. The claims procedure is as follows:

- (A) in relation to (1) above, the claim is made to the municipality that issued the guarantee, which checks the validity of the claim and forwards it to the WEW which makes the payment to the lender;
- (B) in relation to (2) above, the claim is made to the issuing municipality which checks the claim and makes the payment to the lender (the WEW will reimburse the municipality for 50% of the claim); and
- (C) in relation to (3) above, the claim is made to the issuing municipality which checks the claim and makes the payment to the lender.

In all cases the full file of relevant information must be submitted with the claim within the required time. Payment should be made within two months. If not, interest is payable for the delayed payment period.

In its letter dated 26 October 2000, the WEW has confirmed that the starting point for its policies is that each financial institution with which it has a guarantee arrangement acts in good faith (*te goeder trouw*) and that breaches of the terms and conditions (*Voorwaarden en Normen*), which do not have a material influence on the occurrence and the size of the loss, lead to payment under the claims. The WEW also confirmed that if a financial institution should transfer to a third party its rights under mortgage loans which have the benefit of an NHG Guarantee and which are registered with the WEW in accordance with the provisions of such terms and conditions, pursuant to a sale by that financial institution of a mortgage loan portfolio to which the mortgage loans in question belong or in connection with a financial transaction, such third party transferee will become the beneficiary of the NHG Guarantee as provided for in article 6:142 sub-section 1 of the Dutch Civil Code.

Claiming under the NHG Guarantees

When a borrower is in arrears with payments under a mortgage loan for a period of 4 months, a lender informs the WEW in writing within 30 days of the outstanding payments, including the guarantee number, the borrower's name and address, information about the underlying security, the date of the start of late payments and the total of outstanding payments. When the borrower is in arrears, the WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, the WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of the WEW is required in case of a private sale unless the property is sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless the WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within three months of the private or forced sale of the property, the lender must make a formal request to the WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, the WEW must make payment within two months. If the payment is late, provided the request is valid, the WEW must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by the WEW because of the lender's culpable negligence, the lender must act vis-à-vis the borrower as if the WEW were still guaranteeing the repayment of the mortgage loan during the remainder of the term of the mortgage loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan

and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

Additional loans

Furthermore, on 1 July 2005 provisions were added to the NHG Conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request the WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, among other things, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The granting of such an additional loan is subject to certain conditions, including, among other things, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner of the borrower.

Main NHG Underwriting Criteria (*Normen*) for 2012

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

- (i) The lender must perform a BKR check. "A-" and "A1-" registrations, amongst others, are allowed in certain circumstances.
- (ii) As a valid source of income the following applies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will in the case of similar performance in average business conditions be provided an indefinite contract of employment. In respect of employees working on a flexible contract or during a probational period (*proeftijd*), such employees must produce a three year history of income statements, for self employed people three years of annual bank account statements.
- (iii) The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The interest rate to be used is tested for the test rate of the Code of Conduct on mortgage financing (*Gedragscode Hypothecaire Financieringen*) for loans with a fixed interest rate period less than 10 years and the actual interest rate for loans with a fixed interest rate period equal to or in excess of 10 years. The borrowing capacity of a consumer for a mortgage loan with a fixed-interest term of less than ten years shall be calculated by the mortgage lender on the basis of a percentage determined by the Mortgage Lenders Contact Organisation (*Contactorgaan Hypothecair Financiers*, "**CHF**"), which is in turn based on the market interest on loans to the State of the Netherlands with a remaining life of ten years, plus such margin as may be determined by the CHF. This margin is fixed for the time being at 1 percentage point. The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the consumer. The mortgage lender shall calculate the borrowing capacity of a consumer for a mortgage loan with a fixed-interest term of ten years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

With respect to the mortgage loan, the underwriting criteria include but are not limited to:

- (i) The absolute maximum loan amount is EUR 350,000 (as of 1 July 2009 and which will be lowered to EUR 320,000 as from 1 July 2012). The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
 - (a) For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, (iii) 8% of the amount under (i) plus (ii). In case an existing property can be bought without paying stamp duty (*vrij op naam*), the purchase price under (i) is multiplied by 97%.
 - (b) For the purchase of properties to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost) and (ii) 8% of the amount under (i).

- (ii) The maximum loan amount that is interest only is 50% of the market value of the property.
- (iii) The risk insurance policy should at a minimum cover the loan amount in excess of 80% of the market value.

2.7 ORIGINATION AND SERVICING BY ORIGINATOR

General

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

Origination

Introduction

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

The principal items in the underwriting protocol are:

Code of Conduct (Gedragscode Hypothecaire Financieringen)

The Code of Conduct on mortgage financing is applicable to all Dutch Financial Institutions offering mortgage loans for the purchase, reconstruction or refinancing of the borrower's property. The Code of Conduct dictates among others how to determine the maximum loan capacity of the borrower, and operates on a "comply or explain" basis. This means that each mortgage provided needs to comply with the Code of Conduct or appropriate explanation needs to be provided on an individual mortgage basis. The calculation of the maximum loan capacity is based on an annuity test, an interest rate determined quarterly by the Contactorgaan Hypothecair Financiers and the maximum debt-to-income ratios (housing ratios). Currently, a minimum interest rate of 5.8% applies to mortgage loans with a floating or fixed rate of interest of up to a term of 10 years. For mortgage loans with longer fixed rate terms, the actual mortgage rates are to be used, with a current minimum of 5.8%. Based on this interest rate and the duration of the loan a monthly annuity is calculated. The total annuity payments per year should be less than the maximum housing ratio (and therefore compliant with the annuity test). The Code of Conduct also dictates when it is permissible to deviate from this annuity test in order to test with the real mortgage expenses, such instances being, for example, a loan to value below 100% or a fixed interest rate term of 10 years or more.

In the case of a dual income household, the housing ratio is determined by the higher of the two incomes. In order to meet the underwriting criteria, the maximum acceptable housing ratio ranges between 20.3% and 42.2% where the borrower is not older than 65 years and between 19.5% and 49.4% if the borrower is older than 65 years, depending of the income of the borrower. The higher the income, the higher the maximum housing ratio.

Since 1 August 2011, the mortgage lending conditions set out in the Code of Conduct have become more strict. Under the new conditions, mortgages may not exceed 104% of the market value (*vrije verkoopwaarde*) of the property plus the applicable transfer tax, the interest-only element of a mortgage may not exceed 50 per cent. of the property's market value and the rules surrounding the approval of 'explain' mortgages (i.e. mortgages that do not necessarily comply in full with the Code of Conduct) have been tightened.

Income

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

National Credit Register (Bureau Krediet Registratie - BKR)

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

Collateral

To determine the foreclosure value of the property, three (3) types of valuations are used by the Originator:

1. A valuation by a qualified Dutch surveyor ("**Valuation Report**");
2. A valuation by the Dutch tax authorities in the context of the Valuation of Immovable Property Act ("**WOZ Value Statement**"); and
3. A contract for construction ("**Contract for Construction**") is provided for 'custom' new build properties (along with a Valuation Report) and a brochure price ("**Brochure Price**") is provided for 'non-custom' new build properties.

The provision of a Valuation Report is mandatory unless the circumstances described below for a WOZ Value Statement are applicable (it is common for mortgage lenders in the Netherlands to use WOZ Value Statements in their underwriting process). In relation the vast majority of loans granted by the Originator in recent years, a Valuation Report was obtained. Contracts for Construction or Brochure Prices occur rarely in practice.

In case that a Valuation Report is required, or in cases where it is not required but it is provided, the valuation must be carried out by a registered valuer, that is known and approved by the relevant local branch of the Originator and that is a member of a selected organisation, being either the "*Nederlandse Vereniging van Makelaars*" (Netherlands Association of Real Estate Brokers), the "*Vereniging Bemiddeling Onroerend Goed*" or the "*Vastgoed PRO*", and which is registered with either "*Stichting VastgoedCert, kamer Wonen*" or with "*Stichting Certificering VBO-Makelaars (SCVM)*". The registered valuer must be independent and may (therefore) not take part in or have any financial or other interest in the purchase or sale of the relevant property and must operate in the area in which the property is located. The remuneration of the valuer does not depend on whether the approval or disapproval of the relevant mortgage loan by the Originator.

A WOZ Value Statement is an independent desktop valuation arranged by the municipalities which serves as a basis to calculate property tax and is used in the underwriting process as part of the standard market practice by financial institutions originating mortgage loans in the Netherlands. A WOZ Value Statement cannot be used in the underwriting process in the following cases:

- (i) Property is not a 'regular' property. The property must be permanently residential with no commercial use i.e. office space etc.;
- (ii) Property is a new build. (For 'custom' new build properties, a Valuation Report and a Contract for Construction are required. For 'non-custom' new build properties, a Brochure Price is required);
- (iii) Property was built by the borrower;
- (iv) Purchase price of the property is greater than Euro 1 million; and
- (v) Mortgage loan is intended to have the benefit of a NHG Guarantee (in this case the underwriting is always based on market value).

Any credit underwriter can decide on a case-by-case basis that a WOZ Value Statement is not sufficient and request a Valuation Report prior to approval. Hence, in general, loans granted only on the basis of WOZ Value Statements are typically lower risk cases, such as refinancings, conversions or further advances for which a Valuation Report was obtained previously.

The review of valuations and loan documentation is performed by a credit underwriter of the Originator not related to the intermediary or sales organisation of the Originator. A Valuation Report, WOZ Value Statement, Contract for Construction or Brochure Price that is not older than 12 months and that adheres to all other criteria set by the Originator, is deemed acceptable. A credit underwriter compares the valuation with the purchase price of the property to confirm consistency. In case of significant differences, fraud is deemed to have occurred and the case is further investigated.

Changes to the Code of Conduct in August 2011 have shifted the focus in the Netherlands from the "Foreclosure value" to the "Market value" of properties. Using the same property valuation processes as

outlined above, and for the purpose of complying with the Code of Conduct, the Originator establishes market value as follows (subject to control via property valuations):

Situation	Determining market value
1. Purchase of home - existing construction	Purchase price (exclusive of movables)
2. Purchase of home - existing construction with refurbishment	Valuation Report after refurbishment
3. Purchase of new-build home	Purchase/contract price plus construction period interest costs, plus interest during construction capped at 4% of the market value, plus lump sum to buy out ground lease, plus extra work and/or connection to public utilities
4. Refinancing, increase, conversion and all other cases	Valuation Report or WOZ Value Statement

The maximum principal amount outstanding under a mortgage loan varies between 100% and 128% of the foreclosure value of the property. The foreclosure value is approximately 80% of the market value of the property.

If a WOZ Value Statement is used, the foreclosure value of a property is defined as a certain percentage of the WOZ value, being 80% as of June 2009.

Other underwriting conditions

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

Mortgage Analysis Programme

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

Acceptance

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

Insurance

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

Security

Each mortgage loan is secured by a first priority right (*eerste in rang*) or a first and sequentially lower priority right of mortgage in the form of a notarial deed, which is duly registered at the land register (*Dienst van het Kadaster en de Openbare Registers*). When a mortgage deed is first presented for registration an entry to this effect is made in the land register. The first entry in the land register establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property. The Bank accepts in principle a second (and sequentially lower) mortgage right if the first entry of a mortgage right is made in the name of the Bank. In certain limited circumstances, the Bank accepts a second ranking right of mortgage where a first ranking right of mortgage has already been registered in the name of a third party whereby additional conditions will apply to the relevant mortgage loan (e.g. a higher interest rate and a lower maximum principal loan amount).

Servicing

Introduction

The Servicer is responsible for the mortgage administration of the Dutch business units of the Originator, including the non-commercial contacts with the clients. Currently, the Servicer provides mortgage administration services for approximately 700,000 mortgage loans (ING), amounting to approximately €106 billion. The Servicer has offices located in Amsterdam, Leeuwarden, Rotterdam, Zwolle and Eindhoven. The Servicer undertakes arrears management for all Dutch ING mortgage labels, including Nationale Nederlanden, RVS and WestlandUtrecht Hypotheekbank. The Servicer's arrears management for ING is carried out in Amsterdam and arrears management for RVS, WestlandUtrecht Hypotheekbank and Nationale Nederlanden is carried out in Rotterdam.

Mortgage administration

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

Interest collection

For the vast majority of the mortgage loans, interest is collected by a direct debit account. Each month, the mainframe automatically calculates the amount of interest due. The interest on loans originated by the Originator is collected in arrear on the first business day of each month. The interest received is recorded in each borrower's ledger account. From then on, all payments per borrower are automatically recorded under each operating entity. This automated process has a very low fail rate. Failure can be caused by a change in bank account of the borrower without the Servicer being notified or an insufficient balance on the bank account to satisfy the payment. The borrower will receive a first reminder on the fifteenth day following an unsuccessful automatic collection.

Arrears management

If a borrower fails to meet his payment obligations, the file is transferred to the central arrears management departments after 60 days. The arrears management activities globally consist of two phases. In the first phase, the goal is to re-instate the normal payment pattern and to retain the customer. In this phase, contact is made with the borrower and possibly with the employer of the borrower. The borrower receives personal attention by a team that has, on average, more than 5 years of experience in arrears management.

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

However, the procedure can be adjusted to reflect risk considerations. The arrears administrative control procedure is as follows:

- (a) The amount to be debited will be updated according to the payments due at that date; premium, penalty, interest and repayments. In this direct debit procedure the outstanding amounts to be collected are credited in the following order: first, premium (insurance, investment and/or savings), second, penalty payment, third, interest and finally, repayment.
- (b) During the first week a letter, sms or e-mail is sent to the debtor.
- (c) If this letter, sms or e-mail is unsuccessful in eliciting payment, or contact, a second letter is sent to the debtor in the same process week.
- (d) If by the end of process week 1 no contact has been made or no payment received the debtor is called and the consequences of non-payment are explained. If telephone contact is unsuccessful, a field agent is instructed to visit the debtor.
- (e) If, 21 days after the due date, payment has still not been received, a notice is sent out to the debtor consisting of a status update that specifies the due amount (premium, interest and repayment) including the penalty payment. This status update will be re-sent on a monthly basis. The borrower will be subjected to a test in BKR to check for other outstanding debts.
- (f) After 65 days a letter is sent to the borrower. In this letter the borrower is informed of the arrears, the amount that is due and that if after 120 days the payment has not been received arrears management will make a notification to the BKR.
- (g) If, 70 to 75 days after the due date, payment has still not been received, telephone contact is established between the assigned arrears administrator and the borrower. Based on this contact, a plan is made for the special intensive arrears administration which gets entered into the system.
- (h) If, more than 80 days after the due date payment still has not been received, the arrears management employee can among others send a stronger letter, send a field employee to the borrower, make an attachment of earnings, call the employer and discuss a voluntary attachment of earnings. Actual steps taken are decided upon on a case-by-case basis.
- (i) If no payment has been received 120 days after the due date, the borrower is reported to the BKR.
- (j) After 127 days, further efforts will be made to return to normal payment behaviour of the client. The type and frequency of the contact can differ for each borrower.
- (k) After 150 days a valuation report is made on behalf of arrears management. If necessary a valuation report can be made at an earlier stage.
- (l) If the borrower still has not paid or reacted, the file is transferred to a senior arrears management employee (B / C employee). Getting the borrower back to perform is not excluded at this stage, but the emphasis shifts to minimising the credit losses. In specific more risky situations the file will be transferred to such employee at an earlier stage not to unnecessarily delay the (foreclosure) process.
- (m) During the period in which arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrower and the Originator. This typically happens within the notice period of 8 months, however, at a maximum of 14 months delinquency.

Foreclosure procedures

If a borrower fails to comply with the agreed payment schemes, or if it is clear that there is no prospect of the interest, principal and/or premium arrears being paid in the near future, the borrower's file is handed over to the intensive arrears management department to initiate foreclosure. The directive within the Servicer is that this does not take place later than six months after the date of the second monthly payment in arrear. Foreclosure on the property is only undertaken if the intensive arrears management department determines that there is no (prospect of a) foreseeable solution.

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

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

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

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

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

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

In the auction the Originator's employees from arrears management are present. Their goal is to ensure that the pre-determined minimum price is achieved. That includes active bidding in the auction. If at the end of the auction the Originator's employee is the highest bidder, then the Originator is the owner of the property. For this purpose a purchase company is established. This full subsidiary of ING Bank N.V. called JUZA, aims to sell the property again on a cost-covering basis within a period of 12 months. This period of 12 months (in 2011 this time period was set at 12 months instead of 6 months temporarily) allows the JUZA to ask for a refund of the 6% transfer tax (*overdrachtsbelasting*).

Outstanding amounts

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

Fraud desk

All banks in The Netherlands have a working relationship with respect to mortgage loan fraud through the Dutch Association of Banks (*Nederlandse Vereniging voor Banken*). A national fraud desk (*Counter Hypotheken Fraude*) has been established through which all the banks notify each other of possible fraud cases. Within the Originator, a Fraud Desk has been established for all mortgage loans. All known fraud cases are registered in an internal and external verification system that identifies fraudulent borrowers.

Each new mortgage loan application is automatically run through this register. Additionally, new names added to the register are automatically crosschecked within the existing mortgage loans of ING.

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

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

2.8 SUB-PARTICIPATION

Under each Sub-Participation Agreement, the Issuer grants the relevant Participant a Participation in each relevant Savings Receivable (other than a Further Advance Receivable), Hybrid Receivable (other than a Further Advance Receivable), Bank Savings Receivable (other than a Further Advance Receivable) or Further Advance Receivable, as the case may be, in return for the payment by the Participant of the relevant Initial Settlement Amount and, save in the case of a Further Advance Receivable, Further Settlement Amounts, as follows.

