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**GREEN LION III B.V.**  
(incorporated with limited liability in the Netherlands  
with its statutory seat in Amsterdam, the Netherlands)

<b>Class of Notes</b>	<b>Principal Amount</b>	<b>Issue Price</b>	<b>Interest rate until step up</b>	<b>Interest rate after step up</b>	<b>Rating (Moody's/ Fitch)</b>	<b>First Class A Optional Partial Redemption Date</b>	<b>First Optional Redemption Date</b>	<b>Final Maturity Date</b>
Senior Class A1 Notes	€1,469,200,000	100%	1.10% margin above one month Euribor	1.65% margin above one month Euribor	Aaa(sf)/ AAA (sf)	October 2017	October 2021	August 2043
Senior Class A2 Notes	€1,469,200,000	100%	1.65% margin above one month Euribor	2.45% margin above one month Euribor	Aaa(sf)/ AAA (sf)	October 2017	October 2021	August 2043
Senior Class A3 Notes	€1,469,200,000	100%	2.00% margin above one month Euribor	3.00% margin above one month Euribor	Aaa(sf)/ AAA (sf)	October 2017	October 2021	August 2043
Senior Class A4 Notes	€1,057,900,000	100%	2.25% margin above one month Euribor	3.35% margin above one month Euribor	Aaa(sf)/ AAA (sf)	October 2017	October 2021	August 2043
Mezzanine Class B Notes	€17,500,000	100%	0% margin above one month Euribor	0% margin above one month Euribor	Aa3(sf)/ AA(sf)	N/A	October 2021	August 2043
Mezzanine Class C Notes	€17,500,000	100%	0% margin above one month Euribor	0% margin above one month Euribor	A2(sf)/ A-(sf)	N/A	October 2021	August 2043
Subordinated Class D Notes	€176,400,000	100%	0% margin above one month Euribor	0% margin above one month Euribor	Ba1(sf)	N/A	October 2021	August 2043

On or about 6 October 2011 (the **Closing Date**), Green Lion III B.V. (the **Issuer**) will issue mortgage-backed floating rate notes (the **Notes**) in the classes set out above.

This prospectus (**Prospectus**) has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (**AFM**) as a prospectus issued in compliance with Directive 2003/71/EC (the **Prospectus Directive**) and the relevant implementing rules in the Netherlands (*Wet op het Financieel Toezicht* or **Wft**).

Application has been made for the Notes to be admitted to listing and trading on NYSE Euronext in Amsterdam (**Euronext Amsterdam**) effective per 7 October 2011.

The Notes will carry the floating rates of interest as set out above, payable monthly in arrear on the 17th day of each calendar month (or, if such day is not a Business Day, the next succeeding Business Day). See further Condition 4 (*Interest*).

The principal asset from which the Issuer will make payments on the Notes is a pool of residential mortgage receivables resulting from mortgage loans originated by the Seller, legal title of which will be acquired by the Issuer on the Closing Date. See the section *Description of the Mortgage Loans* for more information on the pool. The Notes will be the obligations of the Issuer only and not of any other person.

For information on optional and mandatory redemption of the Notes (including partial optional redemption), see the section entitled *Transaction Overview – Overview of the parties and principal features of the transaction* and *Condition 6 (Final Redemption, Mandatory Redemption, Optional Partial Redemption of the Senior Class A Notes and Optional Redemption)*.

Ratings will be assigned to the Notes by Moody's Investors Service Limited (**Moody's**) and by Fitch Ratings Limited (**Fitch** and, together with Moody's, the **Rating Agencies**) as set out above. As of the date of this prospectus, each of the Rating Agencies is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the **CRA Regulation**), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance



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## SUMMARY

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

Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus. For the page reference of the definitions of the capitalized terms used herein see the section Index of Defined Terms.

### 1. RISKS

There are certain risk factors which prospective noteholders should take into account. These risk factors relate to, *inter alia*, the fact that the obligations of the Issuer under the Notes are limited recourse obligations, whereby the Issuer has limited resources to meet such obligations (in particular receipt by it of funds under the Mortgage Receivables). Despite certain structural mitigants in respect of these risks, there remains, *inter alia*, credit risk, liquidity risk, prepayment risk, maturity risk and interest-rate risk relating to the Notes. Moreover, there are structural and legal risks relating to the Mortgage Receivables (see the section 'Risk Factors' below).

### 2. TRANSACTION OVERVIEW

The following is an overview of the transaction as illustrated by the structure diagram set out in Section 3 below. The numbers below correspond to those in the diagram.

- (1) On or about 5 October 2011 the Issuer will enter into a mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement**) with the Seller and the Security Trustee. Pursuant to the Mortgage Receivables Purchase Agreement the Seller will sell and assign to the Issuer legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto. The Mortgage Receivables consist of any and all rights (but not the obligations) of the Seller against certain Borrowers under certain loans secured by first-ranking, or first and sequentially lower-ranking mortgage rights over residential properties in the Netherlands. The transfer of legal title to the Mortgage Receivables and the Beneficiary Rights will take place on the Closing Date by means of a registered deed of assignment (the **Deed of Assignment**). The purchase price will consist of an initial purchase price and a deferred purchase price. The initial purchase price is payable on the Closing Date and amounts to EUR 5,876,911,592.57 (the **Initial Purchase Price**) provided that in respect of mortgage loans with a construction deposit (*bouwhypotheeken*), the Issuer will initially withhold an amount of EUR 22,050,081.69 until such amount is disbursed by the Seller to the Borrowers. To the extent on Monthly Payment Dates the revenues of the Issuer exceed its liabilities and an excess amount is available, such excess amount will be paid out to the Seller as a deferred purchase price instalment.
- (2) The Issuer will fund the Initial Purchase Price in part by issuing the Notes. The Notes will be issued under a trust deed (the **Trust Deed**). The Issuer will discharge its obligation to pay the remainder of the Initial Purchase Price (i.e. in respect of Participation-Linked Mortgage Loans and Bank Savings Mortgage Loans) by paying to the Seller an amount equal to the amount payable to the Issuer as the Initial Participations by the Savings Mortgage Participants and the Bank Savings Participant (see the section *Sub-Participation Agreements* below), respectively.
- (3) On each Monthly Payment Date the Issuer will pay interest and principal on the Notes in accordance with and subject to the Interest Priority of Payments and the Principal Priority of Payments respectively (see the section *Credit Structure* below). The Notes may be redeemed prior to their Final Maturity Date in certain circumstances (see Condition 6 (*Redemption*) in the section *Terms and Conditions of the Notes* below). The

obligations of the Issuer in respect of the Notes will rank below certain other obligations of the Issuer and the Classes of Notes rank in a certain priority amongst themselves, with the Senior Class A Notes ranking most senior, as more fully described herein sections *Credit Structure* and *Terms and Conditions of the Notes* below. The Trust Deed sets out the priority of the secured claims of the Secured Parties

- (4) To hedge against differences between the rates of interest on the Mortgage Receivables and the floating rates applicable to the Notes the Issuer will enter into an interest rate swap transaction as more fully described in the section *Credit Structure* below, with ING Bank N.V. (as the **Swap Counterparty**).
- (5) To meet its payment obligations under the Notes and the Relevant Documents the Issuer is primarily dependent on receipt of principal and interest from the Borrowers under the Mortgage Loans, the receipt of funds under the Liquidity Facility Agreement and the receipt of funds under the Swap Agreement. The Issuer will secure its obligations under the Notes and towards the Secured Parties. The security is vested in favour of the Security Trustee as pledgee. Pursuant to a parallel debt agreement (the **Parallel Debt Agreement**) the Issuer owes the Security Trustee amounts equal to the amounts it owes to the Noteholders and certain other transaction parties (such payment obligation being referred to as the **Parallel Debt**). The Parallel Debt is secured by a first-ranking right of pledge over the Mortgage Receivables and over certain other assets pursuant to two pledge agreements (the **Pledge Agreements**). Upon the occurrence of an event of default under the Notes, the Security Trustee may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and that it will enforce the Pledge Agreements. The Security Trustee will apply the amounts recovered upon enforcement of the Pledge Agreements in accordance with the Priority of Payments upon Enforcement towards satisfaction of the amounts owed by the Issuer to the Noteholders and/or the other Secured Parties, depending on the priority of their secured claims (see the section *Credit Structure*).
- (6) The Issuer will enter into a liquidity facility agreement (the **Liquidity Facility Agreement**) with ING Bank N.V. (as the Liquidity Facility Provider) on the Closing Date pursuant to which the Liquidity Facility Provider will agree to make available a 364-day committed facility under which the Issuer may in certain circumstances make drawings (**Liquidity Facility Drawings**) in case of a shortfall of the interest revenues (see the section *Credit Structure*).
- (7) The Issuer will enter into a guaranteed investment contract (the **GIC Agreement**) with ING Bank N.V. (as the GIC Provider) and the Security Trustee on the Closing Date, pursuant to which the GIC Provider guarantees a certain interest rate determined by reference to Euribor for one month deposits in euros with respect to the balance standing from time to time to the credit of all bank accounts maintained by the Issuer with the GIC Provider (other than the Liquidity Facility Stand-by Account).
- (8) The Issuer will enter into an issuer services agreement (the **Issuer Services Agreement**) under which (i) WestlandUtrecht Bank as the pool servicer (the **Pool Servicer**) will – inter alia – (a) provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Loans and (b) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law for submission to the relevant governmental authorities and (ii) WestlandUtrecht Bank as the defaulted loan servicer (the **Defaulted Loan Servicer** and together with the Pool Servicer, the **Servicers**) will agree to provide implementation of arrears procedures including the enforcement of mortgage rights and pledges and to provide information on the relevant Participation in the Participation-Linked Mortgage Receivables and the Bank Savings Mortgage Receivables, and (iii) the Issuer Administrator will agree (a) to provide certain administration, calculation and cash management services to the Issuer, and (b) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested (see further the sections *Issuer Services Agreement* and *Mortgage Underwriting and Mortgage Services* below).

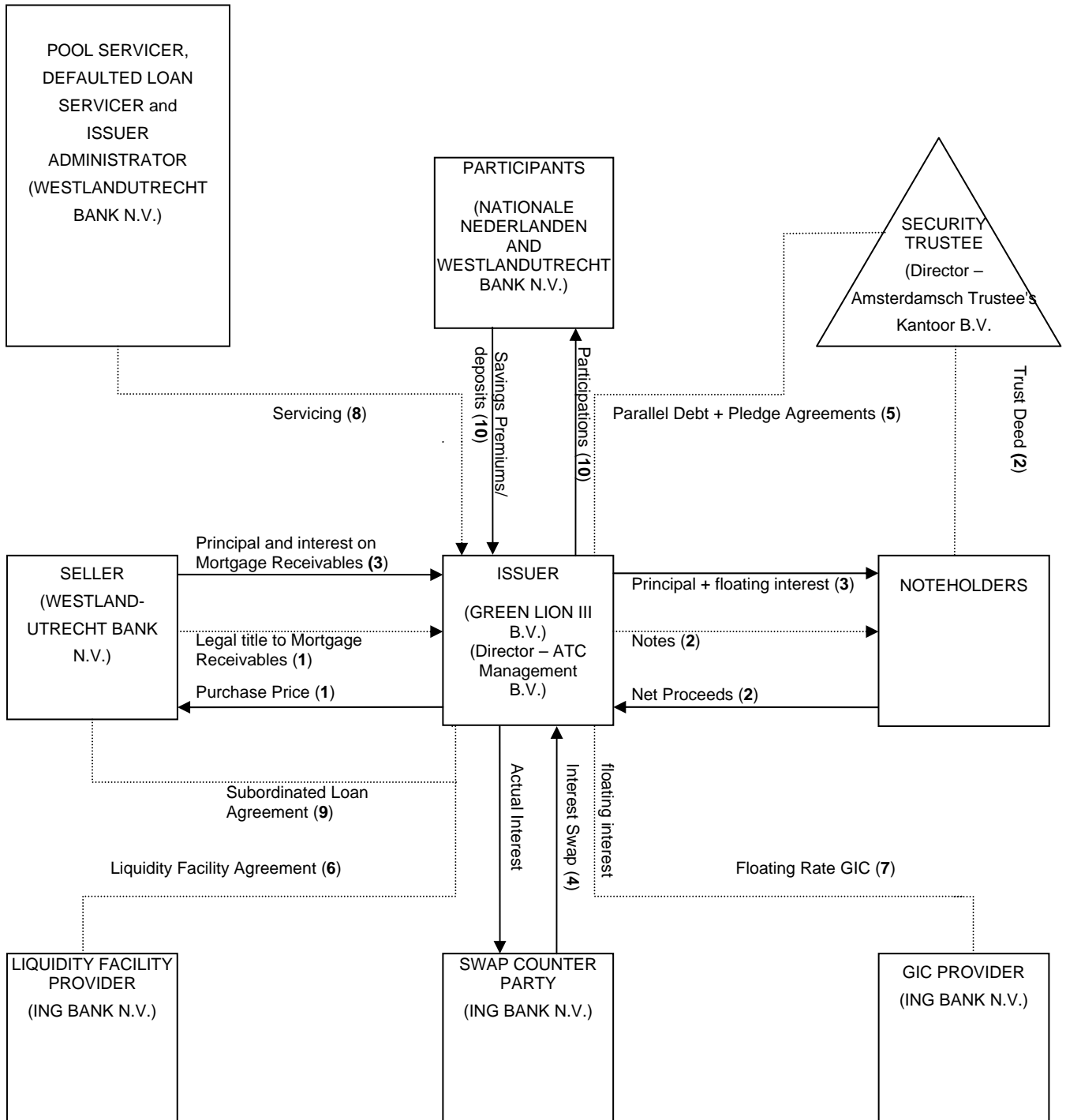
Following the occurrence of an Appointment Trigger Event in respect of the Pool Servicer and/or the Defaulted Loan Servicer (as the case may be), ING Bank N.V. will be appointed as back-up pool servicer

and/or back-up defaulted loan servicer (in such capacities, the **Back-up Servicer**) under the terms of a back-up servicing agreement to be entered into between it, the Issuer and the Security Trustee (the **Back-up Servicing Agreement**), such that, if the appointment of WestlandUtrecht Bank as Pool Servicer and/or Defaulted Loan Servicer is terminated following a Servicer Termination Event, the Back-up Servicer will assume the relevant servicing functions. The Back-up Servicing Agreement will be substantially on the terms of the Issuer Services Agreement and will include provisions detailing the Back-up Servicer Role to be provided by the Back-up Servicer prior to it acting as Pool Servicer and/or Defaulted Loan Servicer. See further the section Issuer Services Agreement.

- (9) Pursuant to a subordinated loan agreement (the **Subordinated Loan Agreement**), the Subordinated Loan Provider will on the Closing Date make available to the Issuer a subordinated loan, the proceeds of which will be deposited by the Issuer into the Reserve Account.
- (10) Under participation-linked mortgage loans, universal life mortgage loans and bank savings mortgage loans, the Borrowers do not pay down principal until maturity of the loan. Under a participation-linked mortgage loan, the Borrower pays a capital premium to the insurance company which the latter on-pays to the lender in exchange for an economic interest in the mortgage loan. The economic interest increases over time and the intention is that at maturity the built up capital is equal to the balance of the mortgage loan. At such time his economic interest is set off against its obligation to pay out under the Insurance Policy. The Issuer will on the Closing Date enter into savings mortgage sub participation agreements, (the **Savings Mortgage Sub Participation Agreements**) with the Savings Mortgage Participants Pursuant to such agreement the Issuer will continue to receive premium payments from each Savings Mortgage Participant. The premiums received by the Issuer will be used to repay principal on the Notes. Each Savings Mortgage Participant will obtain a contractual participation right equal to the premiums passed on the Participation-Linked Mortgage Loans, plus a *pro rata* part of the accrued interest. Bank savings mortgage loans operate similarly, except that no insurance company is involved. Rather than paying principal, the borrower deposits cash on an account with WestlandUtrecht Bank. The interest rate applicable to the balance is equal to the interest rate on the mortgage loan. The intention is that, at maturity, the built up balance is equal to the outstanding mortgage loan (part) and the two are set-off against each other. On the Closing Date, the Issuer will enter into a bank savings sub-participation agreement (the **Bank Savings Sub-Participation Agreement**). Under that agreement WestlandUtrecht Bank, as the Bank Savings Participant, will build up a participation in the relevant Bank Savings Mortgage Receivables, such that at maturity of the related mortgage loan, the participation is equal to the outstanding balance of the mortgage loan. In exchange the Bank Savings Participant will pay to the Issuer the deposits received by it from the Borrowers under the Bank Savings Mortgage Loans on a monthly basis. The Issuer will apply such amounts to redeem the Notes (see the section *Sub-Participation Agreements*).

### 3. STRUCTURE DIAGRAM

The numbers in the structure diagram below refer to paragraph 2 (Transaction Overview) above.





#### 4. THE KEY FEATURES OF THE NOTES

	Senior Class A1 Notes	Senior Class A2 Notes	Senior Class A3 Notes	Senior Class A4 Notes	Mezzanine Class B Notes	Mezzanine Class C Notes	Subordinated Class D Notes
Principal Amount at Closing	€1,469,200,000	€1,469,200,000	€1,469,200,000	€1,057,900,000	€117,500,000	€117,500,000	€176,400,000
Margin up to but excluding FORD	1.10 per cent. p.a.	1.65 per cent. p.a.	2.00 per cent. p.a.	2.25 per cent. p.a.	0 per cent. p.a.	0 per cent. p.a.	0 per cent. p.a.
Margin from and including FORD	1.65 per cent. p.a.	2.45 per cent. p.a.	3.00 per cent. p.a.	3.35 per cent. p.a.	0 per cent. p.a.	0 per cent. p.a.	0 per cent. p.a.
Interest Accrual	Act/360						
First Class A Optional Partial Redemption Date	October 2017	October 2017	October 2017	October 2017	N/A	N/A	N/A
First Optional Redemption Date	The Monthly Payment Date falling in October 2021.						
Monthly Payment Dates	Monthly in arrear on the 17th day of each month, subject to adjustment for non-business days.						
Final Maturity Date	The Monthly Payment Date falling in August 2043.						
Denomination	€100,000						
Form	Bearer						
Listing	Euronext Amsterdam						
ISIN	NL0009964857	NL0009964840	NL0009964832	NL0009964865	NL0009964873	NL0009964881	NL0009964899
Common Code	067996194	067996003	067995970	067996208	067996259	067996283	067996291
Rating (Moody's/Fitch)	Aaa(sf)/AAA(sf)	Aaa(sf)/AAA(sf)	Aaa(sf)/AAA(sf)	Aaa(sf)/AAA(sf)	Aa3(sf)/AA(sf)	A2(sf)/A-(sf)	Ba1(sf)

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons not known to the Issuer or not deemed to be material enough and the Issuer does not represent that the statements below regarding the risks of investing in any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### RISKS REGARDING THE NOTES

#### **The Notes will be the obligations of the Issuer only**

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the transaction parties (other than the Issuer). No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### **The Issuer has limited resources available to meet its payment obligations**

The ability of the Issuer to meet its obligations in full to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on:

- (i) receipts of payments under the Mortgage Receivables;
- (ii) the proceeds of the sale of any Mortgage Receivables;
- (iii) receipts of amounts under the Swap Agreement;
- (iv) receipts of amounts under the Sub-Participation Agreements;
- (v) amounts standing to the credit of the Reserve Account;
- (vi) receipts of amounts under the Liquidity Facility Agreement; and
- (vii) receipts of interest in respect of the balances standing to the credit of the Transaction Accounts.

The Issuer does not have other resources available. There can be no assurance that the Issuer will have sufficient funds to meet its payment obligations and expenses. If such funds are insufficient, the Issuer may not be able to repay the Noteholders in full.

#### **Noteholders have no petition rights and limited recourse against the Issuer**

Each of the Noteholders will only have recourse against the Issuer through the Security Trustee in accordance with the relevant Priority of Payments set out in this Prospectus and the Trust Deed. In case the Security has been fully enforced and the proceeds are insufficient to pay in full all amounts whatsoever due in respect of a Class of Notes, the Noteholders of such Class will have no further claim against the Issuer or the Security Trustee in respect of such amounts.

#### **Credit Risk**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by any of the Servicers or the Back-up Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loans in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in the section *Credit Structure*. There is no assurance that these measures will protect the holders of any Class against all risks of losses.

#### **Liquidity Risk of the Issuer**

The Issuer is subject to the risk of a shortfall of funds on any Monthly Payment Date as a result of payments being made late by Borrowers. This risk may adversely affect the Issuer's ability to make payments on the Notes. This risk is mitigated to some extent by the provision of liquidity pursuant to the Liquidity Facility Agreement and the Reserve Account. There can be no assurance that this mitigation will protect the Noteholder in full against this risk. See the section *Credit Structure*. Repayment of drawn amounts under the Liquidity Facility Agreement ranks higher than the Notes, subject to certain exceptions.