Participation

First, the Participant undertakes to pay to the Issuer for each Participation Receivable:

- (a) on the Participation Date: an amount equal to the Initial Settlement Amount as at such Participation Date for such Participation Receivable; and
- (b) in the case of a Savings Receivable, Hybrid Receivable or a Bank Savings Receivable, on each subsequent Monthly Payment Date an amount equal to: a Further Settlement Amount for such Participation Receivable, unless as a result of such payment the Participation in respect of such Participation Receivable would exceed the Gross Outstanding Principal Balance of such Participation Receivable at such time or, if lower and if such Participation Receivable is a Bank Savings Receivable, the amount standing to the credit of the related Bank Savings Account at such time, in which case only such amount shall be paid as is necessary for such Participation (which includes Accrued Savings Increases) to reach such Gross Outstanding Principal Balance or amount standing to the credit of the related Bank Savings Account, as the case may be.

In return, in relation to each Participation Receivable, the Issuer undertakes to pay to the Participant on each Monthly Payment Date the Redemption Amount, if any, received by the Issuer in respect of such Participation Receivable since the preceding Monthly Payment Date.

If a Borrower with respect to:

- (i) a Savings Receivable or Hybrid Receivable invokes any defence purporting to establish that he may deduct an amount from the Participation Receivable based on any default by the Participant in the performance of any of its obligations under the relevant Mixed Insurance Policy;
- (ii) a Bank Savings Receivable invokes a right of set-off or for any other reason set-off is applied in respect of any amount standing to the credit of the related Bank Savings Account against the Participation Receivable; or
- (iii) a Further Advance Receivable invokes any right of set-off or defence purporting to establish that he may deduct an amount from the Participation Receivable or the Originator fails to pay any amount due by it to the Issuer in respect of such Participation Receivable,

and, in each case, as a consequence thereof, the Issuer does not receive such amount in respect of such Participation Receivable, then such amount will be deducted from the relevant Participation.

Enforcement Notice

If an Enforcement Notice is served by the Trustee on the Issuer, then the Trustee may and, if so directed by the Participant, shall on behalf of the Participant by notice to the Issuer:

- (a) terminate the obligations of the Participant under the Sub-Participation Agreement; and
- (b) declare the Participations to be immediately due and payable, provided that such payment obligation shall for each Relevant Receivable be limited to the relevant Redemption Amount received by or on behalf of the Issuer or the Trustee under the relevant Participation Receivable.

Sale of Savings Receivable

If a Savings Receivable is sold by or on behalf of the Issuer to the Originator or a third party, then the Issuer will (apart from, for the avoidance of doubt, paying the Redemption Amount in respect of such

Savings Receivable), if so requested by the Participant use reasonable endeavours to ensure that the acquirer of the Savings Receivable will (a) enter into a sub-participation agreement with the Participant in a form similar to the relevant Sub-Participation Agreement or (b) by way of partial take-over of contract (*partiële contractsoverneming*) take over the contractual relationship (*rechtsverhouding*) under the relevant Sub-Participation Agreement to the extent relating to the Participation associated to the Savings Receivable (in which case the Redemption Amount will be zero).

Priorities of Payments

The Income Priority of Payments and the Redemption Priority of Payments will be funded by Available Income and Available Redemption Funds. When calculating the relevant Principal Receipts, certain deductions will be made by reference to the relevant Redemption Amounts, which deducted amounts will not be applied in accordance with the Redemption Priority of Payments, but will be credited to the Participation Ledger and be paid to the relevant Participants in accordance with the Administration Agreement and the relevant Sub-Participation Agreement. When calculating the relevant Revenue Receipts, certain deductions will be made by reference to the relevant Participation Fractions, with a view to:

- (i) in the case of Savings Receivables, Hybrid Receivables and Bank Savings Receivables: the relevant Increases in the relevant Participations. The equivalent of such Increases is in turn treated as a Principal Receipt, for application in accordance with the Redemption Priority of Payments; and
- (ii) in the case of Further Advance Receivables: for credit to the Participation Ledger and payment to the relevant Participant in accordance with the Administration Agreement and the relevant Sub-Participation Agreement.

Likewise, the Enforcement Priority of Payments will not be funded by amounts which have been received by or on behalf of the Issuer and which are required to be credited to the Participation Ledger and paid to Participants on account of Redemption Amounts or in the case of Further Advance Receivables, amounts deducted pursuant to paragraph (a)(iii) of the definition of Revenue Receipts.

2.9 ING BANK N.V.

Profile

ING Bank N.V. is part of ING Group. ING Groep N.V. is the holding company for a broad spectrum of companies, offering banking, investments, life insurance and retirement services to meet the needs of a broad customer base. Originating from The Netherlands, ING has a workforce of more than 97,000 people worldwide. ING Group holds all shares of ING Bank N.V., which is a non-listed 100% subsidiary of ING Group. On 26 October 2009 ING announced a new strategic direction. It will separate its banking operations and insurance operations (including investment management operations) and develop towards a mid-sized international bank, anchored in The Netherlands and Belgium, and predominantly focused on the European retail market with selected growth options elsewhere. On the same date, ING Groep N.V. announced that all insurance operations (including investment management operations) would be divested over the following four years. ING Group conducts its banking operations principally through ING and its insurance operations (including investment management operations) principally through ING Verzekeringen N.V. and its subsidiaries ("**ING Insurance**").

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

With more than 70,000 employees, ING Bank is active through the following business lines: Retail Banking, including ING Direct, and Commercial Banking.

Retail Banking provides retail and private banking services to individuals and small and medium-sized enterprises in The Netherlands, Belgium, Luxembourg, Poland, Romania, Turkey, India, Thailand and China (through a stake in Bank of Beijing) with a multi-product, multi-channel distribution approach. In mature markets, Retail Banking focuses on wealth accumulation, savings and mortgages, with an emphasis on operational excellence, cost leadership and customer satisfaction. In developing markets, Retail Banking aims to become a prominent local player by offering simple but high quality products. ING Direct offers direct banking services in Canada, Spain, Australia, France, the US, Italy, Germany, the UK and Austria. ING Direct's focus is on offering five simple and transparent retail banking products at very low cost: savings, mortgages, payment accounts, investment products and consumer lending.

Commercial Banking offers core banking services such as lending, payments and cash management in more than 40 countries. It provides clients with tailored solutions in areas including structured finance, financial markets, commercial finance, leasing, corporate finance and equity markets. Clients are corporations – ranging from medium-sized and large companies to major multinationals – as well as governments and financial institutions.

In 2010, ING Bank introduced a new reporting structure reflecting two main business lines: Retail Banking and Commercial Banking. Under this structure, ING Direct has been included within Retail Banking. This reporting structure has been applied in respect of the ING Group banking business disclosure included in the quarterly reports from Q1 2010.

Incorporation and history

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

On 4 October 1989, NMB Bank merged with Postbank, the leading Dutch retail bank. The legal name of NMB Bank was changed into NMB Postbank Groep N.V. On 4 March 1991, NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensured a close co-operation between the banking and

insurance activities, strategically as well as commercially. The sub-holding companies remained legally separate. After interim changes of names the statutory names of the above mentioned companies were changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1 December 1995.

The registered office of ING Bank N.V. is at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, The Netherlands (telephone number: +31 20 5649111). ING Bank N.V. 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 N.V. were last amended by notarial deed executed on 30 December 2009. According to its Articles of Association, the objects of ING Bank N.V. are to conduct the banking business in the broadest sense of the word, including insurance brokerage, to acquire, construct and operate immovable properties, and furthermore to participate in, conduct the management of, finance and furnish personal or real security for the obligations of and provide services to other enterprises and institutions of whatever kind, but in particular enterprises and institutions active in the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

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

Transactions with the Dutch State

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

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

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

These arrangements entail that:

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

Repaying the Dutch State

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

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

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

ING remains committed to repaying the Dutch State as quickly as possible on terms acceptable to all stakeholders. Ideally, ING would like to complete the state repayment as soon as possible, however, given the ongoing crisis in the eurozone and increasing regulatory capital requirements, ING needs to take a cautious approach and to maintain strong capital ratios in the Bank as it builds towards Basel III.

ING's appeal against the EC decision

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

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

The Dutch State joined ING in 2010 in its appeal with the General Court to contest the EC decision insofar as it qualifies the core Tier 1 amendment as additional state aid. The Dutch Central Bank joined in the proceedings in support of ING's appeal. In July 2011, oral arguments of the appeal case were heard by the Court. The ruling of the Court was issued on 2 March 2012. ING welcomes the judgment to partially annul the EC decision. From 2 March, ING has been in the process of carefully assessing the full judgment as well as its consequences.

Separation process on schedule

ING continued to work towards the full physical and organisational separation of the banking and insurance/investment management activities. In 2011 ING laid the groundwork for the original base case of two IPOs (initial public offerings) of its insurance and investment management activities: one for ING's US operations and one for its European and Asian activities. However, on 12 January 2012 ING announced an update on the restructuring of the insurance and investment management businesses. Due to the uncertain economic outlook and volatile markets, especially in Europe, ING has decided to review other strategic options for its Asian insurance and investment management businesses. For the European insurance/

investment management businesses, ING is continuing preparations for a stand-alone future, including the possibility of an IPO. And ING is continuing to prepare for the base case of an IPO for the US insurance/investment management businesses. ING is committed to conducting these processes with the utmost diligence in the interests of all stakeholders, including customers, employees, distribution partners and shareholders.

The separation process of ING Bank and ING Insurance/Investment Management (IM) has been a massive undertaking, entailing more than 1,100 projects. It was set up as a four-year programme, running from early 2010 through to the end of 2013. Operational separation was achieved as of 1 January 2011; since then, approximately 90% of the planned full separation projects have been completed. The full separation of ING Insurance US and ING Insurance Eurasia was well underway in 2011. Separation costs for 2011 were about EUR 200 million, well within the budgeted amount of EUR 250 million after tax. This reflects the cost-efficient way in which the separation was handled. Only a small number of projects were carried over from 2011 to 2012 and are expected to be resolved in the first quarter of 2012. In addition, ING will finalise a couple of large longer-term IT projects.

Divestments and acquisitions

Acquisitions effective in 2011

There were no significant acquisitions in 2011.

Divestments effective in 2011

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

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

Clarion Partners

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

ING Car Lease

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

Divestments occurring in 2012

ING Direct USA

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

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

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

3. SERVICING; ADMINISTRATION

3.1 SERVICING

Pursuant to the terms of the Servicing Agreement the Servicer has agreed to service on behalf of the Issuer the Transferred Receivables. The Servicer will be required to:

- (i) administer the relevant Transferred Receivables in accordance with the Originator's Servicing Manual and the Servicing Agreement; and
- (ii) use all reasonable endeavours to collect all payments due under or in connection with the Transferred Receivables and to enforce all covenants and obligations of each Borrower in accordance with the Enforcement Procedures and take such action as is not materially prejudicial to the interests of the Issuer and in accordance with such actions as a Reasonable Prudent Lender would undertake.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Issuer in relation to the Transferred Receivables, and to do anything which it reasonably considers necessary or convenient or incidental to the administration of those Transferred Receivables.

The Servicer has undertaken to, among other things, perform the services listed below in relation to the Transferred Receivables, and to:

- on each Notes Calculation Date prepare a Receivables Report and an Arrears Report in respect of (i) the Transferred Receivables and (ii) the Notes Calculation Period immediately preceding the Notes Calculation Period in which such Notes Calculation Date falls, and to deliver the same to the Issuer, the Trustee, the Rating Agencies and each Participant;
- keep records and books of account on behalf of the Issuer in relation to the Transferred Receivables;
- assist the Administrator and the auditors of the Issuer and provide information to them upon reasonable request;
- subject to the provisions of the Servicing Agreement take all reasonable steps to recover all sums due to the Issuer including without limitation by the institution of proceedings and/or the enforcement of any Transferred Receivable;
- to the extent permitted under applicable data protection and other laws, provide on a timely basis to the Rating Agencies all information which is reasonably required in order for the Rating Agencies to be able to establish their credit estimates at all reasonable times upon reasonable notice subject to the Servicer being reasonably capable of providing such information without significant additional cost;
- make all calculations and render all other services required for compliance with any Sub-Participation Agreement;
- take all other action and do all other things which would be reasonable to expect a Reasonable Prudent Lender to do in administering the Transferred Receivables and the Related Security;
- perform a PVA upon the occurrence of a PVA Trigger Event;
- act as collection agent on behalf of the Issuer and, following the occurrence of an Issuer Default, the Trustee in accordance with the provisions of the Servicing Agreement; and
- make all preparations and recordings and ancillary activities necessary to effect any (re) transfer of Receivables to or by the Issuer and/or any pledge or release of pledge of such Receivables.

The Servicer will represent and warrant that it is, and covenants that it shall remain, adequately licensed under the Wft to act as consumer credit provider or intermediary and covenants to comply with the information duties towards the Borrowers under the Wft. Furthermore, the Servicer will covenant that it shall only engage any sub-contractor with due observance of the applicable rules under the Wft. The

Servicer may only terminate the Servicing Agreement upon 12 months prior written notice to each of the Trustee and the Issuer and, among other things, only if a substitute servicer has been appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit provider or intermediary.

The Servicer also undertakes that within 60 days of the Servicer ceasing to be assigned at least the Minimum Servicer Rating, it will use reasonable efforts to procure that the parties to the Servicing Agreement enter into a substitute servicing agreement with a third party in such form as the Issuer and the Trustee shall reasonably require.

The Issuer will pay to the Servicer a servicing fee (plus any applicable value added tax) as agreed in the Servicing Agreement.

3.2 SERVICER

The Issuer and the Trustee may, upon written notice to the Servicer, terminate the Servicer's rights and obligations immediately if a Servicer Default occurs.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' notice to the Trustee and the Issuer provided that a substitute servicer who meets the Servicer Criteria has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement, prior to such resignation becoming effective. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Notes unless the Noteholders agree otherwise by an Extraordinary Resolution.

If the appointment of the Servicer is terminated, the Servicer must deliver the Borrower files and other documentation held by it relating to the Transferred Receivables administered by it to, or at the direction of, the Issuer.

The Servicer may sub-contract the performance of its duties under the Servicing Agreement provided that the proposed sub-contractor meets conditions as set out in the Servicing Agreement.

The initial Servicer is ING. See section 2.9 (*ING Bank N.V.*) of this Prospectus.

3.3 ADMINISTRATION

Pursuant to the Administration Agreement, the Administrator will provide the Administration Services to the Issuer including to:

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

Fee, Costs and Expenses

The Issuer shall for each Notes Calculation Period pay to the Administrator for its Administration Services hereunder in arrears on the first following Notes Payment Date a fee and an indemnification for out-of-pocket costs, expenses and charges (plus any applicable value added tax), incurred by the Administrator in

the performance of the Administration Services. such fee to be agreed between the Issuer, the Administrator and the Trustee from time to time.

Termination

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

Obligations of Administrator

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

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

The initial Administrator is ING. See section 2.9 (*ING Bank N.V.*) of this Prospectus.

4. LIQUIDITY FACILITY

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

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

There are three types of drawings under the Liquidity Facility Agreement:

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

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

If at any time (a) the rating of the Liquidity Facility Provider falls below the minimum as determined to be applicable or agreed by the Rating Agencies from time to time, which as at the Closing Date is, in respect of Fitch, F1 for its short-term debt obligations and A for its long-term debt obligations and, in respect of Moody's P-1 and in respect of DBRS, A for its long-term debt obligations, or (b) if the Liquidity Facility Termination Date will occur no more than 30 days after notice to be given by the Issuer, and the Trustee has confirmed in writing it is satisfied that the Issuer has made satisfactory arrangements for obtaining a replacement liquidity facility on substantially the same terms as the Liquidity Facility Agreement with a bank which has a credit rating determined to be applicable or agreed by the Rating Agencies from time to time, which as at the Closing Date is, in respect of Fitch, F1 for its short-term debt obligations and A for its long-term debt obligations and, in respect of Moody's P-1 and in respect of DBRS, A for its long-term debt

obligations, the Issuer may cancel the whole (but not part only) of the Liquidity Facility Amount. In such circumstances, the Liquidity Available Facility shall be reduced to zero and no further Liquidity Revolving Drawing or Liquidity Standby Drawing shall be made, and the Issuer shall repay any outstanding Liquidity Standby Drawing on the last day of the then current Liquidity Standby Drawing Period.

The initial Liquidity Facility Provider is ING. See section 2.9 (*ING Bank N.V.*) of this Prospectus.

5. SWAP

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

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

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

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

The Swap Agreement will govern the terms of the Swap Transaction and will be documented under a 1992 ISDA Master Agreement dated on or around the date hereof between the Issuer, the Swap Counterparty and the Trustee, together with the schedule and the Credit Support Annex thereto, and the Swap Confirmation.

The Swap Transaction

Under the Swap Transaction, on each Notes Payment Date:

- (i) the Swap Counterparty shall have an obligation to pay an amount determined by calculating the product of (i) the sum of the relevant Reference Rate and the weighted average of the Relevant Margin, (ii) the Principal Amount Outstanding of the Notes on such Notes Payment Date (without taking into account any principal amounts due to be paid or written off on such date in relation to the Notes) and (iii) the relevant day count fraction (the "**Swap Counterparty Amount**"); and
- (ii) the Issuer shall have an obligation to pay any Issuer Scheduled Income in respect of the related Notes Calculation Period (less any amounts payable by the Issuer on such Notes Payment Date under paragraphs (a), (b) and (c) of the Income Priority of Payments) (the "**Issuer Swap Amount**").