#### **Considerations relating to yield and prepayments of the Mortgage Loans**

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal and interest on the Mortgage Loans (including full and partial prepayments, foreclosure proceeds and repurchases by

the Seller under the Mortgage Receivables Purchase Agreement due to breaches of representations and warranties) and the price paid by the holders of the Notes of each Class. The yield to maturity of the Notes of any Class may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

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

**Risk that the Issuer will not exercise its right to partially redeem the Senior Class A Notes on a Class A Optional Partial Redemption Date**

The Issuer has the option to redeem a nominal amount of EUR300,000,000 (three hundred million euro) of the Senior Class A Notes on each Class A Optional Partial Redemption Date. There can be no assurance that the Issuer will partially redeem the Senior Class A Notes on the first Class A Optional Partial Redemption Date or on any subsequent Class A Optional Partial Redemption Date pursuant to Condition 6(d). The exercise of the Class A Partial Call Option on a Class A Optional Partial Redemption Date will, *inter alia*, depend on the Issuer having sufficient funds available for example through a sale of Mortgage Receivables. The Issuer shall first offer such Mortgage Receivables for sale to the Seller. The purchase price of the Mortgage Receivables will be calculated as described in the paragraph *Sale of Mortgage Receivables* in the section *Credit Structure* below. However, there is no guarantee that such a purchase of the Mortgage Receivables at such or any other price will take place.

**Risk that the Issuer will not exercise its right to redeem the Notes on an Optional Redemption Date**

There can be no assurance that the Issuer will redeem the Notes on the first Optional Redemption Date or on any subsequent Optional Redemption Date pursuant to Condition 6(e) even though the interest margin will increase as of the first Optional Redemption Date. The exercise of such right will, *inter alia*, depend on Issuer having sufficient funds available for example through a sale of Mortgage Receivables. The Issuer shall first offer such Mortgage Receivables for sale to the Seller. The purchase price of the Mortgage Receivables will be calculated as described in the paragraph *Sale of Mortgage Receivables* in the section *Credit Structure* below. However, there is no guarantee that such a purchase of the Mortgage Receivables at such or any other price will take place. If not, the issuer may not be able to fully perform its obligations under the Notes thereafter.

**Risk of early redemption as a result of Clean-Up Call Option, Regulatory Call Option and Redemption upon a Tax Change**

Should the Seller exercise its Clean-Up Call Option or its Regulatory Call Option on any Monthly Payment Date, the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b) on such Monthly Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(f) and subject to Condition 9(b). If the Issuer exercises any of such options, the Notes will be redeemed prior to the Final Maturity Date.

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

In the event that the Issuer has the possibility to refinance its debt for a lower interest rate than offered on the Notes, the Issuer may decide to redeem the Notes on the first possible occasion. On such an occasion Noteholders may not be able to find suitable comparable alternative investments that offer the same or a better yield than the Notes.

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

The Classes of Notes, other than the Senior Class A Notes, are subordinated, meaning that Noteholders of any Class of Notes with a lower payment priority bear a greater risk than any Class of Notes with a higher payment priority than such Class of Notes. To the extent set forth in Condition 9, payments on any Class of Notes are subordinated to payments of higher ranking Classes of Notes as more fully described herein under the sections *Credit Structure* and *Terms and Conditions of the Notes* below.

The Senior Class A Notes comprise of the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes and the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes, then to the Senior Class A2 Notes, then to the Senior Class A3 Notes and then to the Senior Class A4 Notes. To the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes, the Senior Class A2 Notes, the

Senior Class A3 Notes and/or the Senior Class A4 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A4 Notes do not therefore purport to provide credit enhancement to the Senior Class A1 Notes and/or the Senior Class A2 Notes and/or the Senior Class A3 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. Similarly, if the Senior Class A1 Notes and the Senior Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes and the Senior Class A2 Notes. Similarly, if the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due in respect of the Mortgage Loans from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the Notes. On any Monthly Payment Date, any such losses on the Mortgage Loans will be allocated as described in the section *Credit Structure* below.

### **Interest Rate Risk**

The Issuer is exposed to the risk that the interest received on the Mortgage Loans is not sufficient to pay the interest on the Notes. This risk is mitigated by the Swap Agreement. 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 any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will be equal to the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to (i) action taken by a relevant taxing authority or by a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a **Tax Event**), the Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations to another of its offices, branches, affiliates or any other person to avoid the relevant Tax Event.

The Swap Agreement will be terminable by one party if (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default in relation to the Issuer in the Swap Agreement will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligations under the Swap Agreement and (iii) insolvency events. The Swap Agreement will terminate automatically on the earlier of the Final Maturity Date and the date on which the Notes have been redeemed or written-off in full in accordance with the Conditions. If the Swap Agreement terminates early the Issuer will be exposed to changes in the relevant rates of interest. As a result, unless a replacement swap is entered into on terms similar to the Swap Agreement, the Issuer may have insufficient funds to make interest payments under the Notes.

### **Absence of secondary market**

There is not, at present, any active and/or liquid secondary market for any Class of Notes. There can be no assurance that such market will develop, or if a secondary market will develop, that it will provide the holders of the Notes with liquidity or that such liquidity will continue. A decrease in liquidity of the Notes may cause an increase in the volatility associated with the price of the Notes. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

### **Lack of liquidity in the secondary market may adversely affect the market value of the Notes**

As at the date of this Prospectus, the secondary market for mortgage-backed securities is experiencing significant disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity. These conditions may continue or worsen in the future.

Limited liquidity in the secondary market has had and may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and

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 an investor.

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

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

#### **Counterparties may default**

Counterparties to the Issuer under the Relevant Documents may not properly perform their obligations under the Relevant Documents, including the Seller, which may result in the Issuer not being able to meet its obligations under the Notes. In addition, the full and timely payments by the Issuer under the Notes will to some extent depend on the Seller not becoming bankrupt (see below under *Risks relating to Mortgage Receivables – commingling risk*)

Due to the dependency on the performance of the relevant counterparties of their obligations in connection with this transaction, a deterioration of the credit quality of any of these counterparties might have an adverse effect on the rating of one or all Classes of the Notes.

#### **Risk relating to servicing**

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

The payment of fees to the Back-up Servicer (acting either as Back-up Servicer or Servicer) will rank in priority to amounts paid to Noteholders in accordance with the relevant Priority of Payments and any increase in the level of fees paid to the Back-up Servicer (acting either as Back-up Servicer or Servicer) would reduce the amounts available to the Issuer to make payments in respect of the Notes.

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

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

#### **Limited Data and Due Diligence relating to the Mortgage Loans and Mortgaged Assets**

None of the Issuer, the Security Trustee, the Co-Arrangers, the Swap Provider or any other person has undertaken or will undertake any independent investigations, searches or other actions to verify the statements of the Seller concerning itself, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. Very limited due diligence was undertaken by, or on behalf of, the Issuer in respect of sample loan files (pool audit) and forms of mortgage documentation (legal due diligence). The Issuer and the Security Trustee will rely solely on representations and warranties given by the Seller in respect thereof and in respect of itself.

Should any of the Mortgage Loans or Mortgage Receivables not comply with the representations and warranties made by the Seller on the Closing Date, the Seller will, if the relevant breach cannot be remedied, be required to repurchase the relevant Mortgage Receivable (see the section *Mortgage Receivables Purchase Agreement*).

Should the Seller fail to take appropriate remedial action this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

**Implementation of and/or changes to the Basel II framework may affect the capital requirements and/or the liquidity of the Notes**

The Basel II framework has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as **Basel III**), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio, respectively). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. . The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as "**CRD IV**") to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however the proposals allow individual Member States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

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

**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 raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Co-Arrangers or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should be aware of Article 122a of the EU Capital Requirements Directive which applies in general in respect of notes issued under securitisations established after 31 December 2010. Article 122a restricts an EU regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a. Article 122a also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an ongoing basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Article 122a applies in respect of the Notes. Investors should therefore make themselves aware of the requirements of Article 122a (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation as contemplated by Article 122a and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by WestlandUtrecht Bank in its capacity as Pool Servicer or the Issuer Administrator on the Issuer's behalf) with respect to the Mortgage Loans and their related security (including the credit quality and performance, cashflows and supporting collateral), please see the statements set out on pages 2-3 of this prospectus. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 122a and none of the Issuer, WestlandUtrecht Bank (in its capacity as Seller, Pool Servicer or Issuer Administrator) nor any Co-Arranger makes any representation that the information described above is sufficient in all circumstances for such purposes.

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

#### **EU Savings Directive**

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

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed 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.

Prospective Noteholders who are in any doubt as to their position should consult their professional advisers.

#### **Eurosystem eligibility of the Senior Class A Notes**

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

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

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in notes which are complex financial instruments 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 investor's overall investment portfolio.

Potential investors in the Notes must therefore make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. A potential investor must determine the suitability of an investment in Notes in light of its own circumstances. In particular each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the significance of these risk factors and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including, but not limited to, where the currency for principal or interest payments is different from the investor's base currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices in the financial markets (including, but not limited to, the risks associated thereof) as an investor who is not familiar with such behaviour is more vulnerable to any fluctuations in the financial markets generally;
- (e) 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; and
- (f) verify whether there are no laws or regulations in place barring the investor from investing in the Notes.

#### **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.

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

For so long as the Notes of a particular Class are represented by a Global Note, each person who is for the time being shown in the records of Euroclear Netherlands as the holder of a particular Principal Amount Outstanding of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such Principal Amount Outstanding of that Class of Notes. Any statement in writing issued by Euroclear Netherlands as to the persons shown in its records as being entitled to such Notes and the respective Principal Amount Outstanding of such Notes held by them shall be conclusive for all purposes. For payment of principal and interest, investors must look solely at the holder of the relevant Global Note.

#### **Conflict between Noteholders**

The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of holders of the highest ranking Class of Notes in case of a conflict between two or more Classes. Therefore, the rights of Noteholders of a Class of Notes ranking subordinated to a Class of Notes are subordinated to the rights of Noteholders of Classes of Notes ranking higher than the Class of Notes of such Noteholder.

#### **Structural/legal Risk relating to the underlying assets**

There is a risk that the Issuer will not have the (full) benefit of the security over the Mortgaged Assets, the Borrower Insurance Pledges and/or the Beneficiary Rights. There is a risk a Borrower sets off amounts due to it by the Seller against its payment obligation under the Mortgage Loan. If a Borrower successfully invokes a right of set-off, the Seller is obliged to reimburse the Issuer for such shortfalls. However, there is a risk that the Seller does not comply with such obligation. In case of a default by an Insurance Company under an Insurance Policy, there is a risk that the Issuer does not benefit from the Insurance Policy and/or that the Issuer may not be able to collect the Mortgage Receivables, whether in part or in full, as a result of set-off or defences invoked by the Borrower. Should these risks materialise, the ability of the Issuer to perform its obligations under the Notes could be adversely affected. For a general discussion of these legal considerations see further the paragraphs *Security Rights, Set-off and Insurance Policies*.

#### **Changes of law**

The structure of the transaction and the issue of the Notes and the ratings which are to be assigned to the Notes are based on the laws of the Netherlands in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to laws of the Netherlands or administrative practice in the Netherlands after the date of this Prospectus nor whether such change would adversely affect the ability of the Issuer to make payments under the Notes.



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

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

### **Credit ratings may not reflect all risks**

The ratings of each Class of the Notes (other than the Subordinated Class D Notes) addresses the assessment made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

A rating or an outlook on such rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgment, the circumstances in the future so require. A deterioration of the credit quality of any of the Issuer's counterparties (including a reduction in the credit rating of the Seller, if any, or any entity belonging to the same group as the Seller), including following a divestment by ING Group of the Seller, might have an adverse effect on the rating of one or all Classes of the Notes.

The Subordinated Class D Notes will not be rated.

## **RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES**

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

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

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

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

Under Dutch law, as a rule mortgages and pledges are "accessory rights" (*afhankelijke rechten*) and as such automatically follow the receivables they secure. This means that upon assignment of a receivable, the assignee automatically gets the benefit of any security right which secures such receivable.

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

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

However, like any other mortgage or pledge, a Bank Security Right is in principle an accessory right and in principle, the assignee will also become entitled to such Bank Security Right by operation of law. This principle is confirmed by the Supreme Court (HR 16 September 1988, NJ 1989, 10). In this decision, the Supreme Court ruled that the main rule is that a mortgage as an accessory right transfers together with the receivable it secures.

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

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

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

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

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

#### *Ability to enforce*

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

The Seller will represent and warrant that on the Cut-off Date it had no Other Claims and it will undertake in the Mortgage Receivables Purchase Agreement that, until the Notes have been redeemed in accordance with the Conditions and the Issuer has no further obligation under any of the other Relevant Documents, it will not accept any deposits from a Borrower (other than in respect of Bank Savings Mortgage Receivables), it will not provide a further advance to the Borrower and it will not enter into a current account relationship with a Borrower and that it will repurchase and accept re-assignment of a Mortgage Receivable, if it obtains an Other Claim which is secured by the same Bank Security Rights as the Mortgage Receivable, including resulting from a Further Advance. There is a risk that the Seller will not comply with its repurchase obligation, so that its consent may be required for foreclosure of the relevant Bank Security Right.

#### *Allocation of foreclosure proceeds*

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

The Seller, the Issuer and/or the Security Trustee (as applicable) will agree in the Mortgage Receivables Purchase Agreement that in case of foreclosure the share (*aandeel*) in each co-owned security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the Mortgage Receivables, increased with interest and costs, if any, and the Seller's share will be equal to the Net Proceeds less the Outstanding Principal Amount

in respect of the Mortgage Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable against the Seller or, in case of bankruptcy or emergency regulations, the Seller's bankruptcy trustee or administrator. The arrangement may also not be effective against the Borrower. There is a risk that the Seller is not able to make such payment which would affect the ability of the Issuer to perform its payment obligations under the Notes.

#### *Compensation for breach*

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

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

To secure the obligations of the Seller under this arrangement, if a Notification Event occurs then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Seller otherwise, within a period of fourteen (14) calendar days, the Seller has an obligation to pledge its Other Claims (if any) in favour of the Issuer and the Security Trustee respectively. The Seller will grant an irrevocable power of attorney to each of the Issuer and the Security Trustee to, amongst other things, vest such right of pledge at such time and in such manner as it may think fit provided that and to the extent that the Seller fails to do so. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created which for this purpose is equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. If, after the pledge on the Other Claims, no Notification Event is continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount of the relevant Mortgage Receivable has been repaid in full.

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

The Life Mortgage Loans and the Participation-Linked Mortgage Loans have the benefit of Life Insurance Policies and Participation-Linked Insurance Policies respectively (together the **Insurance Policies**).

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

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

*Risks relating to Beneficiary Rights under the Insurance Policies*

In addition to the Borrower Insurance Pledge, either:

- (a) the Seller has been appointed by the Borrower or, as the case may be, has appointed itself (if necessary, irrevocably authorised by the relevant Borrower) as beneficiary under the Insurance Policies (the **Beneficiary Rights**); or
- (b) another person has been appointed by the Borrower but the relevant Insurance Company is authorised by such beneficiary to pay out the insurance proceeds to the Seller in satisfaction of the relevant Mortgage Receivable (the **Borrower Insurance Proceeds Instruction**).

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

In view of the risk that the transfer of the Beneficiary Rights is ineffective, the Issuer and the Security Trustee will enter into a beneficiary waiver agreement (the **Beneficiary Waiver Agreement**) with the Seller under which the Seller will:

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

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

*Borrower Insurance Proceeds Instruction*

In the scenario in which a Borrower Insurance Proceeds Instruction has been given, the Seller and Nationale-Nederlanden (but the latter only in respect of Insurance Policies taken out with Nationale-Nederlanden) will in the relevant Beneficiary Waiver Agreement undertake to use their best efforts following a Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction up to the relevant Outstanding Principal Amount of the relevant Mortgage Receivable in favour of (i) the Issuer subject to the dissolving condition of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Trustee Notification Event, and to obtain the co-operation from all relevant Borrowers and the relevant beneficiary where required.

The appointment and termination of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved, including the relevant Life Insurance Company and (up to the moment the Savings Insurance Companies, other than Nationale-Nederlanden, have entered into a savings mortgage sub-participation agreement with the Issuer) and the Borrowers. It is uncertain whether such co-operation will be forthcoming.

If all of the above measures are ineffective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be, up to the amount of any claims the Seller may have on the relevant Borrower. If the proceeds are paid to the Seller, it will, pursuant to the Mortgage Receivables Purchase Agreement, be obliged to pay the amount involved to the Issuer or the Security Trustee, as the

case may be. If the proceeds are paid to the Seller and the Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the Seller or it becomes subject to emergency regulations, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the Seller or another beneficiary, as the case may be. See risk factor *Risk of set-off or defences in case of insolvency of any of the Insurance Companies*, which may adversely affect the payment of the Notes.

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

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

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

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

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

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable the Seller will pay to the Issuer an amount equal to the amount so set-off. There is a risk that the Seller will not be able to make such payment to the Issuer, for example in case of an insolvency of the Seller. This may result in the Issuer not having sufficient funds to meet its payment obligations under the Notes. Furthermore, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that no deposits have been and will be accepted by it from any of its Borrowers (except for the aggregate Construction Amounts and deposits under Bank Savings Mortgage Loans), and that it currently does not have any current account relationship with its Borrowers.

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

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

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

#### *General*

As described above in (Risk Factor) *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*, in order for a Borrower to have a successful claim on the grounds of set-off, a Borrower would (i) first need to successfully argue that the waiver of its set-off right is invalid and (ii) would then need to successfully argue that the Dutch statutory requirements for set-off have been met. As described above, one of these requirements is that the Borrower should have a claim against the same counterparty. However, the Insurance Policies are contracts between any of the Insurance Companies and the Borrowers on the one hand and the Mortgage Receivables are claims of the Seller on the relevant Borrower on the other hand. Therefore, in order to invoke a right of set-off the Borrower would have to establish that the Borrower was led to believe that he was not entering into two separate relationships but one interrelated relationship. The Borrower's defence in such case is likely to focus on information provided by or on behalf of the Seller which may have led the Borrower to (erroneously) believe that he was not entering into two relationships.

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

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

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

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

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

In respect of Life Mortgage Loans with Life Insurance Policies taken out by a Borrower with a Life Insurance Company, the Issuer has been advised that if (i) there is no connection, whether from a legal or a commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than a Borrower Insurance Pledge

granted on the rights under such policy in favour of the Seller and (ii) the Mortgage Loan and the Life Insurance Policy are not offered as one product or under one name and (iii) the Borrowers are free to enter into a life insurance policy with any insurance company and (iv) none of the Life Insurance Companies is a group entity (within the meaning of article 2:24b of the Netherlands Civil Code) of the Seller, it is unlikely that a court would honour set-off defences of the Borrowers. However, should any of the aforementioned elements under (i) up to and including (iv) not be met, the Issuer has been advised that the risk will be higher.

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

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

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

Moreover, initially WestlandUtrecht Bank N.V., instead of the Savings Insurance Companies, will act as Savings Mortgage Participant in respect of the Participation-Linked Mortgage Loans which have an insurance connected to it from Algemene Levensherverzekering Maatschappij, Goudse Levensverzekeringen and SRLEV. WestlandUtrecht Bank N.V. will agree to pay all amounts scheduled to be received by these Savings Insurance Companies as Savings Premiums to the Issuer under the relevant Savings Mortgage Sub-Participation Agreement. The Issuer has been advised that if WestlandUtrecht Bank N.V. no longer pays these Savings Premia to the Issuer (for instance, in case it is declared bankrupt or subject to emergency regulations), whereas the Borrowers continue to pay under the relevant Savings Insurance Policies for such Savings Premia, the protection afforded by the Savings Mortgage Sub-Participation Agreement against the risk of set-off or defences (as described above) no longer applies. It is noted that if and to the extent in respect of these Participation-Linked Mortgage Receivable the Issuer will not have entered into a savings mortgage participation agreement substantially in the form of the Savings Mortgage Sub-Participation Agreement with the Algemene Levensherverzekering Maatschappij, Goudse Levensverzekeringen and SRLEV on or before the Monthly Payment Date falling in April 2012, the Seller will repurchase such Participation-Linked Mortgage Receivable (see *Mortgage Receivables Purchase Agreement*).

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

Each Bank Savings Mortgage Loan has the benefit of the balance standing to the credit of the relevant Bank Savings Account which is held with the Seller, i.e. the Bank Savings Participant. In respect of the balances standing to the credit of the Bank Savings Account, it is the intention that at the maturity of the relevant Bank Savings Mortgage Loan, such

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

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

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

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

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

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

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

#### **Risks related to Construction Amounts**

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold the Construction Amount to be paid out if certain conditions are met. The aggregate amount of the Construction Amounts on (the opening of business of) 31 August 2011 (the **Cut-off Date**) is EUR 22,050,081.69. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer is entitled to withhold from the Initial Purchase Price an amount equal to such aggregate Construction Amount. Such amount will be deposited on the Construction Account. On each Mortgage Payment Date the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amount and the balance standing to the credit of the Construction Account and pay such amount to the Seller.

Pursuant to the Mortgage Conditions, Construction Amounts have to be paid out within 12 months (for the rebuilding of an existing house) or 18 months (for the building of a new house) after the relevant Mortgage Loan has been granted.



However, the Seller may agree with a Borrower to extend the period up to a maximum of 36 months. Upon the expiry of such period, the policy of the Seller in respect of any remaining Construction Amount is (i) if the remaining Construction Amount is less than EUR 2,500, for such amount to be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid by the Issuer to the Seller or (ii) if the Construction Amount exceeds EUR 2,500, such amount may be set-off against the relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the Construction Amount will be transferred to the Issuer Collection Account and will form part of the Notes Redemption Available Amount. Please note that in certain cases, the Seller – other than in respect of NHG Mortgage Loans - deviates from the above policy. If any of the events set forth in items (d) and (e) of the definition of the Notification Events has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Amount.