The Swap Transaction provides that, in the event that the Issuer Actual Income in respect of the related Notes Calculation Period (less any amounts due under paragraphs (a), (b) and (c) of the Income Priority of Payments) is less than the Issuer Swap Amount (an "**Income Shortfall**"), the Issuer will only be obliged to pay such lesser amount under the Swap Transaction. In circumstances where an Income Shortfall arises, the corresponding Swap Counterparty Amount shall be reduced by a proportion equal to such reduction in the Issuer's payment obligations under the Swap Agreement. The amounts due from the Issuer to the Swap Counterparty and from the Swap Counterparty to the Issuer under the Swap Transaction (as reduced, if applicable) will be netted off against each other. If a net payment is due from the Swap Counterparty, the net amount will be included in the Available Income for such Notes Payment Date and will be applied on that Notes Payment Date according to the relevant Priorities of Payment. If a net payment is due to the Swap Counterparty, the net amount will be payable from the Available Income for such Notes Payment Date.

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

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

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

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

- (a) if there is a failure by the Swap Counterparty to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a the Swap Counterparty;
- (c) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;
- (d) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement; and
- (e) if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement.

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

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

Withholding Tax

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

Credit Support Annex

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

The Issuer will record any collateral received from the Swap Counterparty pursuant to the Credit Support Annex either in the Swap Collateral Ledger or in a swap collateral account designated for such purpose. The Issuer may make payments utilising any monies held in the Swap Collateral Ledger or such swap collateral account, as the case may be, if such payments are made in accordance with the terms of the Credit Support Annex. Amounts standing to the credit of the Swap Collateral Ledger or such swap collateral account, as the case may be, will not, upon enforcement of the Security, be available to the Secured Creditors generally and may only be applied in satisfaction of amounts owing by the Swap Counterparty, or to be repaid to the Swap Counterparty, in accordance with the terms of the Swap Agreement.

The Swap Agreement and the Credit Support Annex will be governed by English Law.

The initial Swap Counterparty is ING. See section 2.9 (*ING Bank N.V.*) of this Prospectus.

6. CASHFLOWS

Payments by the Borrowers under the Transferred Receivables are due on the first day of each month, interest being payable in arrears. For as long as no Notification Event has occurred, all payments made by Borrowers will be paid into accounts of the Collection Account maintained by the Originator with ING. No Collection Account is pledged to any party and any Collection Account is also used for the collection of moneys paid in respect of Receivables other than the Transferred Receivables and in respect of other moneys belonging to the Originator.

Pursuant to the Receivables Purchase Agreement, as long as the assignment of the Transferred Receivables has not been notified to the relevant Borrowers and Insurers, the Originator will on each Monthly Payment Date transfer to the GIC Account or such other account as the Trustee may direct, all amounts received by the Originator during the immediately preceding Monthly Calculation Period in respect of the Transferred Receivables. If a rating of ING falls below the minimum as determined to be applicable or agreed by Fitch, Moody's or DBRS from time to time, which as at the Closing Date in respect of its short-term debt obligations is, in the case of a rating by Fitch, F1, and in the case of a rating by Moody's P-1 and in respect of its long-term debt obligations is in the case of a rating by Fitch, A, in the case of a rating by Moody's A1 and in the case of rating by DBRS, BBB (High), the Originator will as soon as reasonably practicable and in any event within 14 calendar days after such assignment of rating open an escrow account in the name of the Issuer, for its own account, with a party having at least the Escrow Account Bank Required Ratings and transfer to such escrow account an amount equal to the highest monthly value of Revenue Receipts and Principal Receipts in the last 6 months. The aforementioned deposit shall no longer be required if the Originator has ensured that (i) the Borrowers shall be notified that they should immediately make their payments to the GIC Account, or into such other account as the Trustee may direct, provided that the transfer of such amounts to such an account shall not negatively affect the then current ratings assigned to the Notes, (ii) payments to be made with respect to amounts received on the Collection Account will be guaranteed by way of an unlimited and unconditional guarantee by a party having a rating of at least that determined to be applicable or agreed by Fitch, Moody's and DBRS from time to time, or, if (i) or (ii) is not reasonably practicable, (iii) another solution acceptable to Fitch, Moody's and DBRS has been found in order to maintain the then current rating of the Notes.

6.1 GIC ACCOUNT AND ISSUER CAPITAL ACCOUNT

GIC Account

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

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

Change of Account Bank

If the debt obligations of the Account Bank are not rated at least the Minimum Account Bank Ratings and within 30 calendar days of such occurrence:

- (i) the GIC Account is not closed and a new account opened under the terms of a new account agreement substantially on the same terms as the GIC Account Agreement with a financial institution (i) whose debt obligations are rated at least the Minimum Account Bank Ratings and (ii) having the regulatory capacity for offering such services as a matter of Dutch law; or
- (ii) the Account Bank does not obtain a guarantee of its obligations under the GIC Account Agreement on terms acceptable to the Trustee, acting reasonably, from a financial institution whose debt obligations are rated at least the Minimum Account Bank Ratings; or
- (iii) the Account Bank does not take any other action, or takes action which is not acceptable to Fitch, Moody's and DBRS in order to maintain the then current ratings of the Notes,

then pursuant to the GIC Account Agreement the Issuer (or the Administrator on its behalf) is required to terminate the GIC Account Agreement, unless, in the case of Fitch only, Fitch confirms that its then current rating of the Notes will not be adversely affected as a result of the credit ratings of the Account Bank falling below the Minimum Account Bank Ratings (or the reason for this having occurred) within 15 days of such downgrade. If such confirmation is given by Fitch, for this purpose only, reference to the "**Minimum Account Bank Ratings**" in respect of Fitch shall be deemed to be instead the relevant rating assigned by Fitch of the Account Bank at the time of such confirmation, but the original rating shall be reinstated if the relevant rating of the Account Bank is subsequently upgraded to the original level.

Pursuant to the GIC Account Agreement, the Account Bank has agreed to pay interest on the moneys standing to the credit of the GIC Account at specified rates determined in accordance with the GIC Account Agreement.

The initial Account Bank is ING. See section 2.9 (*ING Bank N.V.*) of this Prospectus.

Issuer Capital Account

The Issuer has also opened an account with ING into which its paid-up share capital (*gestort aandelenkapitaal*) has been deposited (the "**Issuer Capital Account**"). No security rights will be granted over the amounts standing to the credit of such Issuer Capital Account. As holder of that Issuer Capital Account, ING is not acting in its role as Account Bank.

6.2 LEDGERS

In the Administration Agreement, the Administrator agrees to manage and maintain the following Ledgers as a sub-ledger of the GIC Account for and on behalf of the Issuer.

Credits to Ledgers

The following amounts shall be credited to the following Ledger upon deposit of the same into the GIC Account:

- (i) the Income Ledger:
 - (a) all Revenue Receipts;
 - (b) all amounts of interest paid on the GIC Account;
 - (c) all proceeds from Liquidity Revolving Drawings;
 - (d) all proceeds from Liquidity Ledger Drawings in respect of Liquidity Income Shortfalls that are required to be credited to the Income Ledger pursuant to the provisions relating to the Liquidity Ledger;
 - (e) all amounts received by the Issuer under the Swap Agreement (other than Swap Collateral Excluded Amounts and Swap Replacement Excluded Amounts); and
 - (f) all amounts not required to be credited to any other Ledger;
- (ii) the Redemption Ledger:
 - (a) all Principal Receipts; and
 - (b) all amounts credited to the Principal Deficiency Ledger under the Income Priority of Payments;
- (iii) the Swap Collateral Ledger: any collateral provided by the Swap Counterparty pursuant to the Swap Agreement;
- (iv) the Swap Replacement Ledger:
 - (a) premiums received from any replacement Swap Counterparty upon entry by the Issuer into a replacement Swap Agreement; and
 - (b) termination payments received from the Swap Counterparty in respect of the termination of the Swap Agreement;
- (v) the Participation Ledger:
 - (a) all Redemption Amounts deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts; and
 - (b) all amounts deducted pursuant to paragraph (a)(iii) of the definition of Revenue Receipts, to the extent relating to Further Advance Receivables;
- (vi) the Liquidity Ledger:
 - (a) all Liquidity Standby Drawings; and
 - (b) amounts debited to the Income Ledger to repay any Liquidity Ledger Drawing;
- (vii) the Construction Ledger: any amount withheld from an Initial Purchase Price payable by the Issuer to the Originator by reference to a Construction Deposit;
- (viii) the Deposit Ledger: following a downgrade of the Originator and for as long as it is continuing,

any amount paid by the Originator on any Monthly Payment Date equal to or to replenish the Deposit Required Amount; and

- (ix) the Capital Ledger: an amount equal to the Profit Amount.

Debits to Ledgers

The Issuer (or the Administrator on its behalf) will not debit any amounts to any Ledger, except (x) following service of an Enforcement Notice by the Trustee, in accordance with the Enforcement Priority of Payments (which contains separate provisions in respect of the Swap Collateral Ledger, the Participation Ledger and the Liquidity Ledger) and (y) as long as no Enforcement Notice is served by the Trustee, as follows:

- (i) the Income Ledger: in accordance with the Income Priority of Payments;
- (ii) the Redemption Ledger: in accordance with the Redemption Priority of Payments;
- (iii) the Swap Collateral Ledger:
 - (a) to return collateral to the Swap Counterparty in accordance with the terms of the Swap Agreement and collateral arrangements; and
 - (b) following termination of the Swap Agreement to the extent not required to satisfy any termination payment due to the Swap Counterparty, (x) if a replacement swap agreement is to be entered into, for credit to the Swap Replacement Ledger or (y) if no replacement swap agreement is to be entered into, for credit to the Income Ledger;
- (iv) the Swap Replacement Ledger:
 - (a) to pay any termination amount due to the Swap Counterparty in respect of a termination of the Swap Agreement;
 - (b) to pay any premium due to a replacement swap counterparty upon entry into a replacement swap agreement; and
 - (c) to the extent in excess of amounts owed to the Swap Counterparty in respect of (x) a termination of the Swap Agreement or (y) any premium payable to a replacement swap counterparty upon entry into a replacement swap agreement, for credit to the Income Ledger;
- (v) the Participation Ledger: for on-payment to the relevant Participant under the relevant Participation on a Notes Payment Date;
- (vi) the Liquidity Ledger:
 - (a) in respect of any Liquidity Ledger Drawing, on any Notes Payment Date, to the extent that amounts stand to the credit of the Liquidity Ledger on such Notes Payment Date: for credit of an amount equal to the relevant Liquidity Income Shortfall, to the Income Ledger;
 - (b) if any Liquidity Standby Drawing is required to be repaid: to repay the Liquidity Standby Drawing; and
 - (c) if no Liquidity Standby Drawing is outstanding and any amount is standing to the credit of the Liquidity Ledger: for credit to the Income Ledger;
- (vii) the Construction Ledger:
 - (a) to pay any remaining part of an Initial Purchase Price to the Originator following distribution by the Originator of a corresponding part of the relevant Construction Deposit to the relevant Borrower; and
 - (b) following set-off of a Construction Deposit against the associated Transferred Receivable, for credit to the Redemption Ledger;

- (viii) the Deposit Ledger:
 - (a) if a Borrower invokes defences purporting to establish that an amount equal to an unpaid cash deposit (other than in relation to Bank Savings Receivables) is deducted from the relevant Receivables it owes to the Originator, an amount equal to such deducted amount for credit to (if such deduction relates to interest on the relevant Receivable, for addition to the Revenue Receipts) the Income Ledger or (if such deduction relates to principal on the Receivable, for addition to the Principal Receipts made in the immediately preceding Monthly Calculation Period) the Redemption Ledger; and
 - (b) following any decrease in the Deposit Required Amount, for repayment to the Originator; and
- (ix) the Capital Ledger:
 - (a) to pay any corporate income tax due to the Dutch tax authorities; and
 - (b) to the extent in excess of amounts owed to the Dutch tax authorities, to make distributions to the Shareholder.

6.3 PRINCIPAL DEFICIENCY LEDGER

The Administrator agrees to manage and maintain the Principal Deficiency Ledger for and on behalf of the Issuer.

Debits

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

Credits

It has been agreed that the Issuer (or the Administrator on its behalf) will record as a credit entry in the Principal Deficiency Ledger on any Notes Payment Date (i) any Redemption Addition which is added to the Available Redemption Funds on such Notes Payment Date and (ii) where the balance of the relevant sub-ledger exceeds the Principal Amount Outstanding (including when zero after full redemption) of the relevant class of Notes, an amount equal to the relevant excess.

Sub-ledgers

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

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

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

Amounts debited to the Class A Principal Deficiency Ledger will be allocated between the sub-classes A1, A2, A3 and A4 *pro rata* in the proportions that the aggregate Principal Amount Outstanding of the Notes of each such sub-class bear to the total aggregate Principal Amount Outstanding of the Class A Notes

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

- (a) if it concerns a Redemption Addition:
 - (i) *first*: to the Class A Principal Deficiency Ledger until the debit balance thereof is reduced to zero. Amounts credited to the Class A Principal Deficiency Ledger will be allocated between the sub-classes A1, A2, A3 and A4 *pro rata* in the proportions that the aggregate Principal Amount Outstanding of the Notes of each such sub-class bear to the total aggregate Principal Amount Outstanding of the Class A Notes; and
 - (ii) *second*: to the Class B Principal Deficiency Ledger until the debit balance thereof is reduced to zero; or
- (b) if it concerns an excess of the relevant sub-ledger over the Principal Amount Outstanding of the relevant Class of Notes, to the sub-ledger in question.

6.4 INCOME PRIORITY OF PAYMENTS

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

- (a) *first*, any Expenses which are due and payable to the Trustee on such Notes Payment Date or in the first following Notes Calculation Period;
- (b) *second*, on a *pari passu* and *pro rata* basis, any Expenses due and payable to the Operating Creditors (other than the Trustee) and any commitment commission due and payable to the Liquidity Facility Provider on such Notes Payment Date or in the first following Notes Calculation Period;
- (c) *third*, the Profit Amount to the Capital Ledger;
- (d) *fourth*, any amounts to be credited to the Liquidity Ledger in order to repay any Liquidity Ledger Drawing and, to the extent not paid from the Liquidity Ledger, any amounts due and payable to the Liquidity Facility Provider other than commitment commissions and gross-up amounts or additional amounts due and payable under the Liquidity Facility Agreement;
- (e) *fifth*, to the extent not paid from amounts standing to the credit of the Swap Collateral Ledger or the Swap Replacement Ledger, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (f) *sixth*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class A Notes;
- (g) *seventh*, the amount required to replenish any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to nil;
- (h) *eighth*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class B Notes;
- (i) *ninth*, the amount required to replenish any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to nil;
- (j) *tenth*, to the extent not paid from amounts standing to the credit of the Swap Collateral Ledger or the Swap Replacement Ledger, Subordinated Swap Payments due and payable under the Swap Agreement;
- (k) *eleventh*, to the extent not paid from amounts standing to the credit of the Liquidity Ledger (if applicable), any gross-up amounts or additional amounts due, if any, under the Liquidity Facility Agreement; and
- (l) *finally*, any Deferred Purchase Price Instalment to the Originator.

6.5 REDEMPTION PRIORITY OF PAYMENTS

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

- (a) *first*, in or towards satisfaction of the purchase price of any Further Advance Receivables (it being understood that only that part of the Available Redemption Funds that constitutes an Initial Settlement Amount as paid by the Participant in respect of such Further Advance Receivable shall be used for such purpose);
- (b) *second*, (A) up to (but excluding) the First Optional Redemption Date, (i) in or towards satisfaction of principal amounts due and payable on the Class A1 Notes, until fully redeemed in accordance with the Conditions and subsequently, (ii) in or towards satisfaction of principal amounts due and payable on the Class A2 Notes, until fully redeemed in accordance with the Conditions and subsequently, (iii) in or towards satisfaction of principal amounts due and payable on the Class A3 Notes, until fully redeemed in accordance with the Conditions and subsequently and (iv) in or towards satisfaction of principal amounts due and payable on the Class A4 Notes, until fully redeemed in accordance with the Conditions or (B) as from (and including) the First Optional Redemption Date, on a *pari passu* and *pro rata* basis, in or towards satisfaction of principal amounts due and payable on the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes, until fully redeemed in accordance with the Conditions;
- (c) *third*, in or towards, on a *pari passu* and *pro rata* basis, satisfaction of principal amounts due and payable on the Class B Notes, until fully redeemed in accordance with the Conditions; and
- (d) *fourth*, to pay any Deferred Purchase Price Instalment to the Originator.

6.6 ENFORCEMENT PRIORITY OF PAYMENTS

Available Income and Available Redemption Funds and any amounts standing to the credit of the GIC Account and all monies received or recovered by the Trustee or any other Secured Creditor from the Secured Property or the Issuer (other than amounts standing to the credit of the Participation Ledger, the Swap Collateral Ledger or the Liquidity Ledger, or required to be deducted pursuant to paragraph (a)(iii) of the definition of Principal Receipts or paragraph (a)(iii) of the definition of Revenue Receipts, which will continue to be applied in accordance with the provisions of the Administration Agreement pertaining to the Participation Ledger, the Swap Collateral Ledger or the Liquidity Ledger, as the case may be) will be applied by or on behalf of the Issuer following the date on which an Enforcement Notice is served by the Trustee in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, any Expenses which are due and payable to the Trustee on such date;
- (b) *second*, on a *pari passu* and *pro rata* basis, any Expenses which are due and payable to the Operating Creditors (other than the Trustee) on such date and which are (indirectly through the Parallel Debt) secured by the Security;
- (c) *third*, to the extent not paid from amounts standing to the credit of the Liquidity Ledger, any amounts due and payable to the Liquidity Facility Provider other than any gross-up amounts or additional amounts due and payable under the Liquidity Facility Agreement;
- (d) *fourth*, to the extent not paid from amounts standing to the credit of the Swap Collateral Ledger, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (e) *fifth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class A Notes;
- (f) *sixth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class B Notes;
- (g) *seventh*, to the extent not paid from amounts standing to the credit of the Swap Collateral Ledger, Subordinated Swap Payments due and payable under the Swap Agreement;
- (h) *eighth*, to the extent not paid from amounts standing to the credit of the Liquidity Ledger (if applicable), any gross-up amounts or additional amounts due, if any, under the Liquidity Facility Agreement; and
- (i) *finally*, any Deferred Purchase Price Instalment to the Originator.