Under Dutch law the distinction between 'existing' (*bestaande*) receivables and 'future' (*toekomstige*) receivables is relevant. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt or granted a (preliminary) suspension of payments (emergency regulations). If, however, receivables are to be considered as existing receivables, the assignment and/or pledge thereof are not affected by the bankruptcy or (preliminary) suspension of payments (emergency regulations) of the assignor/pledgor. The Issuer has been advised that based on case law and legal literature uncertainty remains whether on the basis of the applicable terms and conditions that part of the Mortgage Receivables relating to the Construction Amount can be considered to be existing receivables. It could be argued that such part of the Mortgage Loan comes into existence only when and to the extent the Construction Amount is paid out. If the part of the Mortgage Receivable relating to the Construction Amount is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Amount is paid out on or after the date on which the Seller is declared bankrupt or subject to emergency regulations. In that event, the Issuer will have no further obligation to pay to the Seller the remaining part of the Initial Purchase Price.

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

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

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

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

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

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

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

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

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

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschieten*) other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease. The long lease also terminates when the leaseholder gets full legal title to the property (*vermenging*). In such event the Mortgage will remain in effect but on execution only a long lease can be sold (not the full legal title due to the *nemo plus* rule). The replacement of the landowner may have an adverse effect on the market value of the long lease.

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

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

In the Netherlands, subject to a number of conditions, mortgage loan interest payments are partly or wholly deductible from the income of the Borrowers for income tax purposes. The period allowed for deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupied properties. As from 2005, it is also no longer allowed, after a refinancing, to deduct interest 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 such deductibility and the right to deduct mortgage loan interest payment, 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.

**NHG Guarantee (*Nationale Hypotheek Garantie*)**

Some Mortgage Loans will have the benefit of an NHG Guarantee. Pursuant to the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee the '*Stichting Waarborgfonds Eigen Woningen*' (WEW) has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. The Seller will on the Closing Date represent and warrant that (a) each NHG Guarantee connected to a Mortgage Loan constitutes legal, valid and binding obligations of the WEW, enforceable in accordance with its terms, (b) all terms and conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with and (c) the Seller is not aware of any reason why any claim under any NHG Guarantee should not be met in a customary manner. Furthermore, the Seller will covenant that if an NHG Mortgage Loan no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the Seller, the Issuer Administrator or the Pool Servicer, the Seller shall purchase and accept re-assignment of the relevant Mortgage Receivable on the Monthly Payment Date immediately following the date on which the Mortgage Loan ceases to have the benefit of the NHG Guarantee.

The terms and conditions of the NHG Guarantee stipulate that (irrespective of the type of redemption of the related Mortgage Loan) the NHG Guarantee of the WEW stipulate that the guaranteed amount is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan may be different (see *Description of the Mortgage Loans*). This may result in the Issuer not being able to fully recover any loss incurred with the WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such Mortgage Loan and consequently, in the Issuer not being able to fully repay the Notes

The ratings of the Notes by the Rating Agencies take into account the NHG Guarantee granted in connection with some of the Mortgage Loans. The WEW is supported by the State of the Netherlands (see NHG Guarantee Programme). In the event the Rating Agencies would review their opinion on the strength of the support of the Netherlands for WEW, this will result in a review by the Rating Agencies of the Senior Class A Notes and could potentially result in a corresponding downgrade of the Senior Class A Notes.

See for a more detailed description of the NHG Guarantees *NHG Guarantee Programme*.

#### **Termination payments under Swap Agreements**

If the Swap Agreement terminates in whole or in part, then the Issuer may be obliged to make a termination payment to the Swap Counterparty. There can be no assurance that the Issuer will have sufficient funds available to make such a termination payment, nor can there be any assurance that the Issuer will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Notes by the Rating Agencies.

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

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

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

#### **403-Declaration ING Bank N.V.**

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

Considering the fact that WestlandUtrecht Bank is in the process of being carved out of the ING Group in order to be divested (subject to: EC Decision Document of 18 November 2009 No C 10/2009 (ex N 138/2009)), potential Noteholders are advised that ING will withdraw the 403-Declaration in due course, probably prior to such divestment.

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

ING can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403- Declaration. Such remaining liability will terminate if certain conditions are met, inter alia, that (i) WestlandUtrecht Bank no longer belongs to the same group of companies as ING and (ii) a two (2) month notice period has expired and the relevant creditor has not opposed the intention to terminate in time or such opposition was dismissed by the court. The Seller has undertaken that if it becomes aware that ING intends to terminate its remaining liability under the 403-Declaration, it will promptly inform the Issuer, the Security Trustee and the Issuer Administrator of such intention.

Reference is made to the paragraph titled "Carve-out" in the section *WestlandUtrecht Bank N.V. and ING Bank N.V.* below on the envisaged divestment of WestlandUtrecht Bank.

## IMPORTANT INFORMATION

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

**YOU SHOULD REVIEW AND CONSIDER THE DISCUSSION UNDER *RISK FACTORS* BEGINNING ON PAGE 10 IN THIS PROSPECTUS BEFORE YOU PURCHASE ANY NOTES.**

All references in this document to euro, Euro, EUR and €refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

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

Euroclear Netherlands will record the beneficial interests in the Global Notes (**Book-entry Interests Notes**). Book-Entry Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear Netherlands and its participants.

**By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, to accept and to be bound by the Conditions. The Issuer and the Principal Paying Agent will not have any responsibility for the proper performance by Euroclear Netherlands or its participants of their obligations under their respective rules, operating procedures and calculation methods.**

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ISSUER OR ANY OF THE OTHER TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE AFM, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE CO-ARRANGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO UNITED STATES TAX LAW REQUIREMENTS. THE NOTES 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 PERMITTED BY US TAX REGULATIONS AND REGULATIONS UNDER THE SECURITIES ACT (SEE THE SECTION PURCHASE AND SALE. THE NOTES HAVE NOT BEEN APPROVED OR

DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING ON ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NONE OF THE ISSUER OR THE CO-ARRANGERS MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER, THE SELLER AND THE OTHER SOURCES IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN BY THE CO-ARRANGERS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION AND THE CO-ARRANGERS HAVE NOT SEPARATELY VERIFIED SUCH INFORMATION. NONE OF THE CO-ARRANGERS MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS. EACH OF THE CO-ARRANGERS ACCORDINGLY DISCLAIMS ALL AND ANY LIABILITY WHETHER ARISING IN TORT OR CONTRACT OR OTHERWISE WHICH IT MIGHT OTHERWISE HAVE IN RESPECT OF THIS PROSPECTUS.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OR SALE OF THE NOTES OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE CO-ARRANGERS, THE ISSUER, THE SELLER OR ANY OF THE OTHER TRANSACTION PARTIES OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS.

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

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

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

A CREDIT RATING IS AN ASSESSMENT OF CREDIT AND DOES NOT ADDRESS OTHER MATTERS THAT MAY BE OF RELEVANCE TO THE NOTEHOLDERS. IF A RATING AGENCY HAS CONFIRMED THAT THE THEN CURRENT RATING OF THE RELEVANT SERIES AND/OR CLASS OR CLASSES OF NOTES WOULD NOT BE ADVERSELY AFFECTED, SUCH CONFIRMATION DOES NOT IMPOSE ANY ACTUAL OR CONTINGENT LIABILITY FOR THAT RATING AGENCY TO THE SECURITY TRUSTEE, THE NOTEHOLDERS OR ANY OTHER PERSON OR CREATE ANY LEGAL RELATIONS BETWEEN THE RATING AGENCIES AND THE SECURITY TRUSTEE, THE NOTEHOLDERS OR ANY OTHER PERSON WHETHER BY WAY OF CONTRACT OR OTHERWISE.

## RESPONSIBILITY STATEMENTS

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

The Seller is responsible solely for the information contained in the following sections of this Prospectus: *Overview of the Dutch Residential Mortgage Market*, *NHG Guarantee Programme*, *WestlandUtrecht Bank N.V. and ING Bank N.V.*, *Description of the Mortgage Loans*, and *Origination and Servicing of the Mortgage Loans*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly. The Seller is not responsible for information contained in any other section than the sections mentioned above, and consequently do not assume any liability with respect to the information contained in any other section. Any information from third-parties contained and specified as such in aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly.

### **Market and industry data**

Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**).

The most recent available information from Independent Sources has been included in this Prospectus. Some data are based on good faith estimates, which are derived in part from a review of internal surveys of WestlandUtrecht Bank, as well as the Independent Sources. Although these Independent Sources are believed to be reliable, the information has not independently been verified and its accuracy and completeness cannot be guaranteed.

The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as this could be ascertained from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Incorporation by reference**

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

## KEY PARTIES AND OVERVIEW OF PRINCIPAL FEATURES

The following is an overview of the key transaction parties and the principal features of the issue of the Notes and should be read in conjunction with detailed information presented elsewhere in this Prospectus. Capitalised terms used but not defined herein have the meaning given thereto elsewhere in this Prospectus.

### THE PARTIES:

<b>Issuer:</b>	Green Lion III B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 53526104. The entire issued share capital of the Issuer is owned by the Shareholder.
<b>Seller:</b>	WestlandUtrecht Bank N.V. ( <b>WestlandUtrecht Bank</b> ), incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap met beperkte aansprakelijkheid</i> ).
<b>Savings Insurance Companies:</b>	<p>Nationale-Nederlanden Levensverzekering Maatschappij N.V. (<b>Nationale-Nederlanden</b>) incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap met beperkte aansprakelijkheid</i>) and registered with the Chamber of Commerce of Rotterdam under number 24113545.</p> <p>Algemene Levensherverzekering Maatschappij N.V. (<b>Algemene Levensherverzekering Maatschappij</b>) incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap</i>) and registered with the Chamber of Commerce in Amsterdam under number 33075446.</p> <p>Goudse Levensverzekeringen N.V. (<b>Goudse Levensverzekeringen</b>) incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap</i>) and registered with the Chamber of Commerce in Rotterdam under number 30089992.</p> <p>SRLEV N.V. (<b>SRLEV</b>) incorporated under the laws of the Netherlands as a public company with limited liability (<i>naamloze vennootschap</i>) and registered with the Chamber of Commerce in Woerden under number 34297413.</p>
<b>Savings Mortgage Participants :</b>	WestlandUtrecht Bank, Nationale-Nederlanden and any other Savings Insurance Company with whom the Issuer enters into a savings mortgage sub-participation agreement.
<b>Bank Savings Participant :</b>	WestlandUtrecht Bank
<b>Pool Servicer:</b>	WestlandUtrecht Bank
<b>Defaulted Loan Servicer:</b>	WestlandUtrecht Bank
<b>Issuer Administrator:</b>	WestlandUtrecht Bank
<b>Back-up Servicer:</b>	ING Bank N.V. ( <b>ING Bank</b> ) ( <i>naamloze vennootschap met beperkte aansprakelijkheid</i> ) and registered with the Chamber of Commerce of Amsterdam under number 33031431.
<b>Subordinated Loan Provider:</b>	WestlandUtrecht Bank
<b>Security Trustee:</b>	Stichting Security Trustee Green Lion III, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ) and registered



with the Commercial Register of the Chamber of Commerce of Amsterdam.

<b>Shareholder:</b>	Stichting Green Lion Holding III, established under the laws of the Netherlands as a foundation and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.
<b>Directors:</b>	ATC Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee, each incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). ATC Management B.V. is registered with the Chamber of Commerce of Amsterdam under number 33226415. Amsterdamsch Trustee's Kantoor B.V. and is registered with Chamber of Commerce of Amsterdam under number 33001955.
<b>Liquidity Facility Provider:</b>	ING Bank .
<b>Swap Counterparty:</b>	ING Bank
<b>Floating Rate GIC Provider:</b>	ING Bank
<b>Principal Paying Agent:</b>	ING Bank (in such capacity, the <b>Principal Paying Agent</b> ).
<b>Reference Agent:</b>	ING Bank
<b>Listing Agent:</b>	ING Bank
<b>Co-Arrangers:</b>	ING Bank and WestlandUtrecht Bank
<b>Rating Agencies:</b>	Moody's Investors Service Limited ( <b>Moody's</b> ) and Fitch Ratings Limited. ( <b>Fitch</b> ).

## PRINCIPAL FEATURES OF THE TRANSACTION

### THE NOTES

	Senior Class A1 Notes	Senior Class A2 Notes	Senior Class A3 Notes	Senior Class A4 Notes	Mezzanine Class B Notes	Mezzanine Class C Notes	Subordinated Class D Notes
Principal Amount at Closing	€1,469,200,000	€1,469,200,000	€1,469,200,000	€1,057,900,000	€117,500,000	€117,500,000	€176,400,000
Issue Price	100%	100%	100%	100%	100%	100%	100%
Rating (Moody's/Fitch)	Aaa/AAA (sf)	Aaa/AAA (sf)	Aaa/AAA (sf)	Aaa/AAA (sf)	Aa3/AA(sf)	A2/A-(sf)	Ba1(sf)
Issue Date	6 October 2011						

Listing	Euronext Amsterdam							
Denomination	€100,000.							
Form	Bearer form and in case of Definitive Notes serially numbered with coupons attached.							
Status and ranking	<p><i>Pari passu</i> and <i>pro rata</i> without any preference or priority among Notes of the same Class in respect of the Security proceeds and payments of principal and interest. Payments of principal and interest on a Class of Notes are subordinated to, <i>inter alia</i>, payments of principal and interest on Class(es) of Notes ranking senior to such Class, with the Classes of Notes ranking in decreasing seniority in alphabetical order. However, the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among all Notes of such Classes in respect of the Security and payments of interest (not principal). See further the sections <i>Terms and Conditions of the Notes</i> below.</p>							
Margin up to but excluding first Optional Redemption Date	1.10 per cent. per annum	1.65 per cent. per annum	2.00 per cent. per annum	2.25 per cent. per annum	0 per cent. per annum	0 per cent. per annum	0 per cent. per annum	0 per cent. per annum
Margin on the Notes after first Optional Redemption Date if the Notes of any Class have not been redeemed in full	1.65 per cent. per annum	2.45 per cent. per annum	3.00 per cent. per annum	3.35 per cent. per annum	0 per cent. per annum	0 per cent. per annum	0 per cent. per annum	0 per cent. per annum
Interest Periods and accrual	Each successive monthly Floating Rate Interest Period will commence on (and include) a Monthly Payment Date and end on (but exclude) the next succeeding Monthly Payment Date, except for the first Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Monthly Payment Date falling in November 2011. The interest will be calculated on the basis of the actual days elapsed in a Floating Rate Interest Period divided by a year of 360 days.							
First Class A Optional Partial Redemption Date	October 2017	October 2017	October 2017	October 2017	N/A	N/A	N/A	N/A
Optional Partial Redemption of the Senior Class A Notes	<p>On the first Class A Optional Partial Redemption Date and on every sixth Monthly Payment Date thereafter up to (and including) the Monthly Payment Date falling in April 2043 (each a <b>Class A Optional Partial Redemption Date</b>), the Issuer has the option, in accordance with Condition 6(d) to redeem a nominal amount of EUR300,000,000 of the Senior Class A Notes (each a <b>Class A Partial Call Option</b>) at their respective Principal Amount Outstanding on such date in the following order:</p> <p>(i) first, the Senior Class A1 Notes on a pro rata basis until fully redeemed, and thereafter  (ii) second, the Senior Class A2 Notes on a pro rata basis until fully redeemed, and thereafter  (iii) third, the Senior Class A3 Notes on a pro rata basis until fully redeemed, and thereafter  (iv) fourth, the Senior Class A4 Notes on a pro rata basis until fully redeemed.</p> <p>The Issuer may not exercise a Class A Partial Call Option on any Class A Optional Partial Redemption Date if, on such date, there is a debit balance on the Class A Principal Deficiency Ledger.</p>							
First Optional Redemption Date	The Monthly Payment Date falling in October 2021.							

Optional Redemption	On the Monthly Payment Date falling in October 2021 and on each Monthly Payment Date thereafter (each an <b>Optional Redemption Date</b> ) the Issuer has the option, in accordance with Condition 6(e), to redeem all (not some only) of the Notes at their respective Principal Amount Outstanding on such date less, in respect of the Subordinated Class D Notes, the Mezzanine Class C Notes and the Mezzanine Class B Notes, any Principal Shortfall allocated to such Class(es), subject to and in accordance with the Conditions. See also <i>Sale of Mortgage Receivables</i> below.
Mandatory Redemption	<p>The Issuer will apply the Notes Redemption Available Amount to (partially) redeem the Notes provided that no Enforcement Notice has been given, and at their respective Principal Amount Outstanding sequentially in the following order:</p> <ul style="list-style-type: none"> <li>(i) <i>first</i>, the Senior Class A1 Notes, until fully redeemed, and,</li> <li>(ii) <i>second</i>, the Senior Class A2 Notes, until fully redeemed,</li> <li>(iii) <i>third</i>, the Senior Class A3 Notes, until fully redeemed,</li> <li>(iv) <i>fourth</i>, the Senior Class A4 Notes, until fully redeemed,</li> <li>(v) <i>fifth</i>, the Mezzanine Class B Notes, until fully redeemed,</li> <li>(vi) <i>sixth</i>, the Mezzanine Class C Notes, until fully redeemed; and</li> <li>(vii) <i>seventh</i>, the Subordinated Class D Notes, until fully redeemed.</li> </ul>
Other Redemption in Full Events	<p>Redemption for tax reasons</p> <p>Redemption if, in short, the Issuer is or will become obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any tax change after the Closing Date. See <i>Condition 6(f) (Redemption – Redemption for tax reasons)</i> and <i>Condition 9(b) (Subordination and limited recourse – Principal)</i>. See also under <i>Sale of Mortgage Receivables</i> in the section <i>Credit Structure</i> below.</p> <p>Redemption following exercise by the Seller of the Regulatory Call and / or the Clean up Call.</p> <p>See Condition 6(b) (<i>Redemption – Mandatory Redemption of the Notes</i>).</p>
Monthly Payment Dates	Monthly in arrear on the 17th day of each month, subject to adjustment for non-business days (see Condition 4).
Final Maturity Date	The Monthly Payment Date falling in August 2043 (redemption of the Notes to take place at their respective Principal Amount Outstanding subject to and in accordance with the Conditions, in particular Condition 9(b)).
Observations regarding Senior Class A Notes	To the extent that the Notes Redemption Available Amount or the Notes Interest Available Amount is insufficient to redeem the Senior Class A1 Notes the Senior Class A2 Notes, the Senior Class A3 Notes and/or the Senior Class A4 Notes in full or pay interest when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A4 Notes do not therefore purport to provide credit enhancement to the Senior Class A1 Notes, the Senior Class A2 Notes and/or the Senior Class A3 Notes. Similarly, the Senior Class A3 Notes do not purport to provide credit enhancement to the Senior Class A1 Notes and/or the Senior Class A2 Notes and the Senior Class A2 Notes do not purport to provide credit enhancement to the Senior Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to redeem the Senior Class A Notes in full, such loss will be borne, <i>pro rata</i> and <i>pari passu</i> , by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. Similarly, if the Senior Class A1 Notes and the Senior Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes and the Senior Class A2 Notes and if the Senior Class A1 Notes, the Senior

	Class A2 Notes and the Senior Class A3 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes.
Events of Default	As fully set out in Condition 10 ( <i>Events of Default</i> ), which broadly, without limitation, include:  (i) Default by the Issuer in the payment of any amount due and payable in respect of the Notes of the relevant Class;  (ii) Breach of contractual obligations by the Issuer under the Relevant Documents which is materially prejudicial to the interests of the then most senior Class of Notes; and  (iii) Insolvency of the Issuer.
Withholding Tax:	All payments by the Issuer in respect of the Notes will be made without withholding of or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by the Netherlands, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.
Method of payment	For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro through Euroclear Netherlands, for the credit of the respective accounts of the Noteholders (see the section The Global Notes below).
Security for the Notes, limited recourse and non-petition	The Notes are limited recourse obligations of the Issuer. See <i>Condition 9 (Subordination and limited recourse)</i>  The Notes will be (indirectly) secured, through the Security Trustee, by (i) a first ranking right of pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) a first ranking right of pledge vested by the Issuer in favour of the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Savings Mortgage Sub-Participation Agreements, the Issuer Services Agreement, the Liquidity Facility Agreement and the Floating Rate GIC and in respect of the Transaction Accounts.  Following delivery of an Enforcement Notice, (i) the amount payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Trustee which, inter alia, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables and the Beneficiary Rights and amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement and the Parallel Debt Agreement and (ii) payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement. See the section Risk Factors and for a more detailed description, <i>Description of Security</i> below.  The Noteholders and the other Secured Parties may, in principle, not institute, <i>inter alia</i> , insolvency proceedings against the Issuer. See <i>Condition 11 (Enforcement)</i> .
Use of proceeds of the Notes	The Issuer will use part of the net proceeds from the issue of the Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables to be purchased on the Closing Date, pursuant to the Mortgage Receivables Purchase Agreement.  An amount equal to the aggregate Construction Amount will be withheld from the Initial Purchase

	Price by the Issuer and be deposited on the Construction Account. See the section Mortgage Receivables Purchase Agreement below.
Governing law	The Notes, and any non-contractual obligations arising out of or in relation to the Notes, will be governed by and construed in accordance with the laws of the Netherlands.
Selling restrictions	There are selling restrictions in relation to the European Economic Area, the United Kingdom, the United States, Italy, France and such other restrictions as may be required in connection with the offering and sale of Notes. See the section <i>Purchase and Sale</i> below.