7. GENERAL

Authorisation

The creation and issue of the Notes has been duly authorised by a resolution of the Issuer Director dated 11 June 2012.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had since the date of its establishment, a significant effect on the financial position or profitability of the Issuer.

No Significant or Material Adverse Change

Since the date of its establishment there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer.

Auditor of the Issuer

The auditors of the financial statements of the Issuer are Deloitte Accountants B.V., Amsterdam, The Netherlands.

The chartered accountants (*registeraccountants*) of Deloitte Accountants B.V. are members of the Royal NIVRA (*Koninklijk Nederlands instituut voor registeraccountants*).

Documents Available

Physical copies of the following documents (together with, where applicable, English translations thereof) may be inspected from the date of this Prospectus during normal business hours at the offices of the Trustee or, if so elected by the Trustee, at any office of an affiliate company of the Trustee Director:

- (i) the Account Pledge;
- (ii) the Administration Agreement;
- (iii) the Agency Agreement;
- (iv) the Beneficiary Waiver Agreement;
- (v) the initial Deed of Assignment and Pledge, and any subsequent Deed of Assignment and Pledge;
- (vi) the Deposit Agreement;
- (vii) the GIC Account Agreement;
- (viii) the Incorporated Terms Memorandum;
- (ix) the Letter of Undertaking;
- (x) the Liquidity Facility Agreement;
- (xi) the Management Agreement (Issuer);
- (xii) the Management Agreement (Shareholder);
- (xiii) the Management Agreement (Trustee);
- (xiv) the Notes Purchase Agreement;
- (xv) the Receivables Pledge Agreement;
- (xvi) the Receivables Purchase Agreement;

- (xvii) the Rights Pledge;
- (xviii) the Servicing Agreement;
- (xix) the Sub-Participation Agreements;
- (xx) the Swap Agreement;
- (xxi) the Trust Deed;
- (xxii) a copy of the Prospectus and any supplement to the Prospectus;
- (xxiii) the audited financial statements of the Issuer prepared annually, which will be made available, free of charge;
- (xxiv) a copy of the Issuer's articles of association;
- (xxv) the deed of incorporation of the Issuer;
- (xxvi) the deed of incorporation of the Shareholder; and
- (xxvii) the deed of incorporation of the Trustee.

Clearing Systems

The Notes will be cleared through Euroclear Netherlands. The address of Euroclear Netherlands is Herengracht 459–469, 1017 BS Amsterdam, The Netherlands.

The Class A Notes have been accepted for clearance through Euroclear Netherlands and will bear the following common codes and ISINs:

Class A1 Notes: common code 079251194 and ISIN NL0010159455;

Class A2 Notes: common code 079251208 and ISIN NL0010159463;

Class A3 Notes: common code 079251216 and ISIN NL0010159471; and

Class A4 Notes: common code 079251224 and ISIN NL0010159547.

The Class B Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 079251232 and ISIN NL0010159489.

Capacity to service Notes

The Issuer will use receipts of principal and interest in respect of the Transferred Receivables, together with amounts it receives under the Swap Agreement, amounts of interest paid on the GIC Account and drawings under the Liquidity Facility Agreement, to make payments of, amongst other things, principal and interest due in respect of the Notes. In the opinion of the Issuer these sources of income have characteristics that demonstrate capacity to service payments of principal and interest when due and payable under the Notes, although no guarantee can be given that the actual payments received by the Issuer will be sufficient to make such payments under the Notes.

Notices

Notices to the Noteholders will be published (i) as long as the Notes are listed on the Stock Exchange and the rules of that exchange require it, or if required by applicable law, in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*) or if such publication is not practicable, in another appropriate newspaper having general circulation in The Netherlands previously approved in writing by the Trustee, (ii) on the Relevant Screen or (iii) while the Notes are in global form, through Euroclear Netherlands.

Listing

Application has been made to the Stock Exchange for the Notes to be admitted to trading on its regulated market.

The estimated expenses relating to the admission to trading of the Notes on the regulated market of the Stock Exchange are approximately €6,000.

Limited Action Since Incorporation of the Issuer

Save as disclosed in this Prospectus, since the date of its establishment the Issuer has not entered into any contracts or arrangements not being in its ordinary course of business. Since its date of establishment the Issuer has not commenced operations (other than pursuant to the issue of the Notes) and as at the date of the Prospectus has not prepared financial statements.

Non-Petition with respect to the Issuer

For so long as any Notes are outstanding, each Transaction Party has agreed that neither it nor any person on its behalf shall initiate or join any person in initiating any Insolvency Proceedings in relation to the Issuer. Furthermore, each Transaction Party has agreed, among other things, that it nor any person on its behalf shall have the right to take or join any person in taking steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it.

Limited Recourse against the Issuer

Each Transaction Party has agreed with the Issuer that notwithstanding any other provision of any Transaction Document, all obligations of the Issuer to such Transaction Party are limited in recourse as set out in the limited recourse provisions of the Incorporated Terms Memorandum.

Article 122a of the Capital Requirements Directive

The Originator has in the Notes Purchase Agreement undertaken to the Arranger that the Originator will at all times comply with the requirements of Article 122a of the Capital Requirements Directive. The Originator has specifically undertaken that it will at all times retain a material net economic interest of not less than five per cent. in the Securitisation in accordance with the requirements of the Capital Requirements Directive. As at the Closing Date, such material net economic interest will be held in accordance with Article 122a paragraph (1) sub-paragraph (d) of the Capital Requirements Directive and will comprise of the entire interest in the first loss tranche of the Securitisation (held through the Class B Notes). The Originator has further undertaken that any intended or actual change in, or the manner in which, its interest in the first loss tranche is held will be made in accordance with Article 122a of the Capital Requirements Directive and will be notified by the Originator to the Issuer.

In addition to the information set out herein and forming part of this Prospectus, the Originator has undertaken to the Arranger to make available to Noteholders all materially relevant data required to ensure that the Originator complies with the requirements of Article 122a paragraph (7) of the Capital Requirements Directive upon request.

After the Closing Date, the Issuer will prepare quarterly investor reports wherein relevant information with regard to the Loans and Transferred Receivables will be disclosed publicly together with a confirmation by the Originator of its compliance with the requirements of Article 122a of the Capital Requirements Directive, including, confirmation of the retention of the material net economic interest in the Securitisation by the Originator.

Each prospective investor is required independently to assess and determine the sufficiency of the information described above for the purposes of complying with Article 122a of the Capital Requirements Directive and none of the Issuer, the Originator or the Arranger makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. The Originator accepts responsibility for the information set out in this paragraph entitled 'Article 122a of the Capital Requirements Directive'. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of Article 122a of the Capital Requirements Directive in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

Governing Law Transaction Documents

All Transaction Documents other than the Swap Agreement and Swap Confirmation are governed by, and are to be construed in accordance with, the laws of The Netherlands. The Swap Agreement and Swap Confirmation will be governed by, and construed in accordance with, English law.

Regulation (EC) No 1060/2009 (Credit Rating Agencies Directive)

The credit ratings within this Prospectus are issued by Fitch, Moody's and DBRS. Fitch Ratings Ltd., Moody's Investors Service Limited and DBRS Ratings Limited are established in the European Union and have applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Notification of the registration was provided by the European Securities and Markets Authority on 31 October 2011.

SCHEDULE 1 - MASTER DEFINITIONS SCHEDULE

1. DEFINITIONS

Except where the context requires otherwise, the following defined terms used in the Transaction Documents, the Conditions, the Notes and the Prospectus have the meanings set out below (as may be amended from time to time):

"**24 hours**" has the meaning given thereto in Schedule 5 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

"**Account Bank**" means ING or such other account bank as may be appointed from time to time as Account Bank pursuant to the GIC Account Agreement (which, for the avoidance of doubt, does not include ING in its capacity as holder of the Issuer Capital Account);

"**Account Income**" means any interest amount actually collected in respect of the balance standing to the credit of the GIC Account;

"**Account Mandate**" means the resolutions, instructions and signature authorities relating to the GIC Account in the form of the document set out in Schedule 1 (*Form of Account Mandate*) of the GIC Account Agreement;

"**Account Pledge**" means an account pledge dated on or about the Closing Date between the Issuer and the Trustee relating to the GIC Account;

"**Account Rights**" means all present and future rights (*vorderingen*) of the Issuer in respect of any and all bank accounts of the Issuer, including the GIC Account but excluding the Issuer Capital Account, against any Account Bank;

"**Account Statement**" means an up-to-date account statement (*rekeningafschrift*) relating to the movement in and the balance of the GIC Account;

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

"**Accrued Savings Increases**" in relation to a Participation means the sum of the Increases for all months from the Participation Date;

"**Accrued Savings Interest**" in relation to a Participation means the sum of the Monthly Interest for all months from the date on which the first Savings were received;

"**Additional Purchase Conditions**" has the meaning given thereto in section 2.1 (*Purchase by Issuer*) of the Prospectus;

"**Administration Agreement**" means the administration agreement dated on or around the Closing Date between the Issuer, the Administrator and the Trustee;

"**Administration Services**" means the services to be provided to the Issuer and the Trustee by the Administrator pursuant to the Administration Agreement;

"**Administrator**" means ING, or such other person as may be appointed from time to time as Administrator pursuant to the Administration Agreement;

"**Administrator Default**" means that one or more of the following events has occurred:

- (a) default is made by the Administrator in the payment on the due date of any payment due and payable by it under the Administration Agreement or in the performance of its obligations under Clauses 4.1, 4.2, 4.3 or 4.4 of the Administration Agreement and such default continues unremedied for a period of 7 days after the earlier of the Administrator becoming aware of such

default and receipt by the Administrator of written notice from the Trustee requiring the same to be remedied; or

- (b) default is made by the Administrator in the performance or observance of any of its other covenants and obligations under the Administration Agreement, which in the reasonable opinion of the Trustee is materially prejudicial to the interests of the Secured Creditors and such default continues unremedied for a period of 14 days after the earlier of the Administrator becoming aware of such and receipt by the Administrator of written notice from the Trustee requiring the same to be remedied; or
- (c) a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Administrator's assets which has not been discharged or released within a period of thirty (30) days; or
- (d) an order is made by any competent court or other authority or a resolution is passed for the dissolution (*ontbinding*) or winding-up of the Administrator or for the appointment of a liquidator (curator), administrator (*bewindvoerder*) or other similar officer of the Administrator or of all or substantially all of its assets; or
- (e) an assignment occurs for the benefit of, or the entering into of any general assignment (*akkoord*) with, the Administrator's creditors; or
- (f) Insolvency Proceedings are imposed on the Administrator;

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

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

"**Agency Agreement**" means an agency agreement dated on or around the Closing Date between the Issuer, the Paying Agent and the Trustee;

"**All-monies security**" means security securing all present and future receivables of the relevant initial pledgee or mortgagee against the relevant debtor, whether in general (*bankzekerheidsrecht*) or under any and all present and future credit agreements (*kredietzekerheidsrecht*);

"**Annuity Loan**" is as defined in section A.2 (*Eligible Receivables*) of the Prospectus;

"**Appointee**" means any delegate, agent, attorney or manager appointed by a Trustee under the Trust Deed;

"**Arranger**" means ING;

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

"**Arrears Report**" means a report by the Servicer as described in clause 5.3 (*Records*) of the Servicing Agreement;

"**Auditors**" means the auditors of the Issuer, being Deloitte Accountants B.V., having its seat in Amsterdam, The Netherlands, and its registered address at Admiraliteitskade 50, 3063ED Rotterdam, The Netherlands, being a member of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*) or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of the Trust Deed, such other firm of accountants as may be nominated or approved by the Trustee;

"**Authorised Signatory**" means in relation to the Transaction Documents, the directors (*bestuurders*) of a Transaction Party or such other person or persons appointed by such Transaction Party authorised to act as an authorised signatory on behalf of such Transaction Party;

"**Available Income**" means on a Notes Calculation Date an amount equal to the aggregate of:

- (a) the amount of Revenue Receipts received by the Issuer in respect of the three Monthly Calculation Periods preceding the Monthly Calculation Period in which such Notes Calculation Date falls;
- (b) all amounts of interest received by the Issuer on the GIC Account in the preceding Calculation Period;
- (c) all amounts received by the Issuer under the Swap Agreement on or in respect of the relevant Notes Payment Date other than any Swap Collateral Excluded Amounts and Swap Replacement Excluded Amounts;
- (d) all proceeds from a Liquidity Revolving Drawing on or in respect of the relevant Notes Payment Date;
- (e) all proceeds from a Liquidity Ledger Drawing in respect of a Liquidity Income Shortfall on or in respect of a Notes Payment Date; and
- (f) any other amount standing to the credit of the Income Ledger;

"Available Redemption Funds" means on a Notes Calculation Date an amount equal to the aggregate of (without double counting):

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

"Bank" means ING;

"Bank Savings Account" is as defined in section A.2 (*Eligible Receivables*) of the Prospectus;

"Bank Savings Interest Correction" in relation to a Participation means for any month (i) one (1) in the case of a Savings Receivable, a Hybrid Receivable or a Further Advance Receivable and (ii) in the case of a Bank Savings Receivable the lower of (a) one (1) and (b) the interest rate applicable to the related Bank Savings Account divided by the interest rate applicable to such Bank Savings Receivable for such month, both expressed as a percentage per annum;

"Bank Savings Loan" is as defined in section A.2 (*Eligible Receivables*) of the Prospectus;

"Bank Savings Receivable" means a Transferred Receivable resulting from a Bank Savings Loan;

"Bank Savings Set-Off Amount" means the amount for which set-off is invoked by a Borrower in relation to any amount standing to the credit of the relevant Bank Savings Account as against any Transferred Receivable, which will reduce by an amount equal to such Bank Saving Set-Off Amount the relevant Participation of the Bank as Participant pursuant to a Sub-Participation Agreement relating to any Bank Savings Receivable;

"Beneficiary Rights" means, in relation to a Life Loan, Savings Loan or a Hybrid Loan, the beneficiary rights of the Originator validly appointed as a beneficiary under the applicable Mixed Insurance Policy;

"Beneficiary Waiver Agreement" means a beneficiary waiver agreement to be entered into between the Originator, the Issuer, the Trustee and the relevant insurer in the form or substantially in the form scheduled to the Receivables Purchase Agreement;

"Block Voting Instruction" has the meaning given thereto in Schedule 5 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

"BKR" is as defined in section 2.5 (*Overview of the Dutch Residential Mortgage Market*) of the Prospectus;

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

"Borrower Files" means the file or files relating to each Receivable containing, among other things:

- (a) all material correspondence relating to that Receivable; and
- (b) the completed loan documentation applicable to the Receivable including any applicable Valuation Report, WOZ Value Statement or Contracts for Construction/Brochure Price (as the case may be),

whether original documentation, in electronic form or otherwise or stored in an electronic database;

"Breach of Duty" means in relation to any person, a wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person;

"Breach of the LTV Test" means, in relation to a contemplated sale in accordance with the Receivables Purchase Agreement by the Originator and resulting purchase by the Issuer of a Further Advance Receivable on any given date and assuming that such Further Advance Receivable has been purchased by the Issuer (even if it has not), (x) the Weighted Average Loan to Foreclosure Value (as determined at the Cut-Off Date in relation to the Closing Date in accordance with the then applicable Lending Criteria of the Originator (or of an originator which has Merged into the Originator or whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger)) of all Transferred Receivables (including such Further Advance Receivable as if it had been purchased on such date) exceeding (y) the Weighted Average Loan to Foreclosure Value of the Initial Portfolio (as determined at the Cut-Off Date in relation to the Closing Date in accordance with the then applicable Lending Criteria of the Originator (or of an originator which has Merged into the Originator or whose Relevant Assets and Liabilities have been acquired by the Originator pursuant to a Demerger)) by 1.00% on such date;

"Brochure Price" is as defined in section 2.7 (*Origination and Servicing by Originator*) of the Prospectus;

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are generally open for business in Amsterdam and TARGET2 is open for settlement of payments in euro;

"Capital Ledger" means the ledger of the GIC Account designated as such;

"Capital Requirements Directive" means directive 2006/48/EC (as amended by directive 2009/111/EC, and as amended, supplemented or superseded, from the time to time, including, any statements of interpretation, practice or guidelines issued by the Committee of European Banking Supervision (or any successor body), in respect of the same);

"Class A Notes" means the Class A Floating Rate Notes issued or due to be issued by the Issuer on the Closing Date, which for the avoidance of doubt includes the €2,500,000,000 Class A1 Floating Rate Notes due 2044, the €2,500,000,000 Class A2 Floating Rate Notes due 2044, the €3,100,000,000 Class A3 Floating Rate Notes due 2044 and the €3,221,700,000 Class A4 Floating Rate Notes due 2044, and reference to Class A Notes shall be to all such Notes or any of the sub-classes, as the context requires, whether represented by Definitive Notes or Global Notes;

"Class A Principal Deficiency Ledger" is as defined in section 6.3 (*Principal Deficiency Ledger*) of the Prospectus;

"Class A Redemption Addition" means the lesser of (i) the Available Income minus payments made in respect of sub-clauses 9.2.1 up to and including 9.2.6 in the Income Priority of Payments (which correspond to the sub-paragraphs (a) up to and including (f) in the section 6.4 (*Income Priority of Payments*) of the Prospectus) and (ii) the Principal Deficiency Amount pertaining to the Class A Notes;

"Class B Notes" means the €2,319,000,000 Class B Floating Rate Notes due 2044 issued or due to be issued by the Issuer on the Closing Date, whether represented by Definitive Notes or Global Notes;

"Class B Principal Deficiency Ledger" is as defined in section 6.3 (*Principal Deficiency Ledger*) of the Prospectus;