## THE MORTGAGE RECEIVABLES:

### Mortgage Receivables:

Under the provisions of an agreement dated 5 October 2011 (the **Mortgage Receivables Purchase Agreement**) between the Seller, the Issuer and the Security Trustee, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights of the Seller against certain borrowers (the **Borrowers**) under or in connection with certain selected Mortgage Loans (the **Mortgage Receivables**).

The Issuer will be entitled to the proceeds of the Mortgage Receivables from (and including) the Cut-off Date.

The Mortgage Receivables resulting from Interest-only Mortgage Loans are referred to as the **Interest-only Mortgage Receivables**, the Mortgage Receivables resulting from Linear Mortgage Loans are referred to as the **Linear Mortgage Receivables**, the Mortgage Receivables resulting from Annuity Mortgage Loans are referred to as the **Annuity Mortgage Receivables**, the Mortgage Receivables resulting from Savings Mortgage Loans are referred to as the **Savings Mortgage Receivables**, the Mortgage Receivables resulting from Bank Savings Mortgage Loans will hereinafter be referred to as the **Bank Savings Mortgage Receivables**, the Mortgage Receivables resulting from Life Mortgage Loans will hereinafter be referred to as the **Life Mortgage Receivables** and the Mortgage Receivables resulting from Investment Mortgage Loans will hereinafter be referred to as the **Investment Mortgage Receivables**, respectively.

The Mortgage Receivables have the characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

### Mortgage Loans:

The Mortgage Receivables will result from mortgage loans (or part thereof) secured by a first-ranking mortgage right or first and sequentially lower ranking mortgage rights, over (i) a real estate (*onroerende zaak*), (ii) an apartment right (*appartementrecht*) and/or (iii) a long lease (*erfpacht*), together with real estate and apartment rights, each situated in the Netherlands, (the **Mortgaged Assets**) and entered into by the Seller with the relevant Borrowers which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date (the **Mortgage Loans**).

See for a description of the various Mortgage Loan types the section *Description of the Mortgage Loans*.

### NHG Guarantee:

Some Mortgage Loans will have the benefit of guarantees under the 'Nationale Hypotheek Garantie' (**NHG Guarantee**) (such Mortgage Loan are referred to as the **NHG Mortgage Loans** and the related receivables as the **NHG Mortgage Receivables**). See further *Description of the Mortgage Loans* and *NHG Guarantee Programme*. As a result of the assignment and pledge of the

relevant Mortgage Receivables, the Issuer and the Security Trustee, respectively, will have the benefit of the rights of the Seller under each NHG Guarantee in relation to the relevant Mortgage Receivables.

**Beneficiary Rights:**

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

**Repurchase of Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable on the Mortgage Payment Date immediately following any of the following events:

- (i) any of the representations and warranties given by the Seller in respect of such Mortgage Receivable or its related Mortgage Loan, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets the Mortgage Loan Criteria, are untrue or incorrect in any material respect and the Seller has not within 30 calendar days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee remedied the matter giving rise thereto or if such matter is not capable of being remedied on the immediately succeeding Mortgage Payment Date; or
- (ii) the Seller has obtained any Other Claim(s) vis-à-vis any Borrower including resulting from a further advance under the Mortgage Loan, which is to be secured by the mortgage right which also secures the Mortgage Receivable (the **Further Advance**); or
- (iii) the Seller agrees with a Borrower to amend the terms of the Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, which include the condition that after such amendment the Mortgage Loan continues to meet each of the Mortgage Loan Criteria and the representations and warranties of the Mortgage Receivables Purchase Agreement, unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan; or
- (iv) the Seller agrees with a Borrower to switch a Participation-Linked Mortgage Loan into (a part of) any type of Mortgage Loan other than a Participation-Linked Mortgage Loan on the immediately succeeding Mortgage Payment Date; or
- (v) in respect of a Mortgage Loan which has the benefit of an NHG Guarantee, on the Mortgage Payment Date following the date on which a formal request for payment under the NHG Guarantee has been made and Stichting Waarborg Eigen Woningen refuses to pay the full amount so requested or if the Seller refrains from making a claim under the NHG Guarantee with the Stichting Waarborg Eigen Woningen; or
- (vi) in respect of a Mortgage Loan which has the benefit of an NHG Guarantee, if a Mortgage Loan no longer has the benefit of such NHG Guarantee, as a result of an action taken or omitted to be taken by the relevant Originator, the Seller, the Issuer Administrator or the Pool Servicer; or
- (vii) in respect of a Participation-Linked Mortgage Receivable, on the Mortgage Payment Date falling in April 2012 if the Issuer has not, on or before such Monthly Payment Date, entered into a savings mortgage participation agreement substantially in the form of the Savings Mortgage Sub-Participation Agreement with Algemene

Levenshervzekering Maatschappij, Goudse Levensverzekeringen and SRLEV with whom the relevant Borrower has taken out a Savings Insurance Policy or Savings Investment Policy in respect of that Participation-Linked Mortgage Receivable.

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

**Repurchase option:**

On each Monthly Payment Date the Seller has the option (but not the obligation) to repurchase all Mortgage Receivables if on the Monthly Calculation Date immediately preceding such Monthly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables is 10 per cent. or less of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Cut-off Date (the **Clean-up Call Option**).

On each Monthly Payment Date, the Seller has the option but not the obligation to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change (the **Regulatory Call Option**). A **Regulatory Change** will be a change published and/or enforced on or after the Closing Date in the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision (the **Basel Accord**) or in the international, European or Dutch regulations, rules and instructions (which includes rules on solvency requirements) (the **Bank Regulations**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accord, Basel II Accord or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as described in *Sale of Mortgage Receivables* below. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(b).

**Sub-Participation Agreements:**

On the Closing Date, the Issuer will enter into sub-participation agreements (the **Savings Mortgage Sub-Participation Agreements**) with each Savings Mortgage Participant.

Furthermore, on the Closing Date, the Issuer will enter into a sub-participation agreement with the Bank Savings Participant (the **Bank Savings Sub-Participation Agreement**, and together with the Savings Mortgage Sub-Participation Agreement, the **Sub-Participation Agreements**).

Under the Savings Mortgage Sub-Participation Agreements, each Savings Mortgage Participant undertakes to pay to the Issuer an amount equal to all Savings Premiums received by it under the relevant Savings Insurance Policy in exchange for a contractual participation (the **Savings Participation**) in respect of the associated Participation-Linked Mortgage Loan which participation equals, in short, the aggregate Savings Premiums on-paid to the Issuer increased with a *pro rata* part of the interest paid by the Borrower in respect of the associated Mortgage Loan. Each Savings Mortgage Participant undertakes to pay to the Issuer all amounts received by it as Savings Premiums.

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

The Savings Participation calculated as per the Cut-off Date amounts to EUR 815,444,836. See further the section *Sub-Participation Agreements*.

The Issuer and the Seller undertake to use their best efforts to ensure that the Issuer enters into one or more saving mortgage sub-participation agreements with Algemene Levensherverzekering Maatschappij, Goudse Levensverzekering and SRLEV on or before the Monthly Payment Date in April 2012.

Under the Bank Savings Sub-Participation Agreement, the Bank Savings Participant will acquire participations in the relevant Bank Savings Mortgage Receivables in return for the payment by the Bank Savings Participant to the Issuer of an amount equal to the deposits made under the Bank Savings Mortgage Loans. In return, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available Amount (as defined in the section *Sub-Participation Agreements* below) from the Issuer.

The amount of the participation (the **Bank Savings Participation**, and together with the Savings Participation, the **Participation**) with respect to a Bank Savings Mortgage Receivable consists of the initial participation at the Closing Date or, as the case may be, the relevant Mortgage Payment Date (which is equal to the sum of all amounts received as Monthly Bank Savings Deposit Instalments and accrued interest) (a) up to but excluding the Cut-off Date in the case of the Closing Date, for the entire pool being an aggregate amount of EUR 4,335,468, or (b) the first day of the month in which the relevant Mortgage Payment Date falls in case of a switch from any type of Mortgage Loan other than a Bank Savings Mortgage Loan into a Bank Savings Mortgage Loan, by the Bank Savings Participant increased on a monthly basis with the sum of (i) the Monthly Bank Savings Deposit Instalments received by the Bank Savings Participant in respect of the relevant Mortgage Loan and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Bank Savings Participation in the relevant Bank Savings Mortgage Receivable, of the interest paid by the Borrower in respect of such Bank Savings Mortgage Receivable.

See further the section *Sub-Participation Agreements* below.

**Construction Amounts:**

Pursuant to the Mortgage Conditions, a Borrower has the right to request that a part of the Mortgage Loan will be withheld and will be applied towards



construction of or improvements to the Mortgaged Asset. Such amounts including any interest accrued thereon (the **Construction Amount**) will only be paid to the Borrower in case certain conditions are met. The aggregate amount of the Construction Amounts on the Cut-off Date is EUR 22,050,081.69. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Amount on the Cut-off Date. Such amount will be deposited in the Construction Account. On each Mortgage Payment Date, the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the amount by which the aggregate Construction Amount has been reduced during the preceding Monthly Calculation Period and pay such amount to the Seller.

Pursuant to the Mortgage Conditions, Construction Amounts have to be paid out within 12 months (for the rebuilding of an existing house) or 18 months (for the building of a new house) after the relevant Mortgage Loan has been granted. However, the Seller may agree with a Borrower to extend the period altogether to a maximum of 36 months. After the expiry of such period, the policy of the Seller in respect of any remaining Construction Amounts is (i) if the relevant remaining Construction Amount is less than EUR 2,500, for such amount to be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid out by the Issuer to the Seller or (ii) if the relevant remaining Construction Amount exceeds EUR 2,500, such amount may be set-off against the relevant Mortgage Receivable up to the amount of such Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the relevant Initial Purchase Price and the relevant balance standing to the credit of the Construction Account will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount. However, in certain cases, the Seller –other than in respect of NHG Mortgage Loans- deviates from the above policy.

If any of the events set forth in items (d) and (e) of the definition of the Notification Events has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the Initial Purchase Price. See the section *Mortgage Receivables Purchase Agreement* below.

### **Sale of Mortgage Receivables**

The Issuer may not dispose of any Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed and in connection with a repurchase obligation of the Seller as provided in the Mortgage Receivables Purchase Agreement. If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days from the offer inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such period, the Issuer may offer such Mortgage Receivables for sale to any third party. See the section *Credit Structure* for a description of the calculation of the purchase price of the Mortgage Receivables in the case of a sale of Mortgage Receivables.

### **CASH-FLOW STRUCTURE:**

#### **Priority of Payments:**

See the section *Credit Structure* below.

#### **Liquidity Facility:**

On the Closing Date, the Issuer will enter into a liquidity facility agreement with a maximum term of 364 days with the Liquidity Facility Provider (the **Liquidity Facility Agreement**) under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. Any such amounts drawn will be debited from an account maintained with the Liquidity Facility Provider (the **Liquidity Facility Account**) and credited to

the Issuer Collection Account. If, at any time, the Issuer will be required to make a Liquidity Facility Stand-by Drawing, the Issuer shall credit the amount so drawn to an account (the **Liquidity Facility Stand-by Account**) held with the Floating Rate GIC Provider. See the section *Credit Structure* below.

**Seller Collection Account:** The Seller maintains an account with ING Bank N.V. (the **Seller Collection Account**) to which collections of all amounts of interest, prepayment penalties and principal received under the Mortgage Loans will be paid.

**Issuer Collection Account:** The Issuer shall maintain with the Floating Rate GIC Provider an account (the **Issuer Collection Account**) to which, *inter alia*, on a monthly basis all amounts due to the Issuer from the Seller Collection Account will be transferred by the Seller.

**Construction Account:** The Issuer will maintain with the Floating Rate GIC Provider an account (the **Construction Account** and together with the Issuer Collection Account and the Liquidity Facility Stand-by Account and the Reserve Account, the **Transaction Accounts**) to which on the Closing Date an amount corresponding to the aggregate Construction Amount will be credited. The Construction Account will only be debited for (i) payments to the Seller in accordance with the Mortgage Receivables Purchase Agreement and (ii) transfer to the Issuer Collection Account in case the Issuer has no obligation to pay any such part of the Initial Purchase Price (as described in *Construction Amounts* above).

**Reserve Account:** The Issuer will deposit the proceeds of the Subordinated Loan into an account (the **Reserve Account**) held with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) to (m) (inclusive) in the Interest Priority of Payments in the event that the Notes Interest Available Amount is not sufficient to meet such payment obligations on a Monthly Payment Date. If and to the extent that the Notes Interest Available Amount on any Monthly Payment Date exceeds the aggregate amounts payable under items (a) to (m) (inclusive) in the Interest Priority of Payments (as set forth in the section *Credit Structure*), such excess amount will be used to deposit in or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The **Reserve Account Required Amount** shall be equal to (A) on any Monthly Payment Date falling on or before the First Optional Redemption Date (i) 1.00 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, or (ii) any percentage amount lower than the amount specified in point (i) as (x) will not result in a downgrade of the then-current rating assigned to the Notes and (y) is notified to the Issuer, the Issuer Administrator and the Security Trustee from time to time; or (iii) zero, on the Monthly Payment Date on which the Notes have been or are to be redeemed in full, subject to and in accordance with the Conditions and (B) on any Monthly Payment Date falling after the First Optional Redemption Date (i) 0.50 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, or (ii) any percentage amount lower than the amount specified in point (i) as (x) will not result in a downgrade of the then-current rating assigned to the Notes and (y) is notified to the Issuer, the Issuer Administrator and the Security Trustee from time to time; or (iii) zero, on the Monthly Payment Date on which the Notes have been or are to be redeemed in full, subject to and in accordance with the Conditions.

To the extent that the balance standing to the credit of the Reserve Account on any Monthly Payment Date exceeds the Reserve Account Required Amount, such excess shall be drawn from the Reserve Account on such Monthly Payment Date and shall form part of the Notes Interest Available Amount on that Monthly Payment Date and, after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to

redeem or partially redeem, as the case may be, the Subordinated Loan.

On the Monthly Payment Date on which all amounts of principal due in respect of the Notes have been or will be paid, any amount remaining to be standing to the credit of the Reserve Account will on such date form part of the Notes Interest Available Amount and will be applied by the Issuer in or towards satisfaction of all items in the Principal Priority of Payments in accordance with the priority set out therein, if applicable, including for redemption of principal of the Subordinated Loan.

**Floating Rate GIC:**

The Issuer, the Security Trustee and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the **Floating Rate GIC**) on the Closing Date, under which the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to Euribor for one month deposits in euros minus a margin on the balances standing from time to time to the credit of the Transaction Accounts (other than the Liquidity Facility Stand-by Account). The Issuer will undertake pursuant to the Trust Deed not to withdraw or apply amounts from the Transaction Accounts other than in accordance with the Trust Deed.

**Subordinated Loan:**

On the Closing Date, the Issuer will enter into a subordinated loan agreement (the **Subordinated Loan**) with the Subordinated Loan Provider for an amount of EUR 58,769,000. The proceeds of the Subordinated Loan will be deposited by the Issuer into the Reserve Account on the Closing Date. The Subordinated Loan will bear interest at a rate of Euribor for one month deposits in Euro less a margin of 0.03% per annum, payable monthly in arrear on each Monthly Payment Date.

**Swap Agreement:**

On the Closing Date, the Issuer will enter into a swap agreement including a Credit Support Annex with the Swap Counterparty to mitigate the risk of a difference between the rates of interest to be received by the Issuer on (a) the Mortgage Receivables and the interest received on the Issuer Collection Account and (b) the floating rates of interest payable by the Issuer on the relevant Class of Notes (such agreement between the Issuer and the Swap Counterparty or its successor(s) or a replacement swap counterparty, the **Swap Agreement**) (as described in *Credit Structure* under *Interest Rate Hedging* below).

**OTHER:**

**Issuer Services Agreement:**

Under an issuer services agreement to be entered into on the Closing Date (the **Issuer Services Agreement**) between the Issuer, the Pool Servicer, the Defaulted Loan Servicer, the Issuer Administrator and the Security Trustee, (i) the Pool Servicer will agree to (a) provide mortgage payment transactions and other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables and (b) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer and/or the Mortgage Receivables as required by law for submission to the relevant governmental authorities on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Receivables and (ii) the Defaulted Loan Servicer will agree to implement of arrears procedures including, if applicable, the enforcement of mortgages (see further the sections *Mortgage Loan Underwriting* and *Mortgage Services* below) and (iii) the Issuer Administrator will agree (a) to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions and (b) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

**Management Agreements:**

Each of the Issuer, the Shareholder and the Security Trustee have entered into a management agreement (together, the **Management Agreements**) with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

**Parallel Debt Agreement:**

On the Closing Date, the Issuer, the Security Trustee and the other Secured Parties will enter into a parallel debt agreement (the **Parallel Debt Agreement**) for the benefit of the Secured Parties other than the Noteholders under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Trustee Assets Pledge Agreement and the Trustee Receivables Pledge Agreement.

## CREDIT STRUCTURE

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

### **Mortgage Loan Interest Rates**

The interest rate of each Mortgage Loan is floating or fixed, subject to a reset from time to time. On the Cut-off Date the weighted average interest rate of the Mortgage Loans is expected to be 4.82 per cent. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of Mortgage Loans*.

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

### **Cash Collection Arrangement**

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

If at any time the Seller Collection Account Provider's (a) short-term unsecured, unsubordinated and unguaranteed debt obligations are assigned a rating of less than P-1 by Moody's or the short-term Issuer Default Rating is less than F1 by Fitch or (b) long-term Issuer Default Rating is less than A by Fitch, provided that for the purposes of the determination of the requisite rating in respect of any entity (the **Requisite Rating**), if the ratings assigned to such entity by Fitch are designated by Fitch as being on ratings watch negative then the rating of that entity will be deemed to be one notch lower than such published Fitch rating, the Seller will, within thirty (30) calendar days, in order to maintain the then current rating assigned to the Notes, either: (i) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed by a party having at least the Requisite Rating, or (ii) (a) open an escrow account in the name of the Issuer, for the Issuer's own account, with a party having at least the Requisite Rating and (b) transfer to the escrow account an amount equal to the highest aggregate amount of principal, interest and prepayment penalties received since the Closing on the Issuer Collection Account during one Mortgage Calculation Period, or (iii) implement any other actions to maintain the then current ratings assigned to the Notes.

On each **Mortgage Payment Date** (being the second day of each calendar month or if this is not a business day the next succeeding business day) the Pool Servicer shall, having regard to all relevant information at its disposal (a) make an estimate of all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller in respect of the Mortgage Receivables in respect of the immediately preceding Mortgage Calculation Period (the total of such estimated amounts is referred to as the **Estimated Collected Transfer Amount**) and (b) transfer the Estimated Collected Transfer Amount to the Issuer Collection Account.

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

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

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

For these purposes a **Mortgage Calculation Period** is the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month and the first Mortgage Calculation Period will commence on (and include) the Cut-off Date and end on (and include) the last calendar day of October 2011.

## **Transaction Accounts**

### *Issuer Collection Account*

The Issuer will maintain with the Floating Rate GIC Provider the Issuer Collection Account, to which all amounts received (i) in respect of the Mortgage Receivables, (ii) from the Savings Mortgage Participants and the Bank Savings Participant pursuant to the Sub-Participation Agreements and (iii) from the other parties to the Relevant Documents will be paid.

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

Payments may be made from the Issuer Collection Account other than on a Monthly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business, (ii) amounts due under the Savings Mortgage Sub-Participation Agreement and the Bank Savings Sub-Participation Agreement, (iii) the repayment of any Liquidity Facility Stand-by Drawing in accordance with the Liquidity Facility Agreement, and (iv) the payment to the Swap Counterparty of any Tax Credit. In addition, the Issuer may pay any termination payment to the Swap Counterparty on any date other than a Monthly Payment Date provided that the Issuer has received such amount as initial swap payment from the relevant replacement swap counterparty (see the section *Swap Agreement* below).

### *Construction Account*

The Issuer will maintain with the Floating Rate GIC Provider the Construction Account, to which an amount corresponding to the aggregate Construction Amount relating to the Mortgage Receivables will be credited on the Closing Date. Payments may be made from the Construction Account on a Monthly Payment Date only to satisfy payment by the Issuer to the Seller of (part of) the Initial Purchase Price as a result of the distribution of (part of) the Construction Amount by the Seller to the relevant Borrowers. In addition, the Construction Account will be debited with the amount Borrowers have set off against the relevant Mortgage Receivables in connection with the Construction Amounts and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such debited amount will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount. The interest accrued and received on the Construction Account shall be for the benefit of the Seller and paid to the Seller outside the Priorities of Payments.

### *Reserve Account*

The Issuer will deposit the proceeds of the Subordinated Loan into the Reserve Account held with the Floating Rate GIC Provider. Amounts credited to the Reserve Account will be available on any Monthly Payment Date to meet items (a) to (m) (inclusive) of the Interest Priority of Payments, before application of any funds drawn under the Liquidity Facility Agreement.

If and to the extent that the Notes Interest Available Amount on any Monthly Payment Date exceeds the amounts required to meet items ranking higher than item (n) in the Interest Priority of Payments, the excess amount will be applied to replenish and/or build up the Reserve Account, as the case may be, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount. The Reserve Account Required Amount shall be equal to (A) on any Monthly Calculation Date falling on or before the First Optional Redemption Date (i) 1.00 per cent.

of the aggregate Principal Amount Outstanding of the Notes, on the Closing Date, or (ii) any percentage amount lower than the amount specified in point (i) if such amount will not result in a downgrade of the then-current rating assigned to the Notes and notified to the Issuer, the Issuer Administrator and the Security Trustee from time to time; or (iii) zero, on the Monthly Payment Date on which the Notes have been or are to be redeemed in full, in accordance with the Conditions and (B) on any Monthly Payment Date falling after the First Optional Redemption Date (i) 0.50 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, or (ii) any percentage amount lower than the amount specified in point (i) if such amount will not result in a downgrade of the then-current rating assigned to the Notes and notified to the Issuer, the Issuer Administrator and the Security Trustee from time to time; or (iii) zero, on the Monthly Payment Date on which the Notes have been or are to be redeemed in full, subject to and in accordance with the Conditions.

To the extent that the balance standing to the credit of the Reserve Account on any Monthly Payment Date exceeds the Reserve Account Required Amount, such excess shall be drawn from the Reserve Account on such immediately succeeding Monthly Payment Date and shall form part of the Notes Interest Available Amount on that Monthly Payment Date.

After all amounts of interest and principal due in respect of the Notes have been paid and all payments of the Principal Priority of Payments ranking higher in priority have been made, any amount standing to the credit of the Reserve Account will be applied to redeem or partially redeem, as the case may be, the Subordinated Loan.

#### *Liquidity Facility Stand-by Account*

If the Issuer is required to draw a Liquidity Facility Stand-by Drawing, it shall credit such amount to the Liquidity Facility Stand-by Account maintained with the Floating Rate GIC Provider. Amounts so credited to the Liquidity Facility Stand-by Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility Agreement. See paragraph *Liquidity Facility* below for further details.

#### *Downgrade of the Floating Rate GIC Provider*

If at any time the Floating Rate GIC Provider's unsecured, unsubordinated and unguaranteed debt obligations are assigned a rating of less than the Requisite Rating or such rating is withdrawn, the Floating Rate GIC Provider will within 20 calendar days to procure a third party having at least the Requisite Rating to guarantee the obligations of the Floating Rate GIC Provider. If the Floating Rate GIC Provider fails to do so, the Issuer will, within 30 calendar days after such downgrade, (i) transfer the balances of the Transaction Accounts to an alternative bank with the Requisite Rating or (ii) procure a third party having at least the Requisite Rating to guarantee the obligations of the Floating Rate GIC Provider. If after 10 calendar days following such downgrade or withdrawal, the Floating Rate GIC Provider is of the opinion that it may not be able to find a third party having at least the Requisite Rating to guarantee the obligations of the Floating Rate GIC Provider, it shall notify the Issuer and the Security Trustee accordingly.

#### *Swap Collateral Account*

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

**Excess Swap Collateral** means an amount equal to the value of any collateral transferred and accrued to the Issuer by the Swap Counterparty under the Swap Agreement that is in excess of the Swap Counterparty's liability to the Issuer thereunder as at the date of the termination of the Swap Agreement which the Swap Counterparty is otherwise entitled to have returned to it under the Swap Agreement.

Any Excess Swap Collateral, including any accrued interest on the Swap Collateral Account subject to and in accordance with the Swap Agreement, shall be transferred directly to the Swap Counterparty (outside of any Priority of Payments). The same applies for any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction obtained by the Issuer relating to any deduction or withholding giving rise to a payment made by the Swap

Counterparty in accordance with the Swap Agreement, the cash benefit in respect of which shall be paid by the Issuer to the Swap Counterparty pursuant to the terms of the Swap Agreement (**Tax Credit**).

### **Priority of Payments in respect of interest**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each fourth business day prior to each Monthly Payment Date (a **Monthly Calculation Date**) and which have been received by the Issuer during the Monthly Calculation Period immediately preceding such Monthly Calculation Date or to be received by the Issuer on the Issuer Collection Account in relation to the relevant Monthly Payment Date (items (i) up to and including (xii) being hereafter referred to as the **Notes Interest Available Amount**):

- (i) as interest, including penalty interest, on the Mortgage Receivables, less, with respect to each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable an amount equal to the amount of interest received in such Monthly Calculation Period, multiplied by the quotient of the relevant Savings Participation or Bank Savings Participation, as applicable, on the first calendar day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount in respect of such Participation-Linked Mortgage Receivable or Bank Savings Mortgage Receivable, as applicable, on the first calendar day of the relevant Mortgage Calculation Period (the **Participation Fraction**);
- (ii) as interest accrued and received on the Issuer Collection Account, the Reserve Account and the Liquidity Facility Stand-by Account;
- (iii) as prepayment penalties (if any) under the Mortgage Receivables;
- (iv) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable an amount equal to the amount of interest received multiplied by the relevant Participation Fraction;
- (v) as amounts to be drawn under the Liquidity Facility Agreement (other than Liquidity Facility Stand-by Drawings) and to be debited from the Liquidity Facility Account (other than with a view to repaying a Liquidity Facility Stand-by Drawing) on the immediately succeeding Monthly Payment Date;
- (vi) as amounts to be drawn from the Reserve Account or the Liquidity Facility Stand-by Account on the immediately succeeding Monthly Payment Date;
- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Monthly Payment Date, if any, excluding (i) any collateral transferred pursuant to the Swap Agreement, (ii) any Tax Credit and (iii) any amounts received upon early termination of the Swap Agreement (other than as set out under (xi) below);
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal less, with respect to each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable an amount equal to the amount of interest received multiplied by the relevant Participation Fraction;
- (ix) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, with respect to each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the relevant Participation Fraction, and to the extent such amounts relate to principal, but only such part that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable;
- (x) on the Monthly Payment Date on which the Notes will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (ix) and item (xi) on such Monthly Payment Date; and
- (xi) as amounts to be drawn from the Swap Termination Payment Ledger, (i) to the extent (a) such amounts are required to meet items (f), (h), (j) and (l) of the Interest Priority of Payments or (b) required to make an initial swap payment to a replacement swap counterparty on such Mortgage Payment Date and (ii) on the Monthly Payment Date on which (a) a new swap agreement has been entered into and the initial swap payment, if any,



has been paid or (b) the Notes have been redeemed in full, any remaining amount standing to the Swap Termination Payment Ledger;

**less:**

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

will pursuant to the terms of the Trust Deed be applied by the Issuer on the immediately succeeding Monthly Payment Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the **Interest Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of fees and expenses due and payable to the Servicers and the Issuer Administrator under the Issuer Services Agreement and to the Back-up Servicer under the Back-up Servicing Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xii) of the Notes Interest Available Amount) and sums due to the Rating Agencies and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, (ii) fees and expenses due to the Principal Paying Agent and the Reference Agent under the Paying Agency Agreement, and (iii) the Liquidity Facility Commitment Fee (as defined therein) under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (including any Initial Swap Payment payable on such Monthly Payment Date but excluding (I) any termination payment due or payable as a result of the occurrence of an Event of Default where the Swap Counterparty is the Defaulting Party or as a result of the occurrence of an Additional Termination Event relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement) (a **Swap Counterparty Default Payment**), (II) the Swap Subordinated Amount payable under (o) below, and (III) the payment to the Swap Counterparty of Excess Swap Collateral and/or any Tax Credit);
- (e) *fifth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement and to be credited to the Liquidity Facility Account, but excluding the Liquidity Facility Commitment Fee payable under (c) above and any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (p) below, or (ii) following a Liquidity Facility Stand-by Drawing, in or towards satisfaction of amounts to be credited to the Liquidity Facility Stand-by Account;
- (f) *sixth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due or accrued but unpaid in respect of the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes;
- (g) *seventh*, in or towards making good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of interest due or accrued but unpaid on the Mezzanine Class B Notes;
- (i) *ninth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of interest due or accrued but unpaid on the Mezzanine Class C Notes;

- (k) *eleventh*, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (l) *twelfth*, in or towards satisfaction of interest due or accrued but unpaid in respect of the Subordinated Class D Notes;
- (m) *thirteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (n) *fourteenth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (o) *fifteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (p) *sixteenth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (q) *seventeenth*, in or towards satisfaction of interest due or accrued but unpaid in respect of the Subordinated Loan;
- (r) *eighteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan; and
- (s) *nineteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

#### **Priority of Payments in respect of principal**

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

- (i) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable, the relevant Savings Participation or Bank Savings Participation, as the case may be, in such Participation-Linked Mortgage Receivable;
- (ii) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or, in respect to each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable, up to the Net Outstanding Principal Amount (as defined below);
- (iii) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call Option, the Regulatory Call Option or a Class A Partial Call Option, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal or up to, in respect of each Participation-Linked Mortgage Receivable and each Bank Saving Mortgage Receivable, the Net Outstanding Principal Amount;
- (iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or up to, in respect of each Participation-Linked Mortgage Receivable and each Bank Savings Mortgage Receivable, the Net Outstanding Principal Amount;
- (v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Monthly Payment Date in accordance with the Interest Priority of Payments;
- (vi) as Monthly Participation Increase pursuant to the Savings Mortgage Sub-Participation Agreement and as consideration for the relevant Initial Participation;

- (vii) as partial prepayment in respect of Mortgage Receivables;
- (viii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Monthly Calculation Date which has not been applied towards redemption of the Notes on the preceding Monthly Payment Date; and
- (ix) any amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement,

will pursuant to the terms of the Trust Deed be applied by the Issuer on each Monthly Payment Date (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Principal Priority of Payments**):

- (a) sequentially, *first*, in or towards satisfaction of principal amounts due under the Senior Class A1 Notes on the relevant Monthly Payment Date until fully redeemed, *second* the Senior Class A2 Notes on the relevant Monthly Payment Date until fully redeemed, *third*, the Senior Class A3 Notes on the relevant Monthly Payment Date until fully redeemed and, *fourth*, the Senior Class A4 Notes on the relevant Monthly Payment Date until fully redeemed;
- (b) *fifth*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes on the relevant Monthly Payment Date until fully redeemed;
- (c) *sixth*, in or towards satisfaction of principal amounts due under the Mezzanine Class C Notes on the relevant Monthly Payment Date until fully redeemed; and
- (d) *seventh*, in or towards satisfaction of principal amounts due under the Subordinated Class D Notes on the relevant Monthly Payment Date until fully redeemed.

**Net Outstanding Principal Amount** means, in respect of a Participation-Linked Mortgage Loan or Bank Savings Mortgage Loan, the Outstanding Principal Amount thereof minus the Savings Participation or Bank Savings Participation, respectively, therein.

#### **Priority of Payments upon Enforcement**

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

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors in connection with the Management Agreements, (ii) the fees and expenses of the Principal Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees and expenses of the Servicers and the Issuer Administrator under the Issuer Services Agreement and (iv) the fees and expenses of the Back-up Servicer under the Back-up Servicing Agreement;
- (c) *third*, in or towards satisfaction of any amounts due and payable but unpaid under the Liquidity Facility Agreement but excluding any Liquidity Facility Stand-by Drawing payable under (a) above and excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under subparagraph (n) below;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (including any Initial Swap Payment payable on a Monthly Payment Date but excluding (I) any Swap Counterparty Default Payment and (II) the payment to the Swap Counterparty of Excess Swap Collateral and/or any Tax Credit);

- (e) *fifth, pro rata and pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes;
- (f) *sixth, pro rata and pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A1 Notes, the Senior Class A2 Notes, Senior Class A3 Notes and the Senior Class A4 Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Mezzanine Class B Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Mezzanine Class C Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Subordinated Class D Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (m) *thirteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (n) *fourteenth*, in or towards satisfaction of gross-up amounts or additional amounts due under the Liquidity Facility Agreement;
- (o) *fifteenth*, in or towards satisfaction of all amounts of interest due or accrued and principal due but unpaid in respect of the Subordinated Loan; and
- (p) *sixteenth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

### **Post-foreclosure proceeds**

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

### **Subordinated Loan**

On the Closing Date the Seller will make available to the Issuer the Subordinated Loan. The Subordinated Loan will be in an amount of EUR 58,769,000 and will be deposited by the Issuer into the Reserve Account on the Closing Date. The Subordinated Loan will bear interest at a rate of Euribor for one month deposits in Euro less a margin of 0.03% per annum, payable monthly in arrear on each Monthly Payment Date.

### **Liquidity Facility**

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Monthly Payment Date (other than on (i) a Monthly Payment Date if and to the extent the Notes are redeemed in full on such Monthly Payment Date or (ii) the Final Maturity Date) to make drawings under

the Liquidity Facility Agreement up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a maximum term of 364 days. The commitment of the Liquidity Facility Provider is extendable at the request of the Issuer at its option. Any drawing under the Liquidity Facility Agreement by the Issuer shall only be made on a Monthly Payment Date if and to the extent that, after the application of amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (l) (inclusive), but not items (g), (i) and (k), in the Interest Priority of Payments in full on that Monthly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Deficiency Ledger, no drawing may be made to meet item (j) if there is a debit balance on the Class C Principal Deficiency Ledger and no drawing may be made to meet item (l) if there is a debit balance on the Class D Principal Deficiency Ledger. Certain payments to the Liquidity Facility Provider will rank in priority in respect of payments and security to *inter alia* the Notes. Prior to the service of an Enforcement Notice, if a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Liquidity Facility Stand-by Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

If, (a) at any time, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than the Requisite Rating or any such rating is withdrawn and (ii) within fourteen (14) calendar days of such downgrading the Liquidity Facility Provider is not replaced by the Liquidity Facility Provider with an alternative Liquidity Facility Provider whose short-term unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating equal to the Requisite Rating or alternatively the Liquidity Facility Provider has procured that a guarantee for its obligations in favour of the Issuer has been issued, or (b) the Liquidity Facility Provider has refused to extend the Liquidity Facility Agreement upon the Issuer's request, or (c) the Issuer has requested that the Liquidity Facility Provider transfers its rights and obligations under the Liquidity Facility Agreement to a third party, and the Liquidity Facility Provider has not immediately been replaced with a liquidity facility provider having the Requisite Rating, the Issuer will be required forthwith to draw down the entirety of the undrawn portion under the Liquidity Facility Agreement (a **Liquidity Facility Stand-by Drawing**) and credit such amount to the Liquidity Facility Stand-by Account maintained with the Floating Rate GIC Provider. Amounts so credited to the Liquidity Facility Stand-by Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility Agreement.

For these purposes, **Liquidity Facility Maximum Amount** means, on each Monthly Calculation Date, an amount equal to the higher of (i) 1.50 per cent. of the aggregate Principal Amount Outstanding of the Notes, on such date or (ii) 1.00 per cent of the aggregate Principal Amount Outstanding of the Notes on the Closing Date.

### **Principal Deficiency Ledger**

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

An amount equal to any Realised Loss will be debited:

- (i) to the Class D Principal Deficiency Ledger (such debit items being credited at item (m) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the aggregate Principal Amount Outstanding of the Subordinated Class D Notes; and thereafter
- (ii) to the Class C Principal Deficiency Ledger (such debit items being credited at item (k) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the aggregate Principal Amount Outstanding of the Mezzanine Class C Notes; and thereafter
- (iii) to the Class B Principal Deficiency Ledger (such debit items being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes; and thereafter
- (iv) to the Class A Principal Deficiency Ledger (in each case such debit items being credited at item (g) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose).

The Senior Class A Notes comprise of the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes and the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes, then to the Senior Class A2 Notes, then to the Senior Class A3 Notes and then to the Senior Class A4 Notes. To the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and/or the Senior Class A4 Notes in full when due in accordance with the Conditions for a period of fifteen calendar days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A4 Notes do not therefore purport to provide credit enhancement to the Senior Class A1 Notes, the Senior Class A2 Notes or the Senior Class A3 Notes. Similarly, the Senior Class A3 Notes do not purport to provide credit enhancement to the Senior Class A1 Notes and/or the Senior Class A2 Notes and the Senior Class A2 Notes do not purport to provide credit enhancement to the Senior 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 Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. Similarly, if the Senior Class A1 Notes and the Senior Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes and the Senior Class A2 Notes and if the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes.

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

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

### **Interest Rate Hedging**

The Mortgage Loan Criteria require that all Mortgage Receivables bear a floating rate or a fixed rate of interest, subject to a reset from time to time. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor for one month deposits in euros. The margin on the Notes will be reset on the first Optional Redemption Date. The Issuer will mitigate this interest rate exposure on the Notes by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay on each Monthly Payment Date the sum of:

- (a) the aggregate amount of interest on the Mortgage Receivables (for the avoidance of doubt, minus Construction Amounts) scheduled to be paid during the immediately preceding Mortgage Calculation Period less, with respect to each Bank Savings Mortgage Receivable and Participation-Linked Mortgage Receivable, an amount equal to the scheduled interest multiplied by the relevant Participation Fraction (the **Scheduled Interest**); and

- (b) the interest accrued and received on the Issuer Collection Account; and
- (c) the aggregate amount of the penalty interest and any prepayment penalties received during the immediately preceding Mortgage Calculation Period; *less*
- (d) an excess margin of 0.25 per cent. per annum applied to the aggregate Principal Amount Outstanding of the Notes (for the avoidance of doubt as reduced by any outstanding debit balances on the respective sub-ledgers of the Principal Deficiency Ledger) on the first calendar day of the relevant Floating Rate Interest Period divided by twelve (the **Excess Margin**); *less*
- (e) the expenses set out in items (a) up to and including (c) of the Interest Priority of Payments payable during the immediately preceding Mortgage Calculation Period;

provided that if the result of the above is a negative amount, such negative amount will be paid (as a positive amount) to the Issuer by the Swap Counterparty.

The Swap Counterparty will agree to pay to the Issuer on each Monthly Payment Date amounts equal to the scheduled interest due under the Notes on such Monthly Payment Date, and calculated by reference to the Rates of Interest applied to the Principal Amount Outstanding of the relevant Class of Notes (as reduced by any outstanding debit balances on the respective sub-ledgers of the Principal Deficiency Ledger, whereby in the event of a balance on the Class A Principal Deficiency Ledger, such balance will be subdivided between the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes *pro rata* by reference to the Principal Amount Outstanding of the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes) on the first calendar day of the relevant Floating Rate Interest Period.

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

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

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated in accordance with events of default and termination events commonly found in standard ISDA documentation for swap transactions. The Swap Agreement will be terminable by one party if (i) an applicable event of default or termination event occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement, or (iii) an Enforcement Notice is served or all Notes are redeemed prior to the Final Maturity Date pursuant to Condition 6(b), (d), (e) or (f) (an **Early Redemption Event**). Events of default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement, and (ii) certain insolvency events. The Swap Agreement will also be terminable in part on the occurrence of a Class A Optional Partial Redemption Date and the amount (if any) payable by the Issuer as a result of such termination will be payable pursuant to item d of the Interest Priority of Payments.

Upon the early termination of the Swap Agreement, including on termination as a result of an Early Redemption Event, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Swap Counterparty, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay the Swap

Counterparty such amounts as would otherwise have been required to ensure that the Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

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

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

The Issuer may pay any termination payment to the Swap Counterparty on any date other than a Monthly Payment Date provided that the Issuer has received such amount as initial swap payment from the relevant replacement swap counterparty.

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

#### *Downgrade of Swap Counterparty*

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

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

#### **Sale of Mortgage Receivables**

The Issuer may not dispose of any Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed and in connection with a repurchase obligation of the Seller as provided in the Mortgage Receivables Purchase Agreement. If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days from such offer inform the Issuer whether or not it wishes to repurchase the Mortgage Receivables. After such 15 business day period, the Issuer may offer such Mortgage Receivables for sale to any third party.

#### *Sale of Mortgage Receivables on a Class A Optional Partial Redemption Date*

Under the terms of the Trust Deed and the Mortgage Receivables Purchase Agreement, the Issuer will have the right to sell and assign an amount of Mortgage Receivables on each Class A Optional Partial Redemption Date to the Seller or a third party which are sufficient to realise proceeds of EUR 300,000,000 plus any Early Termination Payments payable by the Issuer to the Swap Counterparty, provided in any case that the Issuer shall apply such proceeds to make a partial redemption of the Senior Class A Notes in the nominal amount of EUR 300,000,000 (see Condition 6(d) (*Redemption –*



*Optional Partial Redemption of the Senior Class A Notes*) in the section *Terms and Conditions of the Notes* below) in accordance with the Principal Priority of Payments. The Mortgage Receivables to be sold and assigned in order to provide the Issuer sufficient proceeds to make such partial redemption shall be selected at random.

The purchase price of the Mortgage Receivables shall be equal to at least the Outstanding Principal Amount of the relevant Mortgage Receivable plus such amount required to enable the Issuer to make any payment due by the Issuer to the Swap Counterparty in connection with the partial termination of the Swap Agreement, together with accrued interest due but unpaid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any. If the Mortgage Receivables are purchased by a third party, any costs incurred by the Issuer in effecting and completing the sale and assignment of the Mortgage Receivables, if any, will be for the account of such party, to the extent acceptable to such party.