"Class B Redemption Addition" means the lesser of (i) the Available Income minus payments made in respect of sub-clauses 9.2.1 up to and including 9.2.8 in the Income Priority of Payments (which correspond to the sub-paragraphs (a) up to and including (h) in the section 6.4 (*Income Priority of Payments*) of the Prospectus) and (ii) the Principal Deficiency Amount pertaining to the Class B Notes;

"Clean-up Call" means if on any Notes Calculation Date the aggregate Gross Outstanding Principal Balance of the Transferred Receivables is less than 10% of the aggregate Gross Outstanding Principal Balance of the Transferred receivables on the Closing Date, the option of the Originator to repurchase and accept reassignment, on the second Notes Payment Date falling immediately after such Notes Calculation Date, all (but not only part of) the Transferred Receivables and following which the Issuer must redeem the Notes in accordance with Condition 9.7 (*Redemption - Clean-up Call*);

"Closing Date" means 12 June 2012 (or such other date as the Issuer and the Originator agree);

"Collection Account" means any bank account in the name of the Originator into which, among other things, payments under the Transferred Receivables are collected;

"Common Terms" means the terms and conditions set out in Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum;

"Conditions" means in relation to the Notes, the terms and conditions to be endorsed on, or incorporated by reference in, the Notes, in the form set out in Schedule 4 (*Terms and Conditions of the Notes*) to the Trust Deed;

"Construction Deposit" is as defined in section A.2 (*Receivables*) of the Prospectus;

"Construction Ledger" means the ledger of the GIC Account designated as such;

"Contract for Construction" is as defined in section 2.7 (*Origination and Servicing by Originator*) of the Prospectus;

"Coupon Sheet" means a coupon sheet relating to the Notes in each class;

"Couponholders" means the persons who for the time being are holders of the Coupons;

"Coupons" means the interest coupons related to the relevant class of Notes in, or substantially in, the form set out in Part A of Schedule 3 to the Trust Deed and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Credit Support Annex" means the 1995 ISDA Credit Support Annex (Bilateral Form - Transfer) between the Swap Counterparty, the Issuer and the Trustee dated on or about the Closing Date and entered into in support of the obligations of the Swap Counterparty under the Swap Agreement;

"Cut-off Date" in relation to a Transfer Date, a Monthly Calculation Date or a Notes Calculation Date means the final day of the calendar month preceding the calendar month in which Transfer Date, Monthly Calculation Date or Notes Calculation Date falls, and in relation to the Transfer Date falling on the Closing Date means 30 April 2012;

"D Rules" means United States Treasury Regulation Section 1.163-5(c)(2)(i)(D);

"Day Count Fraction" means in respect of a Notes Calculation Period, the actual number of days in such period divided by 360;

"DBRS" means DBRS Ratings Limited;

"Deduction Risk" is as defined in section A.2 (*Receivables*) of the Prospectus;

"Deed of Assignment" means a deed of assignment forming part of a Deed of Assignment and Pledge;

"Deed of Assignment and Pledge" means a deed of assignment and pledge in the form set out in the Receivables Purchase Agreement, or if the relevant deed of assignment is to be executed before a civil law notary (*authentieke akte*), a deed of assignment executed before a civil law notary based on the form of deed of assignment set out in the Receivables Purchase Agreement;

"**Deed of Pledge**" means a deed of pledge forming part of a Deed of Assignment and Pledge;

"**Deeds of Reassignment and Release**" means a deed of reassignment and release in the form set out in the Receivables Purchase Agreement;

"**Deferred Purchase Price**" means the aggregate Deferred Purchase Price Instalments;

"**Deferred Purchase Price Instalment**" means, each time when a Priority of Payments is run, the amount which remains after all higher ranking amounts in the relevant Priority of Payments have been paid;

"**Definitive Notes**" means Notes issued in definitive bearer form in respect of any class of Notes;

"**Demerger**" means, in respect of a legal entity (a "**Demerged Originator**"), a legal act (*rechtshandeling*) between such entity and the Originator, pursuant to which all (or part thereof) assets and liabilities (*vermogen*) (the "**Relevant Assets and Liabilities**") of such entity have been acquired by the Originator on a general legal basis (*algemene titel*) as referred to in article 2:334(a)(3) of the Dutch Civil Code;

"**Deposit Agreement**" means the deposit agreement dated on or about the Closing Date, between the Originator, the Issuer, the Trustee and R.J.C. van Helden, civil law notary;

"**Deposit Ledger**" means the ledger of the GIC Account designated as such;

"**Deposit Required Amount**" means, in the event of a downgrade of the rating of the Originator as described in the Receivables Purchase Agreement, for as long as it is continuing, on any Monthly Calculation Date an amount equal to the sum of all cash deposits (other than in relation to Bank Savings Receivables) by Borrowers held by the Originator for all Borrowers in relation to any Transferred Receivables other than Further Advance Receivables as at the Cut-Off Date relating to such Monthly Calculation Date;

"**DNB**" means the Dutch Central Bank (*De Nederlandsche Bank N.V.*);

"**Dutch Bankruptcy Code**" means the Dutch Bankruptcy Code (*Faillissementswet*);

"**Dutch Civil Code**" means the Dutch Civil Code (*Burgerlijk Wetboek*);

"**Dutch Insolvency Proceedings**" means a (provisional) suspension of payments (*voorlopige surseance van betaling*), bankruptcy (*faillissement*), or, if applicable, emergency regulations (*noodregeling*) in the interests of all creditors as referred to in Chapter 3 of the Wft;

"**Eligibility Criteria**" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"**Eligible Receivable**" means a Receivable that complies with the Eligibility Criteria as at the relevant Transfer Date of such Receivable;

"**Encumbrance**" means any mortgage, charge, pledge, lien or other encumbrance or security interest howsoever created or arising;

"**Enforcement Event**" means any default (*verzuim*) in the proper performance of any of the Secured Obligations provided that an Enforcement Notice has been served;

"**Enforcement Notice**" means a notice delivered by the Trustee to the Issuer in accordance with Condition 13 (*Issuer Default*) which declares the Notes to be immediately due and payable;

"**Enforcement Procedures**" means the standard enforcement and collection procedures of the Servicer from time to time;

"**Enforcement Priority of Payments**" has the meaning ascribed thereto in Clause 9.4 (*Enforcement Priority of Payments*) of the Trust Deed;

"**Escrow Account Bank Required Rating**" means the minimum rating as determined to be applicable or agreed by Fitch, Moody's and DBRS from time to time, which as at the Closing Date in respect of the relevant entity's short-term debt obligations is at least, in the case of a rating by Fitch, F1, and in the case of

a rating by Moody's P-1 and in respect of its long-term debt obligations is, in the case of a rating by Fitch, A, in the case of rating by Moody's A1 and, in the case of a rating by DBRS, BBB (High);

"**Escrow List of Loans**" is as defined in the Deposit Agreement;

"**EURIBOR**" means the Euro-zone inter-bank offered rate;

"**Euroclear Netherlands**" means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.;

"**Euronext Amsterdam**" means NYSE Euronext in Amsterdam;

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

"**Exchange Date**" means the day following the expiry of 40 days after the date of issue of Temporary Global Notes;

"**Exchange Event**" has the meaning ascribed to such term in the Permanent Global Notes;

"**Expenses**" means any fees, expenses or other amounts or liabilities payable by the Issuer to any Operating Creditor plus any value added tax payable thereon;

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

"**FATCA**" means the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010;

"**Final Discharge Date**" means the date falling two years and a day after the date on which the Trustee has certified that no further Notes are outstanding and all of the Issuer's obligations under the Transaction Documents to all Transaction Parties have been satisfied in full;

"**First Notes Payment Date**" means the Notes Payment Date falling on 20 November 2012;

"**First Optional Redemption Date**" means the Notes Payment Date falling on 20 August 2017;

"**Fitch**" means Fitch Ratings Limited, and includes any successor to its rating business;

"**Fixed Security**" means security securing only (i) one or more specified receivables of the relevant initial pledgee or mortgagee against the relevant debtor or (ii) receivables arising from one or more specified contractual relationships (*rechtsverhoudingen*) between the relevant initial pledgee or mortgagee and the relevant debtor;

"**FSMA**" means Financial Services and Markets Act 2000 of England & Wales, including its subordinate and implementing regulations;

"**Foreclosure Value**" means in relation to a Loan the foreclosure value (*executiewaarde*) of the associated Property as assessed at the time of origination of the most recent loan part in accordance with the applicable Valuation Report, WOZ Value Statement or Contracts for Construction/Brochure Price (as the case may be) and pursuant to the valuation criteria of the Originator applicable from time to time;

"**Further Advance**" means, in relation to a Transferred Receivable, any advance of further money under the relevant Loan Agreement (including, for the avoidance of doubt, any drawing made under a Revolving Credit Loan), which may include a new mortgage loan, to the relevant Borrower following the making of the Initial Advance and secured by the same Mortgage;

"**Further Advance Receivable**" means a Receivable which results from a Further Advance;

"**Further Settlement Amount**" in relation to a Participation, means an amount equal to the Savings received by the Participant in the preceding month;

"**General Banking Terms and Conditions**" means the general banking terms and conditions (*algemene bankvoorwaarden*) of the Account Bank, applicable at the relevant time to the GIC Account;

"**GIC Account**" means the bank account with number 65.10.58.805 of the Issuer pursuant to the GIC Account Agreement or any substitute bank account of the Issuer pursuant to the GIC Account Agreement;

"**GIC Account Agreement**" means the account agreement regarding the GIC Account and the Issuer Capital Account dated on or about the Closing Date, between the Issuer, the Trustee, the Administrator, the Account Bank and ING Bank N.V.;

"**GIC Balance**" means, on any day, the amount standing to the credit of the GIC Account as at the opening of business on such day;

"**GIC Margin**" as described in the GIC Account Agreement;

"**GIC Rate**" is as described in the GIC Account Agreement;

"**Global Note**" means any Temporary Global Note and/or Permanent Global Note issued or to be issued pursuant to Clause 3 (*Form and Issue of Notes*) of the Trust Deed;

"**Governmental Authority**" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

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

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

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

"**Hybrid Loan**" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"**Hybrid Receivable**" means a Transferred Receivable resulting from a Hybrid Loan;

"**Income Ledger**" means the ledger of the GIC Account designated as such;

"**Income Priority of Payments**" has the meaning ascribed thereto in the Clause 9.2 (*Income Priority of Payments*) of the Trust Deed;

"**Income Shortfall**" is as defined in section A.5 (*Swap*) of the Prospectus;

"**Incorporated Terms Memorandum**" means the incorporated terms memorandum, signed for identification purposes on or around the Signing Date between all parties to the Transaction Documents;

"**Increase**" in relation to a Participation means for any month:

(the Participation Fraction x I) + FSA,

where (i) "**I**" means the amount of interest actually received by or on behalf of the Issuer from the relevant Borrower for such month and (ii) "**FSA**" means the Further Settlement Amount for such month actually received by or on behalf of the Issuer;

"**Indemnified Person**" means, in respect of any person, each of its affiliates and each person who controls that person and their respective representatives, directors, officers, employees and agents (including, for the avoidance of doubt any selling agents and their respective representatives, directors, officers, employees and agents);

"**Indexed Foreclosure Value**" means in relation to a Loan the Foreclosure Value indexed from the date of origination of the first loan part to the Cut-off Date using a property price index (weighted average of houses and apartments prices), as provided by the land register (*Kadaster*) for the province where the Property is located;

"**ING**" means ING Bank N.V., a public company with limited liability (*naamloze vennootschap*) having its corporate seat (*statutaire zetel*) in Amsterdam and its registered offices at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, The Netherlands and being registered at the Chamber of Commerce in Amsterdam under number 33031431;

"**ING Group**" means ING Groep N.V. and its subsidiaries (*dochtermaatschappijen*) from time to time;

"**Initial Advance**" means, in respect of any Receivable, the aggregate principal balance of such Receivable (which includes, for the avoidance of doubt, the aggregate amounts standing to the credit of the Construction Deposit in respect of such Receivable), as at the Cut-off Date relating to its Transfer Date;

"**Initial Portfolio**" means the Receivables particulars of which are set out in the Deed of Assignment executed on the Closing Date;

"**Initial Purchase Price**" in relation to a Receivable means the Gross Outstanding Principal Balance of such Receivable as at the relevant Cut-off Date;

"**Initial Settlement Amount**" in relation to a Participation, means an amount equal to (i) in the case of a Savings Receivable, Hybrid Receivable or Bank Savings Receivable, the sum of all Savings plus Accrued Savings Interest and (ii) in the case of a Further Advance Receivable, the Gross Outstanding Principal Balance of such Further Advance Receivable;

"**Insolvency Event**" means, in relation to a company:

- (a) a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of such company's assets which has not been discharged or released within a period of thirty (30) days; or
- (b) if an order is made by any competent court or other authority or a resolution is passed for the dissolution (*ontbinding*) or winding-up of such company or for the appointment of an Insolvency Official of such company or of all or substantially all of its assets; or
- (c) an assignment for the benefit of, or the entering into of any general assignment (*akkoord*) with, its creditors; or
- (d) if a petition for a (provisional) suspension of payments (*voorlopige surseance van betaling*) or for bankruptcy (*faillissement*) is filed for such company or if such company is declared bankrupt (*failliet*), or becomes subject to emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft,

or any equivalent or analogous event under the law of any jurisdiction;

"**Insolvency Official**" means, in relation to a company, a liquidator (*curator*), administrator (*bewindvoerder*) or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction;

"**Insolvency Proceedings**" means any Dutch Insolvency Proceeding or any equivalent or analogous proceeding under the laws of any other jurisdiction;

"**Insolvent**" means, in relation to a person or legal entity, that an Insolvency Event has occurred in respect of such person or entity;

"**Insurer**" means any insurance company that issued an insurance policy to a Borrower connected to a Loan Agreement and relating to a Transferred Receivable;

"**Interest-Only Loan**" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"**Investment Company Act**" means the United States Investment Company Act 1940, as amended, and the rules and regulations promulgated thereunder;

"**Investment Loan**" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"**Investment Loss**" is as defined in section A.2 (*Receivables*) of the Prospectus;

"**Issue Price**" means a price equal to 100% of the aggregate principal amount of the Notes;

"**Issuer**" means Orange Lion VII RMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 55205216;

"**Issuer Actual Income**" means:

- (a) interest received or recovered by the Issuer in respect of the Transferred Receivables (i) other than prepayment penalties, (ii) net of any relevant foreclosure costs and (iii) less, with respect to each Participation Receivable, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction;
- (b) prepayment penalties received or recovered by the Issuer in respect of the Transferred Receivables; and
- (c) interest received on the GIC Account;

"**Issuer Capital Account**" means the account with account number 65.11.03.851 in the name of the Issuer with ING Bank N.V. into which the paid-up share capital (*gestort aandelenkapitaal*) of the Issuer has been deposited;

"**Issuer Covenants**" means the covenants of the Issuer set out in Schedule 7 (*Issuer Covenants*) of the Trust Deed;

"**Issuer Debtor**" means any counterparty of the Issuer under any of the Transaction Documents;

"**Issuer Default**" means any one of the events specified in Condition 13 (*Issuer Default*);

"**Issuer Director**" means ATC Management B.V. a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33226415 and/or such other person(s) who may be appointed as managing director (*bestuurder*) of the Issuer from time to time;

"**Issuer Scheduled Income**" means:

- (a) interest scheduled to be received by the Issuer in respect of the Transferred Receivables (i) other than prepayment penalties, (ii) net of any relevant foreclosure costs and (iii) less, with respect to each Participation Receivable, an amount equal to the net amount scheduled to be received multiplied by the applicable Participation Fraction;
- (b) prepayment penalties received or recovered by the Issuer in respect of the Transferred Receivables; and
- (c) interest received on the GIC Account;

"**Issuer Swap Amount**" is as defined in section A.5 (*Swap*) of the Prospectus;

"**Issuer Warranties**" means the representations by and warranties of the Issuer set out in Schedule 6 (*Issuer Warranties*) to the Trust Deed;

"**Ledgers**" means the Income Ledger, the Redemption Ledger, the Swap Collateral Ledger, the Swap Replacement Ledger, the Participation Ledger, the Liquidity Ledger, the Construction Ledger, the Deposit Ledger and the Capital Ledger;

"**Lending Criteria**" means such criteria applicable to the granting of a Loan to a Borrower as the Originator may from time to time apply and which would be acceptable to a Reasonable Prudent Lender;

"Letter of Undertaking" is as defined in section 1.6 (*Issuer*) of the Prospectus;

"Liabilities" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

"Life Loan" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"Linear Loan" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"Liquidity Available Facility" means, at any time, the Liquidity Facility Amount minus the amount of each then outstanding Liquidity Revolving Drawing and plus the amount of each outstanding Liquidity Revolving Drawing due to be repaid or prepaid on or before the proposed date for the making of any relevant Liquidity Revolving Drawing or, if a Liquidity Standby Drawing is outstanding, zero;

"Liquidity Default Interest Period" means a period for the computation of interest in respect of a Liquidity Unpaid Sum, determined in accordance with the provisions of the Liquidity Facility Agreement;

"Liquidity Default Margin" means 2% per annum;

"Liquidity Event of Default" means one of the following events:

- (a) the Issuer fails to pay any sum due from it under the Liquidity Facility Agreement at the time, in the currency and in the manner specified in the Liquidity Facility Agreement and such failure continues for a period of 7 Business Days;
- (b) the Trustee delivers an Enforcement Notice;
- (c) an event as described in Condition 13.1.3 (*Insolvency Events*) has occurred and is continuing;
- (d) the Issuer fails duly to perform or comply with any obligation, condition or provision expressed to be assumed by it in the Liquidity Facility Agreement and such failure continues for 20 Business Days after the Liquidity Facility Provider has given notice of such failure to perform or comply to the Issuer requiring remedy except where, in the opinion of the Trustee, any such failure by the Issuer is not capable of remedy in which case no such notice or continuation will be required; or
- (e) at any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under the Liquidity Facility Agreement or any of the obligations of the Issuer under the Liquidity Facility Agreement are not or cease to be legal, valid, binding and enforceable;