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

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to the Seller or a third party, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Notes (see Condition 6(e) (*Redemption – Optional Redemption*)) in the section *Terms and Conditions of the Notes* below).

The Issuer may only sell and assign all but not some of the Mortgage Receivables, provided that in accordance with Condition 6(e) the purchase price of such Mortgage Receivables shall be (1) sufficient to redeem the Senior Class A Notes at their Principal Amount Outstanding and the other Classes of Notes at their Principal Amount Outstanding less the relevant Principal Shortfall, (2) sufficient to make any payment due by the Issuer to the Swap Counterparty in connection with the termination of the Swap Agreement unless the Issuer has other available funds to make such payment to the Swap Counterparty (excluding funds in the Liquidity Facility Account, which may not be used for this purpose) and (3) equal to at least the Outstanding Principal Amount of the relevant Mortgage Receivable, together with accrued interest due but unpaid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of such sale or repurchase and (b) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available, the indexed foreclosure value plus any other collateral, including the relevant Participation, if any.

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

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

On each Monthly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b).

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

On each Monthly Payment Date, the Seller has the option to exercise the Regulatory Call Option. The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b).

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

If the Issuer exercises its option to redeem the Notes on a Monthly Payment Date upon the occurrence of a Tax Change for tax reasons in accordance with Condition 6(f), the purchase price of such Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(f) and subject to Condition 9(b).

#### *Sale of Mortgage Receivables if the Seller is obliged to repurchase*

If the Seller is obliged to repurchase any Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement, the repurchase price of the Mortgage Receivables will be at least equal to (i) the Outstanding Principal

Amount in respect of the relevant Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Mortgage Receivables, (ii) and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such sale and re-assignment) and (iii) the amount (if any) due by the Issuer to the Swap Counterparty to the extent the repurchase results in the termination of the Swap Agreement, unless the Issuer has other available funds to make such payment to the Swap Counterparty. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b).

# 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 54% in 2009 (2006: 56%) whereas the average owner-occupancy rate in the EU as a whole was 61%. 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 rises. 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 home sales already started to decline in 2006 – due to deteriorating affordability – prices continued to rise until August 2008, when the crisis triggered a decline. Since then, houses have on average declined almost 8 per cent. 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 over the last years. With supply and demand still not at a market equilibrium, prices could ease a bit 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. Mortgage loans are offered through branches, call centres, the internet and to an increasing extent via intermediaries. The market is being dominated by a few big lending institutions (through multiple subsidiaries and labels), both for NHG and non-NHG mortgage loans.

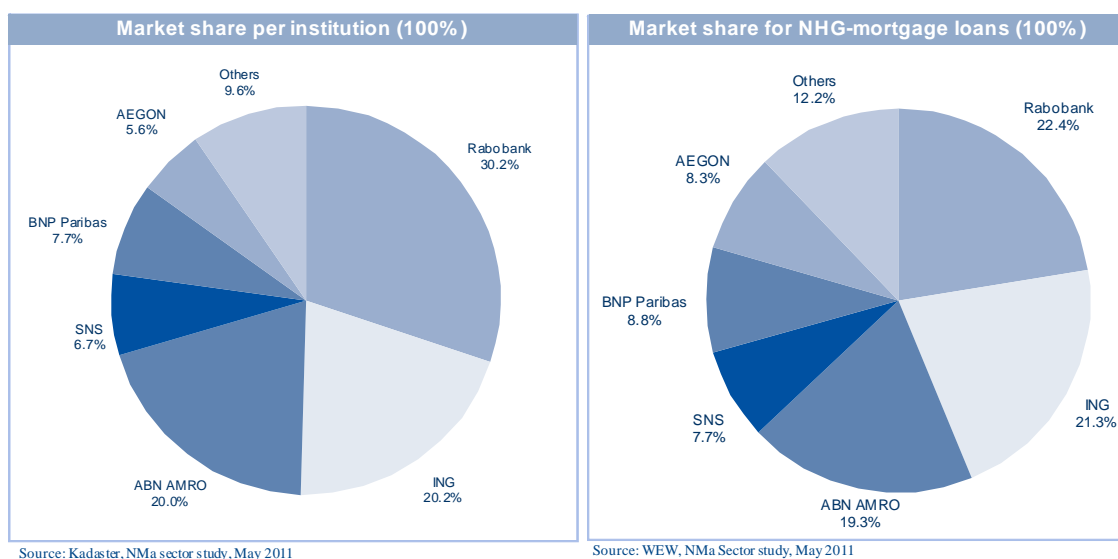


Figure: Market shares of main mortgage lenders in the Netherlands, based on new production in 2010

### **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 *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. The NHG Guarantee covers around 50% of all newly issued mortgages up to euro 350,000. Foreclosure value in The Netherlands is estimated to be generally around 80% of the market value. As a result of the relatively high mortgage indebtedness, the Dutch market tends to be a relatively high loan-to-value market. Due to rising home-ownership and rising prices, the total mortgage debt outstanding increased substantially. Total mortgage debt outstanding was euro 621 billion (June 2010), which causes the Dutch economy to be a relatively high Mortgage Debt-to-GDP economy with a ratio of approximately 105% in June 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, however, 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 worth 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 2009: euro 147,500 for individuals and euro 295,000 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 average yield basis of the borrower insofar as the average yield basis exceeds a certain threshold.

The newly formed Dutch government decided that mortgage tax deductibility should remain unchanged. This government policy is expected to increase confidence on the housing market and will give certainty about households' financial conditions. In 2010, the AFM introduced a new assessment framework to protect consumers more effectively against the risks of excessive debts (source: [www.afm.nl](http://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.

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

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 265,200 in 2009) and (2) temporary (one year) reduction of the transfer tax to 2 per cent. from 6 per cent. in June 2011. Finally, as mentioned before the tax deductability scheme has been left unchanged by the Dutch government.

#### **Accuracy of Information**

The information contained in this section (*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.

# WESTLANDUTRECHT BANK N.V. AND ING BANK N.V.

## WESTLANDUTRECHT BANK N.V.

WestlandUtrecht Bank N.V. (**WestlandUtrecht Bank**) is part of ING Groep N.V., also called ING Group (**ING Group**), as described below. However, WestlandUtrecht Bank at the moment is in the process of being carved out of the ING Group in order to be sold (subject to: EC Decision Document of 18.11.2009 No C 10/2009 (ex N 138/2009)).

### Carve-out

ING Group has created a new company for divestment in the Netherlands, which is being carved out from its current Dutch retail banking business. The result will be that this carved-out new company is a viable and competitive business, which is stand alone and separate from the business retained by ING Group and that can be transferred to a suitable purchaser. This new company comprises the business of WestlandUtrecht Bank and her subsidiaries: WestlandUtrecht Effectenbank N.V., Nationale-Nederlanden Financiële Diensten B.V., WestlandUtrecht Verzekeringen B.V. Nationale-Nederlanden Hypotheekbedrijf N.V. and auxiliary companies and foundations (*stichtingen*). The first three mentioned companies all have their own banking licence. Furthermore the new company also contains the Consumer Credit Portfolio of ING Bank. WestlandUtrecht Bank, a full subsidiary of ING Bank, is an ING Group business unit that for operational purposes resides under the umbrella of Nationale-Nederlanden Insurance unit. It is (predominantly) a mortgage bank operating on the basis of its own banking licenses. Most of its business is generated through independent financial intermediaries.

The carve-out is being carried out under the supervision of the Monitoring Trustee in cooperation with the Hold-separate Manager. In this context, during the carve-out period, the Monitoring Trustee may recommend to ING Group such inclusions into the Divestment Business of tangible and intangible assets (related to the Divestment Business) as he considers objectively required to ensure full compliance with ING Group's result oriented obligations and in particular the viability and competitiveness of the divestment business. If ING Group disagrees with the Monitoring Trustee about the objective requirement to include such intangible assets to ensure the viability and competitiveness of the Divestment Business, ING Group shall inform the Monitoring Trustee in writing. In such a case, ING Group's executive management and the Monitoring Trustee shall hold a meeting with a view to reaching a consensus. If no consensus is reached, ING and the Monitoring Trustee shall jointly appoint, without undue delay, an independent third party with expertise in the financial sector (the **Expert**) to hear the parties' arguments and mediate a solution. If no solution is reached, the Expert shall decide on the objective requirement to include the relevant related tangible or intangible assets into the Divestment Business to ensure its viability and competitiveness, and the parties shall accept the Expert's decision in this respect and will act accordingly. Issues relating to a disagreement shall be mentioned in the report of the Monitoring Trustee to the Commission.

### Profile

WestlandUtrecht Bank and its subsidiaries offer mortgages, mortgage related insurances, investment- and savings accounts on the Dutch market.

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

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

### Supervisory Board and Executive Board

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

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

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

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

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

## **Licences**

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

## **DESCRIPTION OF ING BANK N.V.**

### **PROFILE**

ING Bank N.V. is part of ING Group. ING Group is the holding company for a broad spectrum of companies (together **ING**), offering banking, investments, life insurance and retirement services to about 85 million private, corporate and institutional clients in Europe, the United States, Canada, Latin America, Asia and Australia. Originating from The Netherlands, ING has a workforce of more than 107,000 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 announced that all insurance operations (including investment management operations) would be divested over the following four years. ING conducts its banking operations principally through ING Bank and its insurance operations (including investment management operations) principally through ING Verzekeringen N.V. and its subsidiaries (**ING Insurance**).

ING Bank is represented in about 40 countries around the world through a large network of subsidiaries, offices and agencies. It offers its commercial and retail customers a full range of banking and financial services, including lending, stock-broking, insurance broking, fund management, leasing, factoring, investment banking and the provision of funds for venture capital purposes.

With almost 72,000 employees, ING Bank is active through three business lines: Retail Banking, ING Direct (which as of 1 January 2010 is managed as part of Retail Banking) and Commercial Banking (formerly Wholesale 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 United States, Italy, Germany, the United Kingdom 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 primarily targets large corporations in The Netherlands, Belgium, Poland and Romania, where it offers a full range of products, from cash management to corporate finance. Commercial Banking's international network has a more selective approach. It is building leading positions in a number of key product areas, including Structured Finance, Financial Markets, Payments and Cash Management, and Leasing. Commercial Banking also manages ING Real Estate.

ING Bank has introduced a new reporting structure reflecting two main business lines: Retail Banking and Commercial Banking. Under this structure, ING Direct will be 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.

### **Restructuring Plan submitted to the European Commission**

Under European rules, state-supported companies need to demonstrate their long-term viability and take actions to prevent undue distortions of competition. As a result, concurrently with the introduction and implementation of the first phases of the Back to Basics programme, ING was required to develop and submit its Restructuring Plan to the European Commission (the **EC**). Against this backdrop ING had to devise a plan that would not only enable it to pay back the Dutch State and address the EC's requirements, but also return its focus to the business and its customers. This was a challenging exercise, especially since the relevant EC guidelines were only published in July 2009, which post-dated ING's transactions with the Dutch State.

ING's negotiations with the EC were finalised in October 2009. On 18 November 2009 the EC formally approved the Restructuring Plan, which ING had submitted. With this decision the EC also gave final approvals for the issuance of

the Core Tier 1 Securities to the Dutch State and for the Illiquid Assets Back-up Facility. On 25 November 2009 the extraordinary General Meeting approved the resulting strategic shift of ING, as well as the proposed rights issue of EUR 7.5 billion to facilitate an early repayment of a portion of the Core Tier 1 Securities to the Dutch State. The Restructuring Plan's strategic implications for ING are explained below.

A key goal of the Back to Basics programme was to reduce ING's complexity by operating the bank and insurer/investment manager separately under one ING umbrella. The negotiations with the EC on the Restructuring Plan acted as a catalyst to accelerate this process, by completely separating ING's banking and insurance operations, and ultimately eliminating its double leverage.

ING Group has had to make a number of commitments to obtain the EC's approval for the transactions with the Dutch State. One of these involves the divestment of ING Direct US. It is anticipated that this divestment will take several years and be completed before the end of 2013. In the meantime, ING will ensure that it continues to grow the value of the business and invest in a superior customer experience. ING regards ING Direct US as a very strong franchise and the United States market clearly offers potential for growth. The concession regarding ING Direct US has no impact on ING Direct in other countries. ING remains committed to the ING Direct franchise as a strong contributor to ING's growth. Its unique customer proposition, simple transparent products and market-leading efficiency are core elements of ING's banking strategy.

Also as part of the Restructuring Plan, a new company will be created in the Dutch retail market out of part of ING Bank's current operations, by combining the Interadvies banking division (including WestlandUtrecht Bank and the mortgage activities of Nationale-Nederlanden) and the existing consumer lending portfolio of Retail Banking. This business, once separated, will be divested. The combined business is expected to be the number 5 financial institution in The Netherlands. It is expected to be profitable and is expected to have a balance sheet of EUR 37 billion, with around 200,000 mortgage contracts, 320,000 consumer lending accounts, 500,000 savings accounts and 76,000 securities contracts. The business has a mortgage portfolio amounting to approximately EUR 34 billion, which equates to a market share of around 6%.

Under the Restructuring Plan, ING has also agreed to refrain from being a price leader within the EU for certain retail and SME banking products, and must refrain from acquisitions of financial institutions that might delay the repayment of the Core Tier 1 Securities. These restrictions will apply until the earlier of 18 November 2012 and the date on which the Core Tier 1 Securities have been repaid in full to the Dutch State.

ING submitted its Restructuring Plan on the condition that the EC guarantees equal treatment of all state-supported financial institutions and safeguards the level playing field in the EU internal market. In January 2010, ING lodged an appeal with the General Court of the European Union against specific elements of the EC's decision of 18 November 2009. The first element involves ING and the Dutch State's agreement upon a reduction of the repayment premium for the first EUR 5 billion tranche of Core Tier 1 Securities. This agreement provided the Dutch State with an early repayment and at an attractive return. The EC views this reduction as additional state aid of approximately EUR 2 billion. Both ING and the Dutch State contest this element of the decision, as it could hamper discussions between ING and the Dutch State on repayment terms of the remaining Core Tier 1 Securities. ING also seeks a ruling on the price leadership restrictions and the proportionality of the restructuring requirements demanded by the EC. ING believes it is in the interest of all its stakeholders to use the opportunities provided by law to let the General Court of the European Union review these elements of the EC's decision. The appeal does not alter ING's commitment to execute its Restructuring Plan as announced on 26 October 2009. ING stands firmly behind its strategic decision to separate its banking and insurance (including most investment management) operations and divest the latter. These processes are on track and will continue as planned.

## **DESCRIPTION OF THE MORTGAGE LOANS**



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

## Mortgage Loan Types

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

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

## Mortgage Loan Type

## Description

### Linear Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of linear mortgage loans (*lineaire hypotheeken*, **Linear Mortgage Loans**). Under a Linear Mortgage Loan, the Borrower pays a decreasing monthly payment, made up of an initially high and subsequently decreasing interest portion and a fixed principal portion, and calculated in such a manner that the Linear Mortgage Loan will be fully redeemed at the maturity.

### Annuity Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of annuity mortgage loans (*annuïteiten hypotheeken*, **Annuity Mortgage Loans**). Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity.

### Interest-only Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of interest-only mortgage loans (*aflossingsvrije hypotheeken*, **Interest-only Mortgage Loans**). Under an Interest-only Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal is due upon maturity.

### Investment Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of investment-based mortgage loans (*beleggingshypotheeken*, **Investment Mortgage Loans**). The Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. The Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by means of an **Investment Account**, defined amounts in (a) selected investment funds (the **Investment Portfolios**), (b) placing these amounts in his Investment Account or (c) a combination of options a and b. A bullet payment for the (remainder of the) principal is due upon maturity. Depending on the type of Investment Mortgage Loan, it is envisaged that the Borrower pays (part of) either the bullet payment or (part of) the interest with funds which have been accumulated through investments. The Seller has represented that under the Investment Mortgage Loans, the

securities are purchased on behalf of the relevant Borrower by the Seller for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises (*Nadere regeling gedragstoezicht financiële ondernemingen Wft*). The Investment Accounts are pledged to the Seller. See *Risk of set-off or defences in respect of investments under Investment Mortgage Loans* in the section *Risk Factors* above.

**Savings Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of savings mortgage loans, which consist of savings mortgage loans (*spaarhypotheken*, hereinafter **Savings Mortgage Loans**) combined with an insurance policy (a **Savings Insurance Policy**) with the Savings Insurance Companies. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with a Savings Insurance Company in connection with the relevant Savings Mortgage Loan. Under a Savings Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal towards redemption is due upon maturity of such Savings Mortgage Loan. In relation to the Savings Insurance Policies the savings part of the premium (the **Savings Premium**) is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the relevant Savings Insurance Company to the relevant Borrower is equal to the amount due by the Borrower to the Seller at maturity. The Savings Insurance Policies are pledged to the Seller. See *Risk of set-off and defences by Borrowers in case of insolvency of any of the Insurance Companies* in *Risk Factors* above.

**Bank Savings Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of bank savings mortgage loans (*bankspaarhypotheken* and hereinafter **Bank Savings Mortgage Loans**), which consist of Mortgage Loans combined with a blocked savings account (the **Bank Savings Account**) held with the Bank Savings Participant. Under a Bank Savings Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. The Borrower undertakes to pay a monthly deposit in the Bank Savings Account (the **Monthly Bank Savings Deposit Instalment**). The Monthly Bank Savings Deposit Instalment is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account (the **Bank Savings Deposit**) is equal to the amount due by upon maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposit is pledged to the Seller. See *Risk of set-off defences with respect to Mortgage Receivables resulting from Bank Savings Mortgage Loans*.

**Life Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of life mortgage loans (**Life Mortgage Loans**), i.e. Mortgage Loans which have the benefit of combined risk and capital insurance policies (**Life Insurance Policies**) taken out by Borrowers with (a) the Savings Insurance Companies or (b) any insurance company established in the Netherlands, other than the Savings Insurance Companies (a **Life Insurance Company** and together with the Savings Insurance Companies, the **Insurance Companies**). Under a Life Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal is due upon maturity. The Life Insurance Policies connected to such Life Mortgage Loans are offered by a Life Insurance Company in several alternatives. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii), a combination of (i) and (ii), in which case the Borrower has the option to switch between the Unit-Linked Alternative and the Savings Alternative. **Unit-Linked Alternative** means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower. **Savings Alternative** means the alternative under which a certain

pre-agreed amount to be received upon pay out of the Life Insurance Policy with, in such case, the relevant Insurance Company and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the amount due by the Borrower to the Seller at maturity of (part of) the relevant Life Mortgage Loan. Life Mortgage Loans of which the relevant Borrower has opted for a Savings Alternative are referred to as **Life Mortgage Loans with a Savings Element**, and the Life Insurance Policies connected to such Life Mortgage Loans are referred to as **Life Insurance Policies with the Savings Alternative**. The Insurance Policies are pledged to the Seller. See *Risk of set-off and defences by Borrowers in case of insolvency of any of the Insurance Companies in Risk Factors* above.

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

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one loan part, the aggregate of such loan parts) are secured by a first-ranking or, as the case may be, a first and sequentially lower ranking, mortgage right, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*). The mortgage rights secure the relevant Mortgage Loans and are vested over property situated in the Netherlands. The Mortgage Loans and the mortgage rights securing the liabilities arising there from are governed by Dutch law.

### **NHG Mortgage Loans**

The absolute maximum loan amount of an NHG Mortgage Loan is EUR 350,000 (three hundred and fifty thousand euro) (until 1 January 2012). The loan amount is also limited by the amount of income of the Borrower and the market value of the property. With respect to the latter:

- 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 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying stamp duty (*vrij op naam*), the purchase amount under (i) is multiplied by 97 per cent.;
- for the purchase of a property under construction, the maximum loan amount is broadly based on the sum of (i) purchase/construction cost increased by a number of costs such as the cost of construction, interest, VAT and architects' fees (to the extent not included already in the purchase/construction cost) and (ii) 8 per cent. of the amount under (i).

An NHG Mortgage Loan, as applied by the originators, is a mortgage loan with the following characteristics:

- (a) a linear, investment, savings, life, interest-only or annuity mortgage loan;
- (b) 10 per cent. early redemption annually is allowed without penalty;
- (c) an interest rate which may be fixed for 1, 2, 5, 6, 7, 10, 12, 15, or 20 years;
- (d) an offer period of 3 months, which may be extended with a maximum of 6 months against a commitment fee, does apply for existing houses; an offer period of 6 months, which may be extended with a maximum of 3 months against a commitment fee, does apply for new houses;
- (e) a maximum mortgage amount of EUR 350,000 (three hundred and fifty thousand euro);
- (f) compliant with the relevant NHG financieringslasttabellen (i.e. tables setting out the allowed financing burdens, as published by the 'Stichting Waarborgfonds Eigen Woningen' obtainable from the website [www.nhg.nl](http://www.nhg.nl)); and
- (g) an NHG Guarantee is applicable.

### **Mortgage pool**

All of the Mortgage Loans met the underwriting components set out above and any other Mortgage Loan Criteria as of the Cut-off Date. In case of a loan with an NHG Guarantee, the NHG Underwriting Criteria apply. See NHG Guarantee Programme below.

All of the Mortgage Loans met the underwriting components set out above and any other Mortgage Loan Criteria as of the Cut-off Date. All of the loans forming part of the pool were originated by the Seller between 1990 and 2011. For a description of the representations and warranties given by the Seller with respect to the Mortgage Loans, see *Mortgage Receivables Purchase Agreement*.

## SUMMARY OF THE FINAL POOL

The numerical information set out below relates to the final pool of Mortgage Loans (the **Final Pool**) which was selected as of 31 August 2011. All amounts are in euro. All references to the weighted average maturity are in months. The symbol “<” in the first column of the stratification tables, when applicable, means that the bucket include all loans up to the number mentioned thereafter. The symbol “>” in the second column of the stratification tables, when applicable, means that the bucket include all loans from the number mentioned before.

Under the Mortgage Receivables Purchase Agreement the Issuer shall purchase and on the Closing Date accept the assignment of the Mortgage Receivables resulting from the Mortgage Loans selected from the Final Pool (see the section *Mortgage Receivables Purchase Agreement* below).

The information set out below in relation to the portfolio of Mortgage Receivables relates to the Final Pool and may not necessarily correspond to that of the Mortgage Loans from which the Mortgage Receivables result that are actually sold on the Closing Date. After the Closing Date, the Mortgage Receivables will change from time to time as a result of amongst others repayment, prepayment, and repurchase of Mortgage Receivables.

All Mortgage Receivables selected and purchased by the Issuer shall comply with the Mortgage Loan Criteria on the Cut-off Date (see the section *Mortgage Receivables Purchase Agreement* below).

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### Summary

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Amounts in euro	Current
Cut-Off Date	8/31/2011
Principal amount	6,696,691,896.57
Value of savings deposits	819,780,304.00
Outstanding principal balance	5,876,911,592.57
Building deposits	22,050,081.69
Outstanding principal balance excl. building and saving deposits	5,854,861,510.88
Number loans	29,492
Number loanparts	56,609
Average principal balance (loan)	199,271.38
Average principal balance (loanpart)	103,815.85
First interest reset date	9/1/2011
Last interest reset date	4/1/2038
Maximum current interest	10.30%
Minimum current interest	1.85%
Weighted average current interest rate (WACC)	4.82%
Weighted average maturity (in years) (WAM)	23.08
Weighted average seasoning (in years)	5.50
Weighted average LTFV*	91.57%
Weighted average LTFV (indexed)*	88.20%
Weighted average LTMV*	82.20%
Weighted average LTMV (indexed)*	79.23%

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\* LTV based on: notional / (collateral value ratio + additional collateral )

<b>1. Product Type</b>						
<b>Description</b>	<b>Current Period</b>				<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
	<b>Aggregate Outstanding</b>	<b>% of Total</b>	<b>Nr of</b>			
	<b>Not. Amount</b>		<b>Loanparts</b>	<b>% of Total</b>		
Annuity	16,000,171.01	0.27%	293	0.52%	4.47%	295.91
Bank Savings	165,411,887.37	2.81%	1,271	2.25%	4.80%	309.31
Credit Mortgage	20,264,840.70	0.34%	377	0.67%	3.61%	330.45
Interest Only	2,010,049,446.90	34.20%	22,251	39.31%	4.61%	296.89
Investment	1,289,444,972.72	21.94%	6,331	11.18%	4.46%	301.29
Life	506,682,640.30	8.62%	3,311	5.85%	4.58%	281.21
Linear	5,096,350.25	0.09%	75	0.13%	4.13%	237.84
Savings	1,840,767,744.70	31.32%	22,544	39.82%	5.39%	233.84
Switch (Hybrid)	23,193,538.62	0.39%	156	0.28%	4.88%	254.15
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

<b>2. Interest Reset Interval</b>							
<b>From (&gt; )</b>		<b>Current Period</b>				<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
		<b>Aggregate Outstanding</b>	<b>% of Total</b>	<b>Nr of</b>			
		<b>Not. Amount</b>		<b>Loanparts</b>	<b>% of Total</b>		
<	1	1,343,171,523.67	22.86%	13,121	23.18%	3.61%	278.11
1	2	213,256,302.07	3.63%	3,027	5.35%	5.42%	231.98
2	3	260,740,379.71	4.44%	3,425	6.05%	5.57%	232.75
3	4	403,899,779.50	6.87%	4,273	7.55%	4.96%	270.97
4	5	852,116,566.61	14.50%	7,534	13.31%	4.56%	288.48
5	6	430,183,100.78	7.32%	4,326	7.64%	5.17%	263.63
6	7	663,207,379.66	11.28%	6,187	10.93%	5.34%	283.45
7	8	363,467,362.16	6.18%	3,648	6.44%	5.61%	271.45
8	9	297,807,133.17	5.07%	2,513	4.44%	5.37%	297.59
9	10	428,059,469.58	7.28%	2,804	4.95%	4.96%	318.50
10	11	62,624,926.34	1.07%	661	1.17%	5.59%	230.53
11	12	52,659,378.66	0.90%	591	1.04%	5.96%	224.55
12	13	45,201,477.59	0.77%	524	0.93%	6.26%	210.89
13	14	21,845,084.68	0.37%	272	0.48%	6.09%	214.21
14	15	68,253,094.19	1.16%	724	1.28%	5.33%	244.00
15	16	154,638,393.70	2.63%	1,282	2.26%	5.08%	275.10
16	17	108,561,512.14	1.85%	869	1.54%	5.33%	296.51
17	18	68,894,219.97	1.17%	550	0.97%	5.84%	303.21
18	19	13,545,382.45	0.23%	111	0.20%	6.09%	278.26
19	20	24,048,430.57	0.41%	157	0.28%	5.78%	299.18
20	21	361,952.02	0.01%	5	0.01%	7.85%	248.41
21	22	166,643.35	0.00%	2	0.00%	8.73%	256.70
22	23	65,090.00	0.00%	1	0.00%	4.80%	265.00
23	24	81,455.00	0.00%	1	0.00%	5.40%	279.00
24	25						
25	26						
26	27	55,555.00	0.00%	1	0.00%	6.40%	319.00
27	28						
28	29						
29	30						
30	>						
<b>Unknown</b>							

<b>Total</b>	5,876,911,592.57	100.00%	56,609	100.00%	4.82%	277.00
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### 3. Geographical Distribution

Province	Current Period					
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity
Unspecified						
Drenthe	100,602,063.77	1.71%	646	2.19%	4.95%	268.89
Flevoland	122,814,999.10	2.09%	612	2.08%	4.71%	284.17
Friesland	93,103,142.45	1.58%	540	1.83%	4.68%	281.07
Gelderland	705,347,366.08	12.00%	3,698	12.54%	4.87%	271.34
Groningen	115,204,441.48	1.96%	788	2.67%	4.85%	269.50
Limburg	387,847,236.59	6.60%	2,369	8.03%	4.98%	265.20
Noord-Brabant	1,116,753,981.14	19.00%	5,327	18.06%	4.72%	284.53
Noord-Holland	1,044,159,336.26	17.77%	4,611	15.63%	4.78%	281.48
Overijssel	285,227,645.54	4.85%	1,593	5.40%	4.84%	278.00
Utrecht	585,960,402.42	9.97%	2,646	8.97%	4.83%	274.31
Zeeland	94,699,731.45	1.61%	616	2.09%	4.98%	276.36
Zuid-Holland	1,225,191,246.29	20.85%	6,046	20.50%	4.84%	274.75
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

### 4. Loan To Foreclosure Value

(based on notional / (collateral value ratio + additional collateral))

		Current Period					
From (> )	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity
<	50%	459,737,615.88	7.82%	6,143	20.83%	5.57%	187.26
50%	55%	141,406,107.03	2.41%	1,077	3.65%	5.34%	217.31
55%	60%	169,808,140.68	2.89%	1,162	3.94%	5.13%	227.49
60%	65%	183,426,581.22	3.12%	1,163	3.94%	5.09%	235.85
65%	70%	210,684,178.37	3.58%	1,236	4.19%	5.06%	243.75
70%	75%	263,840,924.72	4.49%	1,307	4.43%	4.88%	257.46
75%	80%	275,884,260.39	4.69%	1,343	4.55%	4.89%	259.75
80%	85%	311,390,029.65	5.30%	1,413	4.79%	4.84%	268.91
85%	90%	422,930,286.14	7.20%	1,662	5.64%	4.70%	280.59
90%	95%	430,514,777.80	7.33%	1,671	5.67%	4.73%	282.95
95%	100%	597,156,107.02	10.16%	2,073	7.03%	4.65%	298.58
100%	105%	372,749,330.81	6.34%	1,331	4.51%	4.60%	294.33
105%	110%	389,243,062.92	6.62%	1,426	4.84%	4.57%	299.85
110%	115%	403,857,244.87	6.87%	1,581	5.36%	4.58%	300.60
115%	120%	465,924,135.25	7.93%	1,852	6.28%	4.67%	305.73
120%	125%	654,158,714.20	11.13%	2,490	8.44%	4.71%	316.06
125%	130%	102,118,750.41	1.74%	460	1.56%	4.69%	311.14
130%	135%	22,081,345.21	0.38%	102	0.35%	4.65%	313.52
135%	140%						
140%	145%						
145%	150%						
150%	>						
Unknown							
<b>Total</b>		<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

<b>5. Loan To Indexed Foreclosure Value</b>		<i>(based on notional / (collateral value rato + additional collateral)</i>					
		<b>Current Period</b>				<b>Weighted</b>	<b>Weighted</b>
<b>From (&gt;)</b>	<b>Until (&lt;=)</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loans</b>	<b>% of Total</b>	<b>Average Coupon</b>	<b>Average Maturity</b>
<	50%	808,488,130.90	13.76%	9,528	32.31%	5.74%	177.05
50%	55%	141,457,992.57	2.41%	853	2.89%	5.04%	233.68
55%	60%	159,664,357.13	2.72%	850	2.88%	4.88%	239.94
60%	65%	177,382,877.44	3.02%	889	3.01%	4.82%	249.80
65%	70%	182,761,351.53	3.11%	875	2.97%	4.79%	260.93
70%	75%	229,888,376.03	3.91%	990	3.36%	4.66%	261.86
75%	80%	263,426,393.61	4.48%	1,066	3.61%	4.65%	271.53
80%	85%	291,784,378.37	4.96%	1,136	3.85%	4.68%	276.36
85%	90%	328,039,518.58	5.58%	1,244	4.22%	4.60%	285.83
90%	95%	389,376,110.33	6.63%	1,417	4.80%	4.60%	290.60
95%	100%	455,548,878.29	7.75%	1,613	5.47%	4.60%	297.99
100%	105%	506,331,449.44	8.62%	1,753	5.94%	4.60%	303.71
105%	110%	415,519,571.37	7.07%	1,510	5.12%	4.54%	304.95
110%	115%	324,361,678.25	5.52%	1,238	4.20%	4.51%	307.63
115%	120%	316,920,244.86	5.39%	1,171	3.97%	4.61%	311.03
120%	125%	407,722,645.03	6.94%	1,437	4.87%	4.71%	324.23
125%	130%	329,142,384.45	5.60%	1,278	4.33%	4.82%	326.17
130%	135%	122,651,136.82	2.09%	527	1.79%	5.03%	321.64
135%	140%	23,726,723.21	0.40%	105	0.36%	5.14%	322.32
140%	145%	2,717,394.36	0.05%	12	0.04%	4.98%	316.78
145%	150%						
150%	>						
Unknown							
<b>Total</b>		<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

**6. Loan To Market Value**
*( based on notional / (collateral value ratio + additional collateral )*

		<b>Current Period</b>					
<b>From (&gt;)</b>	<b>Until (&lt;=)</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loans</b>	<b>% of Total</b>	<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
<	50%	648,315,799.55	11.03%	7,591	25.74%	5.48%	197.09
50%	55%	190,732,817.19	3.25%	1,252	4.25%	5.14%	229.09
55%	60%	223,129,350.79	3.80%	1,361	4.61%	5.04%	240.76
60%	65%	254,060,328.61	4.32%	1,387	4.70%	4.99%	250.59
65%	70%	304,876,132.93	5.19%	1,481	5.02%	4.90%	257.90
70%	75%	336,733,523.13	5.73%	1,535	5.20%	4.81%	266.41
75%	80%	401,893,839.91	6.84%	1,648	5.59%	4.74%	277.18
80%	85%	472,711,140.00	8.04%	1,791	6.07%	4.72%	286.05
85%	90%	551,866,879.39	9.39%	1,940	6.58%	4.66%	295.45
90%	95%	432,529,542.08	7.36%	1,543	5.23%	4.61%	292.71
95%	100%	443,619,968.79	7.55%	1,679	5.69%	4.56%	299.07
100%	105%	514,777,371.40	8.76%	1,997	6.77%	4.61%	303.89
105%	110%	698,221,812.41	11.88%	2,692	9.13%	4.75%	314.36
110%	115%	343,882,339.78	5.85%	1,353	4.59%	4.62%	312.13
115%	120%	41,821,542.83	0.71%	175	0.59%	4.56%	309.56
120%	125%	13,857,992.78	0.24%	52	0.18%	4.76%	309.11
125%	130%	3,119,468.00	0.05%	12	0.04%	4.63%	319.94
130%	135%	761,743.00	0.01%	3	0.01%	4.32%	330.68
135%	140%						
140%	145%						
145%	150%						
150%	>						
Unknown							
<b>Total</b>		<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>



**7. Loan To Indexed Market Value**
*( based on notional / (collateral value ratio + additional collateral )*

		<b>Current Period</b>					
<b>From (&gt;)</b>	<b>Until (&lt;=)</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loans</b>	<b>% of Total</b>	<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
<	50%	988,911,877.53	16.83%	10,593	35.92%	5.60%	188.03
50%	55%	189,628,002.29	3.23%	984	3.34%	4.87%	243.96
55%	60%	195,095,645.03	3.32%	960	3.26%	4.77%	253.75
60%	65%	227,455,701.65	3.87%	1,020	3.46%	4.80%	263.51
65%	70%	261,731,518.55	4.45%	1,074	3.64%	4.65%	269.86
70%	75%	314,165,346.30	5.35%	1,239	4.20%	4.62%	274.07
75%	80%	347,730,918.90	5.92%	1,334	4.52%	4.60%	283.44
80%	85%	403,596,651.82	6.87%	1,464	4.96%	4.62%	289.40
85%	90%	506,844,300.79	8.62%	1,782	6.04%	4.60%	298.81
90%	95%	481,645,153.14	8.20%	1,724	5.85%	4.57%	300.80
95%	100%	416,512,152.59	7.09%	1,598	5.42%	4.53%	299.63
100%	105%	409,955,993.64	6.98%	1,512	5.13%	4.55%	310.95
105%	110%	483,117,164.91	8.22%	1,672	5.67%	4.67%	320.99
110%	115%	416,472,367.76	7.09%	1,567	5.31%	4.79%	324.91
115%	120%	184,473,734.43	3.14%	772	2.62%	4.99%	321.07
120%	125%	39,996,565.24	0.68%	161	0.55%	4.94%	320.09
125%	130%	6,673,298.00	0.11%	26	0.09%	4.92%	324.88
130%	135%	2,905,200.00	0.05%	10	0.03%	4.85%	324.72
135%	140%						
140%	145%						
145%	150%						
150%	>						
Unknown							
<b>Total</b>		<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

**8. Outstanding Notional Amount**

		<b>Current Period</b>					
<b>From (&gt;)</b>	<b>Until (&lt;=)</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loans</b>	<b>% of Total</b>	<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
<	100000	409,934,564.16	6.98%	7,350	24.92%	6.02%	159.87
100000	200000	1,490,255,250.82	25.36%	9,789	33.19%	4.92%	259.53
200000	300000	1,809,153,434.84	30.78%	7,486	25.38%	4.75%	291.10
300000	400000	903,034,841.55	15.37%	2,633	8.93%	4.65%	295.12
400000	500000	473,375,274.39	8.05%	1,067	3.62%	4.62%	299.17
500000	600000	295,163,897.96	5.02%	540	1.83%	4.52%	301.39
600000	700000	164,783,367.20	2.80%	254	0.86%	4.55%	302.49
700000	800000	112,337,606.91	1.91%	150	0.51%	4.45%	306.42
800000	900000	76,135,723.13	1.30%	90	0.31%	4.41%	310.62
900000	1000000	53,526,972.37	0.91%	56	0.19%	4.47%	315.97
1000000	>	89,210,659.24	1.52%	77	0.26%	4.30%	303.08
Unknown							
<b>Total</b>		<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

**9. Loanpart Coupon**

		Current Period					
From ( > )	Until ( <= )	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity
<	3,00%	386,582,359.86	6.58%	3,760	6.64%	2.49%	275.32
3,00%	3,50%	206,688,078.44	3.52%	1,681	2.97%	3.29%	293.68
3,50%	4,00%	693,582,152.47	11.80%	5,521	9.75%	3.84%	295.31
4,00%	4,50%	781,749,771.12	13.30%	6,227	11.00%	4.31%	303.31
4,50%	5,00%	1,376,018,819.26	23.41%	11,133	19.67%	4.79%	298.71
5,00%	5,50%	1,197,670,856.32	20.38%	11,362	20.07%	5.26%	286.30
5,50%	6,00%	663,984,191.80	11.30%	7,401	13.07%	5.75%	257.77
6,00%	6,50%	256,917,335.96	4.37%	3,564	6.30%	6.26%	202.33
6,50%	7,00%	129,325,873.68	2.20%	1,982	3.50%	6.77%	170.85
7,00%	>	184,392,153.66	3.14%	3,978	7.03%	7.86%	106.64
Unknown							
<b>Total</b>		5,876,911,592.57	100.00%	56,609	100.00%	4.82%	277.00

**10. Origination Year**

		Current Period					
Year		Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity
<							
1990		12,584,315.55	0.21%	327	0.58%	6.09%	84.86
1991		16,075,098.69	0.27%	472	0.83%	5.79%	88.40
1992		21,216,406.73	0.36%	718	1.27%	7.40%	82.25
1993		56,067,405.48	0.95%	1,368	2.42%	7.14%	89.91
1994		60,703,057.04	1.03%	1,187	2.10%	7.03%	100.79
1995		49,943,685.14	0.85%	859	1.52%	6.59%	119.80
1996		116,194,597.78	1.98%	1,931	3.41%	6.20%	141.07
1997		125,861,837.31	2.14%	2,189	3.87%	6.20%	158.34
1998		161,529,783.84	2.75%	2,198	3.88%	5.72%	172.86
1999		213,152,047.15	3.63%	2,436	4.30%	5.11%	192.47
2000		78,001,228.07	1.33%	1,016	1.79%	5.20%	202.72
2001		79,067,824.26	1.35%	912	1.61%	5.29%	226.38
2002		114,215,843.41	1.94%	1,273	2.25%	4.97%	238.46
2003		196,645,964.25	3.35%	1,981	3.50%	4.74%	250.38
2004		580,966,501.90	9.89%	6,052	10.69%	4.35%	262.70
2005		623,368,115.39	10.61%	6,103	10.78%	4.15%	274.35
2006		309,197,858.21	5.26%	2,737	4.83%	4.43%	284.41
2007		467,181,988.71	7.95%	3,657	6.46%	4.91%	298.48
2008		633,986,316.54	10.79%	5,301	9.36%	5.19%	310.06
2009		429,278,573.44	7.30%	3,704	6.54%	5.05%	316.63
2010		1,045,039,677.33	17.78%	6,920	12.22%	4.42%	330.42
2011		486,633,466.35	8.28%	3,268	5.77%	4.38%	333.38
Unknown							
<b>Total</b>		5,876,911,592.57	100.00%	56,609	100.00%	4.82%	277.00

<b>11. Legal Maturity Year</b>						
<b>Year</b>	<b>Current Period</b>				<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loanparts</b>	<b>% of Total</b>		
<						
2011	382,468.99	0.01%	56	0.10%	6.62%	2.38
2012	6,988,417.08	0.12%	510	0.90%	8.18%	10.94
2013	19,638,941.94	0.33%	793	1.40%	7.27%	22.58
2014	22,908,702.70	0.39%	694	1.23%	7.31%	33.94
2015	19,062,305.43	0.32%	500	0.88%	6.90%	45.98
2016	30,829,664.39	0.52%	723	1.28%	6.66%	57.73
2017	30,488,931.04	0.52%	679	1.20%	6.50%	69.51
2018	39,322,468.63	0.67%	728	1.29%	6.39%	81.80
2019	47,375,194.28	0.81%	791	1.40%	6.01%	93.51
2020	37,869,596.49	0.64%	683	1.21%	6.06%	105.59
2021	46,037,616.20	0.78%	743	1.31%	6.13%	117.57
2022	41,910,081.51	0.71%	645	1.14%	5.98%	129.68
2023	51,402,565.66	0.87%	760	1.34%	6.09%	141.94
2024	79,220,036.23	1.35%	1,034	1.83%	5.65%	153.46
2025	70,596,062.46	1.20%	921	1.63%	5.34%	165.85
2026	94,406,454.76	1.61%	1,252	2.21%	5.65%	177.55
2027	113,935,636.98	1.94%	1,616	2.85%	5.78%	189.53
2028	136,104,680.52	2.32%	1,701	3.00%	5.51%	201.67
2029	213,720,961.56	3.64%	2,336	4.13%	5.03%	213.77
2030	169,120,175.60	2.88%	1,888	3.34%	4.74%	225.60
2031	209,840,272.85	3.57%	1,983	3.50%	4.78%	237.80
2032	184,374,335.61	3.14%	1,737	3.07%	4.81%	249.00
2033	215,786,911.52	3.67%	1,925	3.40%	4.69%	262.32
2034	517,817,473.16	8.81%	5,064	8.95%	4.39%	274.22
2035	584,057,095.33	9.94%	5,460	9.65%	4.19%	285.55
2036	337,929,449.64	5.75%	2,761	4.88%	4.31%	296.50
2037	381,810,621.86	6.50%	2,904	5.13%	4.84%	310.35
2038	556,478,089.63	9.47%	4,501	7.95%	5.14%	321.35
2039	368,686,555.18	6.27%	3,111	5.50%	5.10%	332.66
2040	719,531,986.05	12.24%	4,682	8.27%	4.46%	347.40
2041	529,277,839.29	9.01%	3,428	6.06%	4.31%	353.70
Unknown						
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