"Liquidity Facility" means the committed, euro, revolving liquidity facility made available to the Issuer by the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement;

"Liquidity Facility Agreement" means the liquidity facility agreement dated on or about the Closing Date between the Liquidity Facility Provider, the Issuer and the Trustee;

"Liquidity Facility Amount" means 3% of the Principal Amount Outstanding of the Notes on the Closing Date, or such percentage or amount by which such percentage or amount is increased or decreased from time to time in accordance with the terms of the Liquidity Facility Agreement;

"Liquidity Facility Availability Period" means the period commencing on the Closing Date and ending 30 days prior to the Liquidity Facility Termination Date, subject to the provisions of Clause 7.4 (*New Liquidity Facility Availability Period*) of the Liquidity Facility Agreement;

"Liquidity Facility Margin" means 1% per annum;

"Liquidity Facility Office" means the office of the Liquidity Facility Provider specified against the name of the Liquidity Facility Provider in the Notices Details or such other office in The Netherlands as it may select by notice to the Issuer in accordance with the provisions of the Liquidity Facility Agreement;

"Liquidity Facility Provider" means ING, or such other person as may be appointed from time to time as Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;

"Liquidity Facility Termination Date" means the date falling 364 days after the Closing Date or such other date as may be agreed between the Issuer and the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement;

"Liquidity Income Shortfall" means as at any Notes Payment Date, the amount by which:

- (a) the Available Income available to meet the payment obligations of the Issuer specified in the Income Priority of Payments and not constituting proceeds from any Liquidity Revolving Drawing; falls short of
- (b) the aggregate of the amounts required by the Issuer to pay or to provide in full on such Notes Payment Date for the items falling in sub-clauses 9.2.1 up to and including 9.2.8 of the Income Priority of Payments (which correspond to the sub-paragraphs (a) up to and including (h) in the section 6.4 (*Income Priority of Payments*) of the Prospectus),
- (c) provided that if, and to the extent that an amount is standing to the debit of the Class B Principal Deficiency Ledger, then no Liquidity Revolving Drawing or Liquidity Standby Drawing shall be made in respect of sub-clause 9.2.8 (which corresponds to the sub-paragraph (h) in the section 6.4 (*Income Priority of Payments*) of the Prospectus) of the Income Priority of Payments;

"Liquidity Ledger" means the ledger of the GIC Account designated as such;

"Liquidity Ledger Drawing" means a drawing from the Liquidity Ledger made pursuant to Clause 4 (*Utilisation of Liquidity Ledger*) of the Liquidity Facility Agreement or, as the case may be, the principal amount thereof for the time being outstanding;

"Liquidity Ledger Drawing Period" means, in respect of a Liquidity Ledger Drawing, the period from and including the date on which the Liquidity Ledger Drawing was credited to the Income Ledger or the Redemption Ledger, as the case may be, to but excluding the first following Notes Payment Date;

"Liquidity Notice of Drawing" means a Liquidity Revolving Drawing Notice and/or a Liquidity Standby Drawing Notice, as the context may require;

"Liquidity Revolving Drawing" means a drawing made by the Issuer in accordance with the terms of the Liquidity Facility Agreement following the delivery by the Issuer of a Liquidity Revolving Drawing Notice or, as the case may be, the principal amount of such drawing for the time being outstanding or, as the case may be, the principal amount thereof for the time being outstanding;

"Liquidity Revolving Drawing Notice" means a notice substantially in the form set out in Schedule 3 (*Liquidity Revolving Drawing Notice*) of the Liquidity Facility Agreement;

"Liquidity Revolving Drawing Period" means, in respect of a Liquidity Revolving Drawing, the period from and including a Notes Payment Date to but excluding the first following Notes Payment Date;

"Liquidity Standby Drawing" means a drawing made by the Issuer in accordance with the terms of the Liquidity Facility Agreement following the delivery by the Issuer of a Liquidity Standby Drawing Notice or, as the case may be, an advance made by the Liquidity Facility Provider pursuant to Clause 7.4 (*New Liquidity Facility Availability Period*) of the Liquidity Facility Agreement or, as the case may be, the principal amount thereof for the time being outstanding;

"Liquidity Standby Drawing Notice" means a notice substantially in the form set out in Schedule 4 (*Liquidity Standby Drawing Notice*) of the Liquidity Facility Agreement;

"Liquidity Standby Drawing Period" means, in respect of the Liquidity Standby Drawing, where a Liquidity Standby Drawing is advanced to the Issuer on:

- (a) a Notes Payment Date, the period from and including such Notes Payment Date to but excluding the first following Notes Payment Date; or
- (b) a day which is not a Notes Payment Date, the period from and including the date on which the Liquidity Standby Drawing is advanced to the Issuer to but excluding the second following Notes Payment Date,

and in respect of which the then current (i) interest rate when the Liquidity Standby Drawing is advanced and (ii) period that is the Liquidity Revolving Drawing Period when the Liquidity Standby Drawing is advanced shall continue to apply to the portion of the Liquidity Standby Drawing which is converted from an outstanding Liquidity Revolving Drawing on the date of the advance of the relevant Liquidity Standby Drawing until the end of such Liquidity Revolving Drawing Period;

"Liquidity Unpaid Sum" means the unpaid balance of any sum referred to in Clause 20.1 (*Liquidity Default Interest Periods*) of the Liquidity Facility Agreement;

"List of Loans" means the list of transferred and pledged receivables as attached as Annex 1 to each Deed of Assignment and Pledge;

"Listing Agent" means ING or any other listing agent appointed by the Issuer from time to time for the purposes of liaising with the Euronext Amsterdam and/or Stock Exchange from time to time;

"Loan" means any loan (including the Initial Advance and any Further Advance) or loan part (*leningdeel*) granted by the Originator to a Borrower pursuant to the terms of a Loan Agreement;

"Loan Agreement" means a mortgage loan agreement between the Originator and a Borrower secured by a right of mortgage (*recht van hypotheek*), including the corresponding notarial deed, pledge deed and set of general terms and conditions in such form as the Originator may from time to time introduce as would be acceptable to a Reasonable Prudent Lender;

"Loan to Foreclosure Value" means in relation to a Loan the fraction of (A) the Net Outstanding Principal Balance of all Transferred Receivables at the relevant time minus the aggregate amounts standing to the credit of any Construction Deposit in relation to such Transferred Receivables divided by (B) the Foreclosure Values of the Properties relating to such Transferred Receivables;

"Loss" means any losses, liabilities, costs, claims, damages, expenses (including, but not limited to, legal costs and expenses reasonably incurred) or demands (or actions in respect thereof) including any VAT in respect thereof;

"Management Agreement" means each of the Management Agreement (Issuer), Management Agreement (Shareholder) and Management Agreement (Trustee);

"Management Agreement (Issuer)" means the management agreement (Issuer) dated on or about the Closing Date between the Issuer and the Issuer Director;

"Management Agreement (Shareholder)" means the management agreement (Shareholder) dated on or about the Closing Date between the Shareholder and the Shareholder Director;

"Management Agreement (Trustee)" means the management agreement (Trustee) dated on or about the Closing Date between the Trustee and the Trustee Director;

"Master Definitions Schedule" means Schedule 1 (*Master Definitions Schedule*) to the Incorporated Terms Memorandum;

"Material Adverse Effect" means as the context requires:

- (a) a material adverse effect on the validity or enforceability of any of the Transaction Documents;
- (b) in respect of a Transaction Party, a material adverse effect on:
 - (i) the ability of such Transaction Party to perform its obligations under any of the Transaction Documents;
 - (ii) the rights or remedies of such Transaction Party under any of the Transaction Documents;
- (c) in the context of the Transferred Receivables, a material adverse effect on the interest of the Issuer or the Trustee in the Transferred Receivables, or on the ability of the Issuer (or the Servicer on the Issuer's behalf as the case may be) to collect the amounts due under the associated Loans;

- (d) in the context of security granted, a material adverse effect on the ability of the Trustee to enforce the Security; or
- (e) a material adverse effect on the validity or enforceability of any of the Notes;

"**Meeting**" means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment);

"**Merged**" means, in respect of a legal entity (the "**Merged Originator**"), that as a result of a legal act (*rechtshandeling*) between such entity and the Originator, all assets and liabilities (*vermogen*) of such entity have transferred to the Originator on a general legal basis (*algemene titel*) as referred to in article 2:309 of the Dutch Civil Code, with such legal entity being the disappearing entity;

"**Merged Originator**" is as defined in the definition of Merged;

"**Minimum Account Bank Ratings**" means the minimum credit rating as determined to be applicable or agreed by the Rating Agencies from time to time in respect of the Account Bank or other relevant financial institution or institutions, being as at the Closing Date in respect of the Account Bank, F1 (short-term) and A (long-term) by Fitch, P-1 (short-term) by Moody's and A by DBRS, or as amended in accordance with Clause 5.1 (*Termination Events*) of the GIC Account Agreement;

"**Minimum Amount**" means EUR 0.01;

"**Minimum Long-term Trigger Ratings**" means the minimum long-term credit ratings as determined to be applicable or agreed by the Rating Agencies from time to time in respect of the relevant entity, being in respect of the Originator as at the Closing Date BBB+ by Fitch, Baa1 by Moody's and A by DBRS;

"**Minimum Servicer Rating**" means the minimum rating of the debt obligations of the Servicer as determined to be applicable or agreed by the Rating Agencies from time to time in respect of the Servicer, being as at the Closing Date, in respect of Fitch, long-term debt obligations of BBB, in respect of Moody's, long-term debt obligations of Baa3 and in respect of DBRS, long-term debt obligations of BBB (High);

"**Minimum Short-term Rating**" means, in respect of any person, the minimum debt obligations rating as determined to be applicable or agreed by the Rating Agencies from time to time in respect of such person, being as at the Closing Date F1 (short-term) by Fitch, P-1 by Moody's (short-term) and R-1 (low) (short-term) by DBRS;

"**Mixed Insurance Policy**" means any insurance policy under which premium is paid consisting of a risk element and a capital element consisting of a savings part and/or an investment part, as the case may be;

"**Monthly Calculation Date**" means each day which is three Business Days prior to a Monthly Payment Date;

"**Monthly Calculation Period**" means the period from the Closing Date to the last day of the month succeeding the month in which the Closing Date falls and, thereafter, each period from (and including) the first day of each month to the last day of that same month;

"**Monthly Payment Date**" means the 20th day of each calendar month, provided that if any such day is not a Business Day, that Monthly Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day;

"**Monthly Interest**" in relation to a Participation means for any month:

$MIR \times (S + AI)$,

where (i) "**MIR**" means the monthly interest rate applicable in such month (a) in the case of a Savings Receivable or a Hybrid Receivable, to the Participation Receivable or (b) in the case of a Bank Savings Receivable, to the related Bank Savings Account, (ii) "**S**" means the Savings received up to the first day of such month and (iii) "**AI**" means the Accrued Savings Interest up to the first day of such month;

"**Moody's**" means Moody's Investors Service Limited, and includes any successor to its rating business;

"**Mortgage**" means a right of mortgage (*recht van hypotheek*) over a Property securing the related Receivable;

"**Most Senior Class of Notes**" means the Class A Notes for so long as there are any Class A Notes outstanding, and thereafter the Class B Notes for so long as there are any Class B Notes outstanding;

"**Municipality Guarantee**" is as defined in section 2.2 (*Sale by Issuer*) of the Prospectus;

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

"**Net Proceeds**" means, in relation to a Receivable, the sum of (i) the proceeds of a foreclosure of the Related Security securing the Receivable, (ii) the proceeds of foreclosure on any other collateral securing the Receivable, (iii) the proceeds, if any, of collection of any Insurance Policies or other insurance policies in connection with the Receivable, including but not limited to fire insurance, (iv) the proceeds of any guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs in respect of such Receivable. The term "foreclosure" shall include any lawful manner of generating proceeds from collateral, whether by public auction, by private sale or otherwise.

"**NHG Guarantee**" means a guarantee (*borgtocht*) issued by Stichting Waarborgfonds Eigen Woningen under the terms and conditions of the National Mortgage Guarantee (*Nationale Hypotheek Garantie*), as from time to time amended;

"**Note Interest Amount**" means:

- (a) in respect of a Note for the Notes Calculation Period commencing on the Closing Date, the Quarterly Note Interest calculated on the related Notes Calculation Date;
- (b) in respect of a Note for any subsequent Notes Calculation Period, the Quarterly Note Interest calculated on the related Notes Calculation Date; or
- (c) in relation to a class for the Notes Calculation Period beginning on the Closing Date or any subsequent Notes Calculation Period, the aggregate amount calculated in accordance with paragraph (i) or (ii) respectively above in respect of such class for such Notes Calculation Period;

"**Note Principal Payment**" means, on any Notes Payment Date:

- (a) in the case of each Class A Note, an amount equal to the lesser of the Available Redemption Funds (minus the amount to be applied to higher ranking items of the relevant Priority of Payments on such Note Payment Date) and the Notional Principal Amount Outstanding of the Class A Notes, each determined as at the related Notes Calculation Date, divided by the number of outstanding Class A Notes; and
- (b) in the case of each Class B Note, an amount equal to the lesser of the Available Redemption Funds (minus the amount to be applied to higher ranking items of the relevant Priority of Payments on such Note Payment Date) and the Notional Principal Amount Outstanding of the Class B Notes, each determined as at the related Notes Calculation Date, divided by the number of outstanding Class B Notes,

in any such case rounded down to the nearest multiple of the Specified Denomination;

"**Note Rate**" means, in respect of each class of Notes for each Notes Calculation Period, the Reference Rate determined as at the related Notes Calculation Date plus the Relevant Margin in respect of such class;

"**Noteholders**" means the persons who for the time being are holders of the Notes;

"**Notes**" means the Class A Notes and the Class B Notes;

"**Notes Calculation Date**" means each day which is three Business Days prior to a Notes Payment Date and, in relation to a Notes Calculation Period, the "**related Notes Calculation Date**" means the Notes Calculation Date falling in such Notes Calculation Period;

"**Notes Calculation Period**" means each period from (and including) a Notes Payment Date (or the Closing Date) to (but excluding) the first following Notes Payment Date and, in relation to a Notes Calculation Date, the "**related Notes Calculation Period**" means the Notes Calculation Period in which such Notes Calculation Date falls (and for the avoidance of doubt, there will be a long first coupon from the Closing Date until the first Notes Payment Date falling in November 2012);

"**Notes Final Maturity Date**" means the Notes Payment Date falling in August 2044;

"**Notes Payment Date**" means the 20th day of February, May, August and November in each year commencing on the First Notes Payment Date, provided that if any such day is not a Business Day, that Notes Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day;

"**Notes Purchase Agreement**" means the notes purchase agreement dated the Signing Date between the Issuer, Originator, Arranger and Notes Purchaser relating to the purchase of the Notes by the Notes Purchaser;

"**Notes Purchaser**" means ING;

"**Notice**" means (i) in respect of notice to be given to Noteholders, a notice validly given pursuant to the Notices Condition and (ii) in respect of a notice to be given to a Transaction Party, a notice validly given pursuant to Clause 15 (*Notices*) of Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum;

"**Notices Condition**" means Condition 21 (*Notices*) of the Conditions;

"**Notices Details**" means the details set out in Schedule 3 (*Notices Details*) to the Incorporated Terms Memorandum;

"**Notification Event**" means the earliest to occur of the following unless the Trustee, having obtained Rating Agency Confirmation to that effect, has confirmed in writing to the Originator and the Issuer that, subject to any condition imposed by the Trustee, any such event shall not (or not immediately) constitute a Notification Event:

- (i) a default is made by the Originator in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Trustee to the Originator;
- (ii) the Originator fails duly to perform or comply with any of its obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Trustee to the Originator;
- (iii) the Originator takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its dissolution (*ontbinding*), (ii) its liquidation (*vereffening*), (iii) a merger (*fusie*) involving the Originator as disappearing entity unless Rating Agency Confirmation has been obtained in respect of such merger, (iv) a demerger or split-off (*splitsing of afsplitsing*) involving the Originator unless Rating Agency Confirmation has been obtained in respect of such demerger or split-off, (v) its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft, (vi) its bankruptcy, (vii) any analogous insolvency proceedings under any applicable law or (viii) the appointment of a liquidator (curator), administrator (*bewindvoerder*) or a similar officer of it or of any or all of its assets;
- (iv) the Originator's assets are placed under administration (*onder bewind gesteld*);
- (v) any credit rating of the Originator's long-term debt obligations falls below any of the Minimum Long-term Trigger Ratings or any such rating is withdrawn; or

(vi) an Issuer Default occurs which is continuing;

"**Notification of Pledge**" is as defined in the Account Pledge;

"**Notional Principal Amount Outstanding**" means on any day, in relation to a Note of any class or sub-class of Notes, the Principal Amount Outstanding of such Note minus an amount equal to that portion of the negative balance of the relevant Principal Deficiency sub-ledger for such class or sub-class, as the case may be, on that day as calculated by the Issuer (or the Administrator on its behalf) divided by the number of outstanding Notes in such class or sub-class;

"**Operating Creditor**" means any of (1) the Trustee, (2) any insolvency receiver of the Issuer, (3) the Paying Agent, (4) the Servicer, (5) the Administrator, (6) the Account Bank, (7) the Issuer Director, (8) the Shareholder Director, (9) any stock exchange on which the Notes are listed, (10) the Issuer's auditors, legal counsel and tax advisers, (11) the Rating Agencies, (12) any independent accountant or independent calculation agent appointed under the Swap, (13) any custodian, (14) any taxing authority having power and authority to tax the Issuer and (15) any other creditor (other than the Liquidity Facility Provider and the Swap Counterparty) from time to time of the Issuer which has been notified to the Administrator in accordance with the Administration Agreement;

"**Optional Redemption Date**" means the First Optional Redemption Date and every Notes Payment Date thereafter;

"**Originator**" means ING;

"**Originator's Warranties**" means the representations and warranties given by the Originator as set out in Part 1 and Part 2 of Schedule 1 (*Representations and Warranties*) to the Receivables Purchase Agreement;

"**outstanding**" means, in relation to the Notes, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Trustee or the Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
- (c) those which have been purchased and surrendered for cancellation as provided in Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*) and notice of the cancellation of which has been given to the Trustee;
- (d) those which have become void under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and
- (f) any Temporary Global Note, to the extent that it shall have been exchanged for a Permanent Global Note of the same class or any Permanent Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 7 (*Acceleration of Notes and Enforcement Proceedings*) Clause 18 (*Waiver and Modification; Rating Agency Confirmation*) and Clause 20 (*Removal*) of the Trust Deed and Condition 7 (*Issuer Covenants*), Condition 9.7 (*Redemption - Clean-up Call*), Condition 9.8 (*Optional Redemption - Prepayment Call*), Condition 13 (*Issuer Default*), Condition 14

(*Enforcement*) and Condition 16 (*Meetings of Noteholders*), Condition 17 (*Modification and Waiver*) and Condition 20 (*Trustee and Paying Agent*), and the Provisions for Meetings of Noteholders; and

- (iii) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by any person (including but not limited to the Issuer and the Originator or any subsidiary of either) for the benefit of the Issuer or the Originator or any subsidiary of either shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"Parallel Debt" means the amounts due and payable by the Issuer to the Trustee under clause 2.4 (*Parallel Debt*) of the Trust Deed;

"Participant" means with respect to (i) a Savings Receivable or a Hybrid Receivable, Nationale-Nederlanden Levensverzekering Maatschappij N.V. and (ii) a Bank Savings Receivable or a Further Advance Receivable, the Bank;

"Participation" means, in relation to a Participation Receivable, an amount equal to the sum of (i) the Initial Settlement Amount as at the Participation Date plus (ii) Accrued Savings Increases up to the Gross Outstanding Principal Balance or, if lower and if it concerns a Bank Savings Receivable, the amount standing to the credit of the related Bank Savings Account, minus (iii) any Redemption Amount paid by the Issuer to the Participant;

"Participation Date" in relation to a Participation means the Transfer Date relating to the relevant Participation Receivable;

"Participation Fraction" means, with respect to a Participation Receivable, the Bank Savings Interest Correction multiplied by the figure representing the division of the relevant Participation by the Gross Outstanding Principal Balance of such Participation Receivable;

"Participation Ledger" means the ledger of the GIC Account designated as such;

"Participation Receivable" means a Savings Receivable (other than a Further Advance Receivable), Hybrid Receivable (other than a Further Advance Receivable), Bank Savings Receivable (other than a Further Advance Receivable) or Further Advance Receivable, as the case may be, to which a Participation applies;

"Partner Instruction" means, in case any person (the **"Partner"**) other than the Originator has been appointed as beneficiary under an insurance policy connected to a Receivable, the irrevocable authorisation by such Partner to the relevant Insurer to pay out the insurance proceeds to the Originator;

"Paying Agent" means ING or, if applicable, any successor paying agent;

"Permanent Global Note" means any permanent global note representing any sub-class of Notes in, or substantially in, the form set out in Schedule 2 (*Form of Permanent Global Notes*) to the Trust Deed;

"Permitted Encumbrance" means the Security and any Encumbrance arising by operation of law and in the ordinary course of business;

"person" means a reference to any person, individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality);

"Personal Data" is as defined in the Deposit Agreement;

"Prepayment Call" means the option of the Issuer to redeem the Notes pursuant to Condition 9.8 (*Optional Redemption - Prepayment Call*);

"Principal Amount Outstanding" means, on any date in relation to a Note, the principal amount outstanding of that Note as at the Closing Date less the aggregate of all amounts of Note Principal

Payments that have been paid by the Issuer in respect of that Note on or prior to that date;

"Principal Deficiency Amount" means the debit balance of the relevant Principal Deficiency Ledger in respect of the relevant Class of Notes;

"Principal Deficiency Ledger" means the principal deficiency ledger in respect of the relevant Class of Notes;

"Principal Liabilities" means any amounts the Issuer owes to the Noteholders and the other Secured Creditors as and when the same fall due for payment and whether or not any such obligations have arisen as at the Closing Date under or pursuant to the Notes and the Transaction Documents, respectively, but excluding the Parallel Debt;

"Principal Loss" means on any Notes Calculation Date, an amount equal to the sum of:

- (a) the amount of the difference between (x) the aggregate principal amount outstanding of all Receivables, which the Originator, the Servicer, the Issuer or the Trustee (as the case may be) has foreclosed during the related Notes Calculation Period *less* the Participations, and (y) the sum of the Net Proceeds applied to reduce the principal amounts under such Receivables *less* the Participations;
- (b) the aggregate principal amount outstanding of all Receivables sold by the Issuer pursuant to the Receivables Purchase Agreement and/or the Trust Deed, *less* the Participations, and *less* the net purchase price (to the extent relating to principal) received by or on behalf of the Issuer in respect of such sold Receivables during the related Notes Calculation Period, *less* the Participations; and
- (c) with respect to Receivables which have been extinguished (*teniet gegaan*), in part or in full, during the related Notes Calculation Period as a result of a set-off right having been invoked by the relevant Borrower or the Seller, as the case may be, the positive difference, if any, between the amount by which the Receivables have been extinguished (*teniet gegaan*) and the amount paid by the Originator pursuant to the Receivables Purchase Agreement in connection with such set-off;

"Principal Receipts" means:

- (a) any amount, sales proceeds, refinancing proceeds, arrears and other amount relating to principal, received or recovered by the Issuer in respect of the Transferred Receivables (i) other than any prepayment penalties, (ii) net of any relevant foreclosure costs, and (iii) less, with respect to each Participation Receivable, an amount equal to the relevant Redemption Amount;
- (b) any Initial Settlement Amount received from any Participant under the relevant Sub-Participation Agreement; and
- (c) an amount equal to any Increase which applies to any Participation pursuant to the relevant Sub-Participation Agreement;

"Priorities of Payments" means the Income Priority of Payments, the Redemption Priority of Payments and the Enforcement Priority of Payments;

"Proceeds" is as defined in section A.2 (*Receivables*) of the Prospectus;

"Professional Market Party" means any professional market party (*professionele marktpartij*) within the meaning of the Wft;

"Profit Amount" means an annual amount of 10% of the annual fee due by the Issuer to the Issuer Director for its services, but shall in any case be a minimum amount of € 2,500 per annum;

"Property" means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementrecht*), or (iii) a long lease (*erfpacht*), which is subject to a Mortgage;

"Prospectus" means the prospectus dated on or around the Closing Date pertaining to the Notes and constituting a prospectus in connection with the issue of the Notes pursuant to the Prospectus Directive;

"Prospectus Directive" means Directive 2003/71/EC, as amended;

"Prospectus Regulation" means the EU Commission regulation 809/2004, as amended;

"Provisions for Meetings of Noteholders" means the provisions contained in Schedule 5 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

"PVA" means a property value audit in accordance with Clause 5.2.3 (*Administration and Enforcement of Transferred Receivables*) of the Servicing Agreement by the Servicer, upon the occurrence of a PVA Trigger Event;

"PVA Trigger Event" means the event that the aggregate Principal Losses incurred in respect of Transferred Receivables forming part of the Initial Portfolio as from the Closing Date exceed 0.75 per cent. of the aggregate outstanding principal amount of the Transferred Receivables at the Closing Date;

"Quarterly Note Interest" means, in respect of a Note for any Notes Calculation Period the amount of interest determined in respect of such Note for such Notes Calculation Period by multiplying the Principal Amount Outstanding of such Note on the Notes Payment Date first following such Notes Calculation Date by the relevant Note Rate and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resultant figure to the nearest Minimum Amount;

"Quotation Date" means, in relation to any period for which an interest rate is to be determined under the Liquidity Facility Agreement, the day on which quotations would ordinarily be given by leading banks in the Eurozone interbank market for deposits in euro for delivery on the first day of that period and if, for any such period, quotations would ordinarily be given on more than one date, means the last of those dates;

"Rating Agencies" means Fitch, Moody's and DBRS and any other credit-rating agency that assigns or will assign a rating to (a certain class of) the Notes;

"Rating Agency Confirmation" means, if the Rating Agencies are notified of a certain event or matter, the earlier of (i) confirmations in writing from each of the Rating Agencies that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of such event or matter and (ii), if a Rating Agency neither provides such confirmations nor indicates (a) which conditions should be met before it is in a position to grant such confirmations or (b) that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of such event or matter, the passage of 14 days after such notification;

"Reasonable Prudent Lender" means the Originator and/or the Servicer, as applicable, acting in accordance with the standards of a reasonable lender of Dutch residential mortgage loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests;

"Receivable" means a registered claim (*vordering op naam*) against a Borrower for repayment of a Loan and includes any Related Security;

"Receivable Adjustment" is as defined in Clause 4 (*Adjustments to Transferred Receivables*) of the Servicing Agreement;

"Receivable Interest Determination Date" is as defined in the definition "Accrued Interest";

"Receivables Pledge Agreement" means the receivables pledge agreement between the Originator, the Issuer and the Trustee dated on or about the Closing Date;

"Receivables Purchase Agreement" means the receivables purchase agreement dated on or about the Closing Date between the Originator, the Issuer and the Trustee, pursuant to which the Issuer agrees to purchase and accept the assignment of the relevant Receivables from the Originator;

"Receivables Report" means a report by the Servicer as described in Clause 5.3 (*Records*) of the Servicing Agreement;

"Receivables Warranty" means the representations and warranties given by the Originator in respect of the Receivables as set out in Part 3 of Schedule 1 (*Representations and Warranties*) to the Receivables Purchase Agreement;

"Recorded Foreclosure Value" means the foreclosure value (*executiewaarde*) of a Property as recorded in the Originator's data base and as provided to the Rating Agencies from time to time;

"Redemption Addition" means any Class A Redemption Addition or Class B Redemption Addition;

"Redemption Amount" in relation to a Participation means (i) if the full Gross Outstanding Principal Balance has been repaid or prepaid since the preceding Monthly Payment Date: an amount equal to the Participation, (ii) in the case of partial (p)repayment of the Gross Outstanding Principal Balance since the preceding Monthly Payment Date: the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the Participation or (iii) in the case of (a) a sale of the relevant Receivable pursuant to Clause 7 (*Sales by Issuer Generally*) et seq. of the Receivables Purchase Agreement in respect of (x) a Participation Receivable which is a Further Advance Receivable, the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the Participation in respect of such Participation Receivable or (y) in respect of any other Participation Receivable, an amount up to the Participation received pursuant to such sale of such Participation Receivable, unless, in each case, the corresponding rights and obligations under or pursuant to the relevant Sub-Participation Agreement are transferred in connection therewith or (b) a foreclosure on, or collection of, any Related Security to the extent relating to the relevant Receivable in respect of (x) a Participation Receivable which is a Further Advance Receivable the surplus, if any, of the amount received over the Net Outstanding Principal Balance up to the Participation in respect of the relevant Participation Receivable or (y) in respect of any other Participation Receivable, an amount up to the Participation pursuant to such foreclosure on, or collection of, any Related Security to the extent relating to the Gross Outstanding Principal Balance of such Participation Receivable;

"Redemption Ledger" means the ledger of the GIC Account designated as such;

"Redemption Priority of Payments" has the meaning ascribed thereto in Clause 9.3 (*Redemption Priority of Payments*) of the Trust Deed;

"Reference Banks" means, the principal office of four major banks in the Eurozone interbank market selected by the Paying Agent at the relevant time;

"Reference Rate" means, on any Notes Calculation Date, the rate determined by the Paying Agent by reference to the Screen Rate on such date or if, on such date, the Screen Rate is unavailable:

- (a) the Rounded Arithmetic Mean of the offered quotations, as at or about 11:00 a.m. (Amsterdam time) on that date, of the Reference Banks to leading banks for euro deposits for the Relevant Period in the Amsterdam interbank market in the Representative Amount, determined by the Paying Agent after request of the principal Amsterdam office of each of the Reference Banks; or
- (b) if, on such date, two or three only of the Reference Banks provide such quotations the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Reserve Reference Rate;

"Reg D Affiliate" means affiliates as defined in Regulation D;

"Regulation D" means Regulation D under the Securities Act;

"Regulation S" means Regulation S under the Securities Act;

"Regulatory Direction" means, in relation to any person, a direction or requirement of any Governmental Authority with whose directions or requirements such person is accustomed or required to comply;

"Related Security" means, with respect to any Receivable, all related accessory rights (*afhankelijke rechten*), ancillary rights (*nevenrechten*), connected rights (*kwalitatieve rechten*) and independently transferable claims (*zelfstandig overdraagbare vorderingsrechten*), including rights of mortgage (*hypotheekrechten*), rights of pledge (*pandrechten*), suretyships (*borgtochten*), guarantees, rights to receive interest and penalties and, to the extent transferable, Beneficiary Rights and interest reset rights;

"Relevant Assets and Liabilities" is as defined in the definition of Demerger;

"Relevant Date" means, in respect of any payment in relation to the Notes, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Paying Agent or the Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with the Notices Condition;

"Relevant Foreclosure Value" means in relation to a Loan the foreclosure value (*executiewaarde*) of the associated Property as assessed on or prior to the recording thereof in the Originator's data base in accordance with the applicable Valuation Report, WOZ Value Statement or Contracts for Construction/Brochure Price (as the case may be) and pursuant to the valuation criteria of the Originator applicable from time to time;

"Relevant Insurer" means Nationale-Nederlanden Levensverzekering Maatschappij N.V. and any of its predecessors;

"Relevant Mandatory Repurchase" means an obligation of the Originator to repurchase and accept reassignment of a Transferred Receivable from the Issuer in accordance with the Receivables Purchase Agreement in relation to which:

- (a) a material breach occurs of the Receivables Warranties (other than the Relevant Receivables Warranty) as of the relevant Transfer Date; or
- (b) a breach occurs of the Relevant Receivables Warranty as of the relevant Transfer Date;

"Relevant Margin" means, up until (but excluding) the First Optional Redemption Date:

- (a) for the Class A1 Notes 1.05% per annum;
- (b) for the Class A2 Notes 1.50% per annum;
- (c) for the Class A3 Notes, 1.60% per annum;
- (d) for the Class A4 Notes, 1.70% per annum; and
- (e) for the Class B Notes, 0% per annum;

and from (and including) the First Optional Redemption Date:

- (a) for the Class A1 Notes 2.05% per annum;
- (b) for the Class A2 Notes 2.50% per annum;
- (c) for the Class A3 Notes, 2.60% per annum;
- (d) for the Class A4 Notes, 2.70% per annum; and
- (e) for the Class B Notes, 0% per annum;

"Relevant Period" means, in relation to a Notes Calculation Date, the length in months of the related Notes Calculation Period;

"Relevant Receivable" means, as the case may be, (i) a Further Advance Receivable, (ii) a Bank Savings Receivable which is connected to a Bank Savings Account held in the name of the relevant Borrower with ING, (iii) a Savings Receivable which is connected to an insurance policy issued by the Relevant Insurer or (iv) a Hybrid Receivable which is connected to an insurance policy issued by the Relevant Insurer;

"Relevant Receivables Warranty" means the representation and warranty given by the Originator under the Receivables Purchase Agreement in respect of each Receivable that the Recorded Foreclosure Value of the related Property does not exceed the Relevant Foreclosure Value of such Property by more than 4.5 per cent.;

"Relevant Screen" means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Trustee and as has been notified to the Noteholders in accordance with the Notices Condition;

"Representations and Warranties" means the Originator's Warranties and the Receivables Warranties;

"Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"Required Filings" means in respect of (i) the Issuer the filing of the Prospectus with the Stock Exchange and the AFM and (ii) the Originator, each Deed of Assignment and Pledge to be offered to the Dutch tax authorities for registration;

"Required Paying Agent" means any Paying Agent that is a Paying Agent with its Specified Office in a city where a stock exchange on which the Notes are listed requires a Paying Agent;

"Required Swap Rating" means that the debt obligations of the relevant entity (and its credit support provider (if any)) are rated no lower than A by Fitch (long-term), F1 by Fitch (short-term), A2 by Moody's (long-term), P-1 by Moody's (short-term) and A by DBRS (long-term) (provided that if such entity's rating is A by DBRS, such rating is not "Under Review (Negative)") or, if such entity does not have a Moody's short-term rating, no lower than A1 by Moody's (long-term), or such other long-term or short-term rating as is otherwise determined to be applicable or agreed from time to time by the Rating Agencies;

"Requirement of Law" in respect of any person shall mean:

- (a) any law, treaty, rule, requirement or regulation;
- (b) a notice by or an order of any court having jurisdiction;
- (c) a mandatory requirement of any regulatory authority having jurisdiction; or
- (d) a determination of an arbitrator or Governmental Authority,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply;

"Reserve Reference Rate" means on any Notes Calculation Date:

- (a) the Rounded Arithmetic Mean of the rates quoted, as at or about 11:00 a.m. (local time in Amsterdam) on the Notes Calculation Date, by leading banks in any EU Member State, to leading banks in the interbank market in the relevant EU Member State, for euro loans for the Relevant Period in the Representative Amount, determined by the Paying Agent after request of the principal office in the principal financial centre of the relevant EU Member State of each such leading bank; or
- (b) if the Paying Agent certifies that it cannot determine such Rounded Arithmetic Mean as aforesaid, the Reference Rate in effect for the Notes Calculation Period current on the relevant Notes Calculation Date;

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes of any class, to reduce the amount of principal or interest due on any date in respect of the Notes of any class or to alter the method of calculating the amount of any payment in respect of the Notes of any class on redemption or maturity;
- (b) to effect the exchange, conversion or substitution of the Notes of any class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes;

- (e) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition;

"Residential Subsidy Right" means the right to receive annual contributions with respect to residential Properties on the basis of the Resolution Monetary Support Own Residences (*Beschikking geldelijke steun eigen woningen*) dated 1984 or the Resolution Residence Related Subsidies (*Besluit woninggebonden subsidies*) dated 1991 or any replacement or substitute legislation, resolution or regulation.

"Residual Claim" means a claim of the Originator to the extent that any Related Security secures both a Transferred Receivable and any receivable which is owned by the Originator;

"Retransferred Receivables" has the meaning ascribed there to it in relevant Deed of Reassignment and Release;

"Revenue Receipts" means:

- (a) interest, fees and other amounts, including any Accrued Interest and Arrears of Interest as at the Transfer Date of the relevant Transferred Receivable, received or recovered by the Issuer in respect of the Transferred Receivables (i) other than the Principal Receipts and any prepayment penalties, (ii) net of any relevant foreclosure costs and (iii) less, with respect to interest in respect of each Participation Receivable, an amount equal to the net amount received or recovered multiplied by the applicable Participation Fraction; and
- (b) prepayment penalties received or recovered by the Issuer in respect of the Transferred Receivables;

"Revolving Credit Loan" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"Rights" means all present and future rights (*vorderingen*) of the Issuer against any Transaction Party in respect of any Transaction Document other than in respect of ING Bank N.V. in its capacity as holder of the Issuer Capital Account pursuant to the GIC Account Agreement;

"Rights Pledge" means the rights pledge dated on or about the Closing Date between the Issuer and the Trustee relating to the Rights;

"Rounded Arithmetic Mean" means the arithmetic mean (rounded, if necessary, to the nearest 0.0001%, 0.00005% being rounded upwards);

"Savings" in relation to a Participation means with respect to (i) a Savings Receivable or Hybrid Receivable, the savings part of all premiums received by the Participant from the relevant Borrower under or pursuant to the relevant insurance policy, and (ii) a Bank Savings Receivable, all payments made by the relevant Borrower to the related Bank Savings Account;

"Savings Directive" means the European Council Directive of 3 June 2003 on taxation of savings income in the form of interest payments (2003/48/EC);

"Savings Loan" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"Savings Receivable" means a Transferred Receivable resulting from a Savings Loan;

"Screen" means the display as quoted on the Reuters Screen EURIBOR01; or

- (a) such other page as may replace Reuters Screen EURIBOR01 on that service for the purpose of displaying such information; or
- (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace such screen;

"Screen Rate" means, in relation to a Notes Calculation Date, the offered quotations for euro deposits for the Relevant Period (or, in the case of the first Notes Calculation Period from the Closing Date to but excluding the Notes Payment Date falling in November 2012, the linear interpolation of the offered

quotations for five and six month euro deposits), rounded to five decimal places with the mid-point rounded up) in the Amsterdam interbank market determined by reference to the Screen as at or about 11:00 a.m. (Amsterdam time) on that date;

"**Second Beneficiary**" is as defined in section A.2 (*Receivables*) of the Prospectus;

"**Secured Creditors**" means, the Trustee (in its own capacity and on behalf of the Noteholders), the Originator, the Servicer, the Administrator, the Swap Counterparty, the Issuer Director, the Shareholder Director, the Trustee Director, the Paying Agent(s), any Participant, the Listing Agent, the Administrator, the Liquidity Facility Provider, the Account Bank and all other creditors for whom the Security is expressed to be granted subject to and in accordance with the Trust Deed;

"**Secured Obligations**" means all present and future obligations owed by the Issuer to the Trustee pursuant to the Parallel Debt and, if and to the extent that at the time of the creation of the relevant right of pledge, or at any time thereafter, a Principal Liability owed to the Trustee cannot be validly secured through the Parallel Debt, such Principal Liability itself;

"**Secured Property**" means the Receivables, the Account Rights and the Rights, over which security is created pursuant to the Security Documents;

"**Security**" means the security for the Secured Obligations which will be created pursuant to, and on the terms set out in, the Trust Deed and the Security Documents;

"**Security Documents**" means the Account Pledge, the Rights Pledge, the Receivables Pledge Agreement and any Deed of Pledge;

"**Security Interest**" means any sub-charge, pledge, lien (other than a lien arising in the ordinary course of business or by operation of law) or other encumbrance or security interest howsoever created or arising;

"**Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

"**Servicer**" means ING or any substitute servicer as may be appointed from time to time as Servicer pursuant to the Servicing Agreement;

"**Servicer Criteria**" means criteria for any servicer of the Receivables, which are that:

- (a) it has all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Services, and is duly licensed under the Wft to act as consumer credit provider or intermediary;
- (b) it has experience with and is capable of administering portfolios of residential mortgage loans in The Netherlands and is approved by the Issuer and the Trustee;
- (c) it enters into an agreement substantially on the same terms as the relevant provisions of this Agreement and the Servicer shall not be released from its obligations under the relevant provisions of this Agreement until such substitute servicer has entered into such new agreement; and
- (d) the then current rating of the Notes are not adversely affected as a result of such termination, unless the termination is otherwise approved by an Extraordinary Resolution of the holders of the Notes that are outstanding and rated;

"**Servicer Default**" means that one or more of the following events has occurred:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 7 days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Trustee or the Issuer requiring the same to be remedied; or
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which in the opinion of the Trustee is materially prejudicial to the interests of the Noteholders from time to time and such default continues

unremedied for a period of 14 days after the earlier of the Servicer becoming aware of such and default and receipt by the Servicer of written notice from the Issuer or the Trustee requiring the same to be remedied; or

- (c) the Servicer is subjected to Insolvency Proceedings; or
- (d) at any time it becomes unlawful for the Servicer to perform all or a material part of its obligations under the Servicing Agreement or the Servicer ceases to be duly licensed under the Wft to act as consumer credit provider or intermediary;

"**Services**" has the meaning ascribed to such term in the Servicing Agreement;

"**Servicing Agreement**" means the servicing agreement dated on or around the Closing Date, between the Issuer, the Servicer and the Trustee or any substitute servicing agreement, as the case may be;

"**Servicing Fee**" is as defined in Clause 11 (*Remuneration*) of the Servicing Agreement;

"**Servicing Manual**" means the servicing and administration manuals of the Originator by reference to which the Servicer will service and administer the relevant Loans, Receivables, Mortgages and other security interests relating thereto, which are currently known as "*FDO Securitatie 2.1. Basis ontwerp securitatie 1.1*", "*Handboek Hypotheken*" and "*Handboek Intensief Beheer*", as amended, supplemented, restated or otherwise modified or replaced from time to time and which would be acceptable to a Reasonable Prudent Lender;

"**Shareholder**" means Stichting Holding Orange Lion VII RMBS, a foundation (*stichting*) established under the laws of The Netherlands on 16 April 2012. It has its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and is registered with the Commercial Register of the Chamber of Commerce of Amsterdam, The Netherlands under number 55114431;

"**Shareholder Director**" means ATC Management B.V. a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33226415 and/or such other person(s) who may be appointed as managing director (*bestuurder*) of the Issuer from time to time;

"**Signing Date**" means 12 June 2012;

"**SMFI**" is as defined in the risk factor entitled "*New Dutch legislation dealing with ailing financial institutions*" in part A.7 (*General*);

"**Specified Denomination**" means €100,000;

"**Specified Office**" means, in relation to any Paying Agent, either the office identified with its name in the Conditions or any other office notified to any relevant parties pursuant to the Agency Agreement;

"**Stabilising Manager**" is as defined in the paragraph headed "*Stabilisation*" at the beginning of the Prospectus;

"**Stock Exchange**" means Euronext Amsterdam;

"**Subordinated Swap Payment**" means in relation to the Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Counterparty as a result of an Event of Default or an Additional Termination Event pursuant to Part 5(c)(A) (as the case may be) (each as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or the sole Affected Party (as the case may be) (each as defined in the Swap Agreement);

"**Sub-Participation Agreement**" means any sub-participation agreement entered into on or about the Closing Date between the Issuer, the Participant and the Trustee, relating to a Savings Receivable (other than a Further Advance Receivable), Hybrid Receivable (other than a Further Advance Receivable), Bank Savings Receivable (other than a Further Advance Receivable) or Further Advance Receivable, as the case may be;

"**Swap**" means the interest rate swap transaction entered into between the Swap Counterparty, the Issuer and the Trustee under the Swap Agreement;

"**Swap Agreement**" means the swap agreement (documented under a 1992 ISDA master agreement, including a schedule and the Credit Support Annex thereto and the Swap Confirmation) dated on or about the Closing Date between the Issuer, the Swap Counterparty and the Trustee;

"**Swap Collateral Excluded Amounts**" means amounts standing to the credit of the Swap Collateral Ledger;

"**Swap Collateral Ledger**" means the ledger of the GIC Account designated as such;

"**Swap Confirmation**" is as defined in section A.5 (*Swap*) of the Prospectus;

"**Swap Counterparty**" means ING or such other person as may be appointed from time to time as Swap Counterparty pursuant to the Swap Agreement;

"**Swap Counterparty Amount**" is as defined in section A.5 (*Swap*) of the Prospectus;

"**Swap Replacement Excluded Amounts**" means amounts standing to the credit of the Swap Replacement Ledger;

"**Swap Replacement Ledger**" means the ledger of the GIC Account designated as such;

"**Swap Transaction**" means the Swap dated on or about the Closing Date as documented by the Swap Agreement and the Swap Confirmation;

"**Talonholder**" means the holder of a Talon;

"**Talon**" and "**Talons**" means the talons for further Coupons attached to the Definitive Notes on issue;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of The Netherlands or any political subdivision or authority thereof or therein;

"**Tax Call**" means the option of the Issuer to redeem the Notes pursuant to Condition 9.9 (*Optional Redemption - Tax Call*);

"**Tax Deduction**" means any deduction or withholding on account of Tax;

"**Temporary Global Note**" means any temporary global note representing any sub-class of Notes in, or substantially in, the form set out in Schedule 1 (*Form of Temporary Global Notes*) to the Trust Deed;

"**Third Party Amounts**" means any amounts due and payable by the Issuer to third parties that are not provided for payment elsewhere in the relevant Priority of Payments and incurred by the Issuer in the ordinary course of its business which amounts may be paid daily from moneys on deposit in the GIC Account;

"**Traditional Alternative**" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"**Transaction**" means any of the transactions contemplated by the Transaction Documents;

"**Transaction Documents**" means:

- (i) the Account Pledge;
- (ii) the Administration Agreement;
- (iii) the Agency Agreement;

- (iv) the Beneficiary Waiver Agreements;
 - (v) the GIC Account Agreement;
 - (vi) the Letter of Undertaking;
 - (vii) the Liquidity Facility Agreement;
 - (viii) the Management Agreement (Issuer);
 - (ix) the Management Agreement (Shareholder);
 - (x) the Management Agreement (Trustee);
 - (xi) the Notes Purchase Agreement;
 - (xii) the Receivables Pledge Agreement;
 - (xiii) the Receivables Purchase Agreement;
 - (xiv) the Rights Pledge;
 - (xv) the Servicing Agreement;
 - (xvi) the Sub-Participation Agreements;
 - (xvii) the Swap Agreement;
 - (xviii) the Trust Deed;
- and any agreements entered into in connection therewith from time to time;

"Transaction Party" means:

- (i) the Account Bank;
- (ii) the Administrator;
- (iii) the Arranger;
- (iv) the Issuer;
- (v) the Issuer Director;
- (vi) the Liquidity Facility Provider;
- (vii) the Originator;
- (viii) the Servicer;
- (ix) the Shareholder;
- (x) the Shareholder Director;
- (xi) the Participants;
- (xii) the Paying Agent;
- (xiii) the Swap Counterparty
- (xiv) the Trustee;
- (xv) the Trustee Director;

and any person designated as such by the Trustee from time to time, and "**Transaction Parties**" means some or all of them;

"**Transfer Date**" means the Closing Date or the date of transfer of any Further Advance Receivables to the Issuer in accordance with the Receivables Purchase Agreement;

"**Transferred Receivables**" means any Receivables transferred to the Issuer pursuant to the Receivables Purchase Agreement, to the extent not redeemed, retransferred or otherwise disposed of by the Issuer;

"**Trust Deed**" means the trust deed entered into on or around the Closing Date between the Issuer and the Trustee in respect of the issue of the Notes;

"**Trustee**" means the trustee appointed under the Trust Deed, being at the Closing Date Stichting Trustee Orange Lion VII RMBS, a foundation (*stichting*) established on 16 April 2012 under the laws of The Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Trade Register (*Handelsregister*) of the Chamber of Commerce (*Kamer van Koophandel*) in Amsterdam, The Netherlands under number 55114717;

"**Trustee Director**" means Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its seat (*statutaire zetel*) in Amsterdam and its registered address at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands and registered with the Chamber of Commerce in Amsterdam, The Netherlands under number 33001955 and/or such other person(s) who may be appointed as director(s) (*bestuurder*) of the Trustee from time to time;

"**United States person**" means persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source;

"**Unit-Linked Alternative**" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"**U.S. person**" has the meaning given to it by Regulation S under the Securities Act of 1933;

"**Valuation Report**" is as defined in section 2.7 (*Origination and Servicing by Originator*) of the Prospectus;

"**VAT**" and "**Value Added Tax**" means (a) value added tax as levied in accordance with the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, as implemented in the member states of the European Union under their respective value added tax legislation and legislation supplemental thereto; and (b) any other tax of a similar fiscal nature (including but not limited to goods and services tax), whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax, or in any other jurisdiction;

"**voting certificate**" has the meaning ascribed to such term in Schedule 5 (*Provisions For Meetings of Noteholders*) to the Trust Deed;

"**Weighted Average Loan to Foreclosure Value**" means the Loan to Foreclosure Value of all the Transferred Receivables weighted by the respective loan current balance, determined as the difference of the Net Outstanding Principal Balance minus the aggregate amounts standing to the credit of any Construction Deposit in relation to such Transferred Receivables.

"**Wft**" means the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations;

"**Wge**" means the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*);

"**WOZ**" is as defined in section 2.3 (*Eligible Receivables*) of the Prospectus;

"**WOZ Value Statement**" is as defined in section 2.7 (*Origination and Servicing by Originator*) of the Prospectus; and

"Written Resolution" means a resolution in writing signed by or on behalf of all holders of Notes of the relevant class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

2. PRINCIPLES OF INTERPRETATION AND CONSTRUCTION

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.

Interpretation

Any reference in the Transaction Documents, the Conditions, the Notes and the Prospectus to:

a document being in an "**agreed form**" means that the form of the document in question has been agreed between the proposed parties thereto and that a copy thereof has been signed for the purposes of identification by or on behalf of the proposed parties thereto;

"**continuing**", in respect of an Issuer Default, shall be construed as a reference to an Issuer Default which has not been waived in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document and, in respect of a Servicer Default, an Administrator Default, a Liquidity Event of Default or any other relevant type of default under the Transaction Documents, one which has not been remedied or waived in accordance with the terms of the relevant Transaction Document;

"**holder**" means the bearer of a Note and the words "**holders**" and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

a "**month**" is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month except that:

if any such numerically corresponding day is not a Business Day, such period shall end on the immediately succeeding Business Day to occur in that next succeeding calendar month or, if none, it shall end on the immediately preceding Business Day; and

if there is no numerically corresponding day in that next succeeding calendar month, that period shall end on the last Business Day in that next succeeding calendar month;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

"**principal**" shall, where applicable, include premium;

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

any "**Transaction Party**" shall be construed so as to include its successors and transferees and any subsequent successors and transferees in accordance with their respective interests;

a "**subsidiary**" of any company incorporated in The Netherlands means a company which is a subsidiary of such company within the meaning of article 2:24a of the Dutch Civil Code; and

a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under the relevant Transaction Document or to which, under such laws, such rights and obligations have been transferred.

Currency symbols

"€", "EUR" and "euro" means the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities.

Transaction Documents and other agreements

Any reference to the Prospectus, the Notes, the Conditions, the Incorporated Terms Memorandum, any Transaction Document or any other agreement or document shall be construed as a reference to the Prospectus, the Notes, the Conditions, the Incorporated Terms Memorandum, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, superseded, varied, novated, supplemented or replaced.

Statutes and Treaties

Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

Headings

Section, Part, Schedule, Paragraph and Clause headings are for ease of reference only.

Time

Any reference in any Transaction Document to a time of day shall, unless a contrary indication appears, be a reference to the time in the relevant place referred to in the definition of "Business Day".

Schedules

Any recital to, Schedule of, or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such recital, Schedule and Appendix.

Sections

Except as otherwise specified in a Transaction Document, reference in a Transaction Document to a:

"*Section*" shall be construed as a reference to a Section of such Transaction Document;

"*Part*" shall be construed as a reference to a Part of such Transaction Document;

"*Schedule*" shall be construed as a reference to a Schedule of such Transaction Document; and

"*Clause*" shall be construed as a reference to a Clause of a Part of such Transaction Document; and

"*Paragraph*" shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

Number

In any Transaction Document or Condition, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

Time of the Essence

Any date or period specified in any Transaction Document may be postponed or extended by mutual agreement between the parties, but as regards any date or period originally fixed or so postponed or extended, time shall be of the essence.

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The Netherlands

SERVICER

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TRUSTEE

Stichting Trustee Orange Lion VII RMBS
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