**12. Remaining Tenor**

		Current Period					
From (>=)	Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity
<	1	4,012,497.75	0.07%	358	0.63%	7.86%	7.81
1	2	14,586,386.23	0.25%	722	1.28%	7.72%	18.75
2	3	23,010,043.54	0.39%	766	1.35%	7.15%	29.61
3	4	19,708,065.10	0.34%	517	0.91%	7.17%	41.00
4	5	27,707,498.31	0.47%	666	1.18%	6.72%	54.05
5	6	31,889,605.47	0.54%	721	1.27%	6.50%	65.57
6	7	34,564,210.87	0.59%	688	1.22%	6.46%	78.06
7	8	45,699,831.98	0.78%	789	1.39%	6.22%	89.72
8	9	40,504,192.79	0.69%	703	1.24%	5.93%	101.07
9	10	43,918,849.99	0.75%	720	1.27%	6.11%	113.81
10	11	43,407,424.30	0.74%	691	1.22%	5.96%	125.54
11	12	45,190,232.51	0.77%	681	1.20%	6.24%	137.90
12	13	74,500,313.73	1.27%	994	1.76%	5.76%	149.94
13	14	68,514,694.92	1.17%	912	1.61%	5.41%	161.37
14	15	89,765,788.88	1.53%	1,150	2.03%	5.54%	173.75
15	16	110,327,285.79	1.88%	1,584	2.80%	5.77%	185.97
16	17	126,411,409.75	2.15%	1,636	2.89%	5.61%	198.03
17	18	183,711,233.04	3.13%	2,092	3.70%	5.14%	210.25
18	19	179,497,032.45	3.05%	1,968	3.48%	4.85%	220.82
19	20	194,756,143.99	3.31%	1,964	3.47%	4.72%	233.49
20	21	207,982,781.12	3.54%	1,935	3.42%	4.90%	244.96
21	22	167,527,906.25	2.85%	1,507	2.66%	4.64%	257.39
22	23	411,148,775.32	7.00%	3,883	6.86%	4.53%	270.36
23	24	596,647,775.25	10.15%	5,883	10.39%	4.26%	281.38
24	25	445,953,695.44	7.59%	3,729	6.59%	4.14%	292.37
25	26	302,807,810.54	5.15%	2,307	4.08%	4.67%	305.89
26	27	549,502,899.53	9.35%	4,320	7.63%	5.01%	317.61
27	28	446,997,808.27	7.61%	3,793	6.70%	5.26%	328.82
28	29	369,529,352.39	6.29%	2,878	5.08%	4.75%	342.29
29	30	977,130,047.07	16.63%	6,052	10.69%	4.32%	351.76
>							
<b>Total</b>		5,876,911,592.57	100.00%	56,609	100.00%	4.82%	277.00

**13. Property Description**

		Current Period					
Property type	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	
Bungalow	1,492,525.29	0.03%	15	0.05%	4.12%	264.67	
Flat / Apartment	564,018,567.36	9.60%	3,192	10.82%	4.71%	290.26	
House	5,242,853,368.01	89.21%	26,107	88.52%	4.83%	275.32	
House > 50% / Shop	68,547,131.91	1.17%	178	0.60%	4.74%	296.74	
<b>Total</b>	5,876,911,592.57	100.00%	29,492	100.00%	4.82%	277.00	

<b>14. Loan To Income</b>							
<b>Current Period</b>							
<b>From (&gt;)</b>	<b>Until (&lt;=)</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Borrowers</b>	<b>% of Total</b>	<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
<	0,5	4,600,164.38	0.08%	166	0.56%	6.50%	116.86
0,5	1,0	20,744,939.37	0.35%	319	1.08%	5.68%	187.95
1,0	1,5	66,153,232.98	1.13%	672	2.28%	5.46%	206.98
1,5	2,0	126,476,617.38	2.15%	959	3.25%	5.11%	230.87
2,0	2,5	193,077,182.82	3.29%	1,225	4.15%	4.92%	247.95
2,5	3,0	322,813,265.21	5.49%	1,692	5.74%	4.78%	265.45
3,0	3,5	466,545,541.05	7.94%	2,219	7.52%	4.70%	280.71
3,5	4,0	680,767,093.26	11.58%	2,951	10.01%	4.65%	291.65
4,0	4,5	831,011,579.55	14.14%	3,491	11.84%	4.67%	299.45
4,5	5,0	807,222,291.19	13.74%	3,104	10.52%	4.61%	306.71
5,0	5,5	565,271,789.67	9.62%	1,907	6.47%	4.65%	307.74
5,5	6,0	381,599,693.65	6.49%	1,135	3.85%	4.59%	310.53
6,0	6,5	229,449,571.92	3.90%	633	2.15%	4.58%	306.32
6,5	7,0	130,984,582.36	2.23%	343	1.16%	4.51%	305.50
7,0	>	308,030,396.79	5.24%	684	2.32%	4.44%	304.99
Unknown		742,163,650.99	12.63%	7,992	27.10%	5.81%	167.56
<b>Total</b>		<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

<b>15. Employment Status Borrower</b>							
<b>Current Period</b>							
<b>Status</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Borrowers</b>	<b>% of Total</b>	<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>	
Employed	4,643,253,279.88	79.01%	21,798	73.91%	4.76%	280.68	
Self Employed	937,363,422.13	15.95%	2,858	9.69%	4.64%	302.97	
Unknown	296,294,890.56	5.04%	4,836	16.40%	6.36%	137.10	
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>	

<b>16. Occupancy</b>							
<b>Current Period</b>							
<b>Property type</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Borrowers</b>	<b>% of Total</b>	<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>	
First Home	5,876,911,592.57	100.00%	29,492	100.00%	4.82%	277.00	
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>29,492</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>	

<b>17. Mortgage Payment Frequency</b>							
<b>Current Period</b>							
<b>Description</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loanparts</b>	<b>% of Total</b>	<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>	
Monthly	5,876,911,592.57	100.00%	56,609	100.00%	4.82%	277.00	
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>	

**18. Seasoning**

		Current Period					
From (>=)	Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity
<	1	1,108,945,411.02	18.87%	7,117	12.57%	4.33%	332.36
1	2	569,393,200.66	9.69%	4,291	7.58%	4.70%	325.85
2	3	510,783,202.31	8.69%	4,444	7.85%	5.26%	314.77
3	4	617,917,550.09	10.51%	5,021	8.87%	5.04%	306.55
4	5	352,256,798.42	5.99%	2,790	4.93%	4.77%	293.18
5	6	426,087,169.03	7.25%	3,785	6.69%	4.12%	280.73
6	7	644,059,698.51	10.96%	6,723	11.88%	4.26%	269.48
7	8	450,598,739.16	7.67%	4,637	8.19%	4.48%	259.93
8	9	137,468,347.46	2.34%	1,398	2.47%	4.79%	242.21
9	10	101,328,811.75	1.72%	1,145	2.02%	5.25%	236.18
10	11	71,086,479.90	1.21%	875	1.55%	5.24%	218.80
11	12	133,200,103.88	2.27%	1,540	2.72%	5.05%	196.03
12	13	197,471,514.07	3.36%	2,378	4.20%	5.27%	186.11
13	14	138,006,075.72	2.35%	2,082	3.68%	5.99%	167.67
14	15	127,903,054.78	2.18%	2,266	4.00%	6.19%	153.34
15	16	100,318,106.07	1.71%	1,617	2.86%	6.26%	135.11
16	17	38,347,670.11	0.65%	714	1.26%	7.06%	107.34
17	18	66,183,547.94	1.13%	1,381	2.44%	6.96%	98.86
18	19	45,934,810.96	0.78%	1,221	2.16%	7.29%	86.99
19	20	17,928,209.28	0.31%	624	1.10%	6.71%	84.39
20	>	21,693,091.45	0.37%	560	0.99%	5.97%	87.19
Unknown							
<b>Total</b>		<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

**19. Personnel Loans**

		Current Period				
Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity
Not Employed by WU Bank	5,876,911,592.57	100.00%	56,609	100.00%	4.82%	277.00
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

**20. Interest Payment Type**

		Current Period				
Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity
Fixed	5,268,710,278.10	89.65%	50,677	89.52%	5.00%	276.69
Floating	608,201,314.47	10.35%	5,932	10.48%	3.24%	279.70
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

<b>21. Construction Deposits</b>						
<b>Description</b>	<b>Current Period</b>				<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loanparts</b>	<b>% of Total</b>		
<b>Deposit: 22.050.081,69</b>						
No Construction Deposit	5,741,068,437.66	97.69%	55,896	98.74%	4.82%	275.64
In Construction	135,843,154.91	2.31%	713	1.26%	4.61%	334.18
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

<b>22. Guarantee Type</b>						
<b>Description</b>	<b>Current Period</b>				<b>Weighted Average Coupon</b>	<b>Weighted Average Maturity</b>
	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loanparts</b>	<b>% of Total</b>		
No Guarantee	4,481,260,688.96	76.25%	42,452	74.99%	4.85%	271.87
NHG	1,395,650,903.61	23.75%	14,157	25.01%	4.70%	293.45
<b>Total</b>	<b>5,876,911,592.57</b>	<b>100.00%</b>	<b>56,609</b>	<b>100.00%</b>	<b>4.82%</b>	<b>277.00</b>

## **2 DELINQUENCY**

### **1 Delinquencies**

<b>Months in Arrear</b>	<b>Current Period</b>					
	<b>Overdraft Amount</b>	<b>Aggregate Outstanding Not. Amount</b>	<b>% of Total</b>	<b>Nr of Loans</b>	<b>% of Total</b>	
No Arrears	54.34	5,723,166,822	97.38%	28892	97.97%	
0	1	483,591.52	153,744,771	2.62%	600	2.03%
1	2					
2	3					
3	5					
5	>					
<b>Total</b>	<b>483,645.86</b>	<b>5,876,911,593</b>	<b>100.00%</b>	<b>29492</b>	<b>100.00%</b>	

## NHG GUARANTEE PROGRAMME

### NHG Guarantee

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

Since 1 January 1995 'Stichting Waarborgfonds Eigen Woningen' (the WEW), a central privatised entity, is responsible for the administration and granting of the NHG Guarantee, under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan (See Risk Factors).

### Financing of the WEW

The WEW finances itself, inter alia, by a one-off charge to the borrower of 0.45 per cent. 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 the participating municipalities. In the event that the WEW is not able to meet its obligations under guarantees issued, the Dutch State will provide subordinated interest free loans to the WEW of up to 50 per cent. of the difference between the WEW's own funds and a pre-determined average loss level. Municipalities participating in the NHG scheme will provide subordinated interest free loans to the WEW of the other 50 per cent. 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*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of the WEW) to meet its obligations under guarantees issued.

### Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the NHG to register the mortgage and establish the guarantee. 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 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 (available on [www.nhg.nl](http://www.nhg.nl)).

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the prospective borrower 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.

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 the case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant Life Insurance Policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a Risk Insurance Policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property.



The mortgage conditions applicable to each mortgage loan should include certain provisions, including, inter alia, the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the Life Insurance Policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

An NHG Guarantee can be issued up to a maximum of EUR 350,000 (three hundred and fifty thousand euro) (as of 1 July 2009). The maximum amount of the NHG Guarantee was EUR 265,000 (two hundred and sixty-five euro) from 1 January 2007 until 1 July 2009.

Furthermore, according to the NHG Conditions for 2011 interest-only mortgage loans are allowed, provided that the interest-only part does not exceed 50 per cent. of the market value of the property.

### **Claiming under the NHG Guarantee**

When a borrower is in arrears with payments under the mortgage loan for a period of four months or when a third party puts a attachment (*beslag*) on the property of the Borrower, the Originator informs the WEW in writing within thirty (30) days of the outstanding payments and/or the existence of the charge, including the guarantee number, borrower's name and address, information about the underlying security, the start date of the 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 resolve 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. Next to permission from the competent Dutch court (*rechtbank*) permission of the WEW is required in case of a private sale unless sold for an amount higher than the market value.

Within three months of the private or forced sale of the property, the lender must make a formal request, using standard forms, to the WEW for payment. Such request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, WEW must make payment within two months. If the payment is late, provided the request is valid, 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/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. The only exception to this is where 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 (*woonlastenfaciliteit*). The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, inter alia, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, inter alia, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of a partner.

### **Main NHG Underwriting Criteria (*Normen*)**

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

The lender has to perform a BKR check. "A"-registrations and codes "1" are allowed in certain circumstances.

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 be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers a three year history of income statements, for self employed borrowers three year annual statements.

- Up to 1 April 2007, the maximum loan based on the income of a Borrower was based on the so-called "toetsinkomen toegestane financieringslasten" tables (i.e. the DTI table) and an annuity style redemption (even if the actual loan is (partially) interest only). The applicable interest rate is set by NHG for loans with an interest rate period less than or equal to five years and the actual commercial interest rate of the relevant Mortgage Loan for loans with an interest rate period in excess of five years.

- From 1 April 2007 onwards, the maximum loan based on the income of a Borrower is based on the so-called "toetsinkomen toegestane financieringslasten" tables (i.e. the DTI table) and an annuity style redemption (even if the actual loan is (partially) interest only). The applicable interest rate is the by CHF published interest for loans with an interest rate period less than or equal to 10 years and the actual commercial interest rate of the relevant Mortgage Loan for loans with an interest rate period in excess of 10 years.

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

- The maximum loan amount is Euro 350,000 (since 1 July 2009, before 1 July 2009 the maximum amount was Euro 265,000). The loan amount is also limited by the amount of income of a Borrower and the market value of the property.

With respect to the latter:

- 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 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying stamp duty (*vrij op naam*), the purchase amount under (i) is multiplied by 97 per cent.
- For the purchase of a 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), (ii) 8 per cent. of the amount under (i).
- The maximum loan amount that is interest only is 50 per cent. of the market value of the property.
- The Risk Insurance policy should at a minimum cover the loan amount in excess of 80 per cent. of the market value.

# ORIGINATION AND SERVICING OF THE MORTGAGE LOANS

## Origination

### Introduction

WestlandUtrecht Bank N.V. (in its capacity as Originator), a subsidiary of ING Groep N.V., is supervised by the Dutch Central Bank. The mortgage loans are distributed through independent broker agents. New mortgage loans are accepted on the basis of a fixed underwriting protocol. The principal items in the current underwriting protocol are:

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

The Code of Conduct of *Gedragcode Hypothecaire Financieringen* ('GHF') on mortgage financing has been applicable to all Dutch Financial Institutions offering mortgage loans for the purchase, reconstruction or refinancing of the Borrower's property. The Code of Conduct prescribes among others how to determine the maximum loan capacity of the Borrower, and operates on a "comply or explain" basis. This means that each mortgage provided needs to comply with the Code of Conduct or appropriate explanation needs to be provided on a per mortgage basis. The calculation of the maximum loan capacity is based on an annuity test, an interest rate determined quarterly by the Contactorgaan Hypothecair Financiers and the maximum debt-to-income ratios (housing ratios).

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

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

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

#### *Income*

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

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

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

#### *Collateral*

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

In case that a valuation report is required, the valuation will have to be carried out by a registered valuer, that is known by the relevant local branch of the Originator and that is a member of a selected organisation, being either the *Nederlandse Vereniging van Makelaars* (Netherlands Association of Real Estate Brokers), the *Landelijke Makelaars Vereniging* (National Real Estate Brokers' Association), the *Vereniging van Registrerend Vastgoed Taxateurs*, the *Vereniging Bemiddeling Onroerend Goed*, and the *Registratie Makelaars-taxateurs*, or which is registered with either *Stichting VastgoedCert, kamer Wonen* or with *Stichting Certificering VBO-Makelaars*. The registered valuer must be independent and may (therefore) not take part in the purchase or sale of the relevant property and must operate in the area in which the property is located. All valuation reports must be validated by a validation institute (e.g. the *Nederlands Woning Waarde Instituut* (the Dutch Housing Valuation Institute)).

A valuation report will be required:

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

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

A valuation report that is no older than 6 months or WOZ value statement that is not older than 12 months and that adheres to all other criteria set by the Originator, is deemed acceptable.

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

#### *Other underwriting conditions*

Apart from the principal underwriting factors set out above, the following conditions apply: (i) mortgage loans are granted only to individuals, (ii) the relevant owners assume joint and several liability for the mortgage receivable, (iii) mortgage loans are granted on the Borrower's own residential property only and (iv) at least 50 per cent. of the property must be occupied by the owner. A maximum of 3 residential properties that are let can be granted to a maximum of 75% of the foreclosure value in rented status (Borrower's own residential property has to be financed by WestlandUtrecht Bank as well).

#### *Mortgage Analysis Programme*

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

#### *Acceptance*

Before final acceptance of a mortgage loan by a Borrower, a check is performed on whether the Borrower has met all the pre-conditions stated in the mortgage offer. After acceptance, the final terms of the mortgage deed are sent to the civil law notary. The civil law notary can only make the relevant advances (paid to it by the 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 (*Kadaster*). When a mortgage deed is first presented for registration an entry to this effect is made in the land register. The first entry in the land register establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property. WestlandUtrecht Bank accepts in principle a second (and sequentially lower) mortgage right if the first entry of a mortgage right is made in the name of WestlandUtrecht Bank.

### **Servicing**

#### *Introduction*

The Pool Servicer is responsible for the mortgage administration of the Originator, including contact with clients. Currently, the Pool Servicer provides mortgage administration services for approximately 72,000 customers with over 127,000 loan parts, amounting to approximately €9.7 billion (gross principal amount). The Pool Servicer is located in Amsterdam. The Pool Servicer's arrears management is carried out from the offices in Rotterdam.

#### *Mortgage administration*

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

### *Interest collection*

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

### *Arrears management*

If a borrower fails to meet his payment obligations, the file is transferred to the arrears management department. The arrears management activities globally consist of two phases. In the first phase, the goal is to re-instate the normal payment pattern and to retain the customer. In this phase, contact is made with the borrower and possibly with the employer of the borrower. The borrower receives personal attention by a team that has, on average, more than four years of experience in arrears management. The second phase consists of preventing losses and/or liquidation where the goal is to control risk, with the intent to maximise collections. A final effort can be made to re-instate the payment pattern. Priority is given to urge customers to voluntarily sell the collateral (private sale), a process that is co-ordinated by arrears management and an estate agent to maximise the recoveries. Foreclosure occurs if and when the borrower is unwilling or unable to sell the property voluntarily or the borrower cannot be located. In this case, active attention is given to the foreclosure procedure in order to maximize revenues. However, the procedure can be adjusted to reflect risk considerations. The arrears administrative control procedure is as follows:

- (i) The amount to be debited will be updated according to the payments due at that date; premium, penalty, interest and repayments. In this direct debit procedure the outstanding amounts to be collected are credited in the following order: first, premium (insurance, investment and/or savings), second, penalty payment, third, interest and finally, repayment.
- (ii) After sixteen (16) and forty-six (46) days, the Borrower receives an automatically generated system letter with a payment form attached. Since June 2010, the Support & Information (S&I) team has been established. During the first two months, this team sends various additional letters to the client to emphasize the arrears situation once more. These letters are sent after seven (7), twenty-two (22) and thirty-seven (37) days. Finally the so-called consequence letter is sent after fifty-four (54) days.
- (iii) If, fifty-nine (59) days after the due date, payment has still not been received, the file is transferred to the arrears management department. A notice is sent out to the debtor consisting of a status update that specifies the due amount (premium, interest and repayment) including the penalty payment. The borrower received a first manually prepared letter which announces that he will be subjected to a test in BKR to check for other outstanding debts. Depending on the outcome of this test, arrears management can decide to speed-up the process. At this stage an arrears management employee becomes directly involved and enters in telephone contact with the Borrower.
- (iv) If, more than ninety (90) days after the due date the payment still has not been received, the arrears management employee calls the Borrower, request that a budget survey is filled, and considers to make an attachment of earnings.
- (v) If no payment has been received one hundred and ten (110) to one hundred and thirty (130) days after the due date, a stronger letter is sent, the borrower is reported to the BKR and the loan is accelerated seven (7) days after notification thereof.
- (vi) After one hundred and twenty-seven (127) days, further efforts will be made to return to normal payment behaviour of the client. The type and frequency of the contact can differ for each borrower. The file is transferred to a senior arrears management employee. Getting the borrower back to perform is not excluded at this stage, but the emphasis shifts to minimizing the credit losses. In specific more risky situations the file will be transferred to such employee at an earlier stage not to unnecessarily delay the (foreclosure) process.
- (vii) During the period in which arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrower and the Seller. This typically happens within the notice period of a maximum of 14 months delinquency.

### *Foreclosure procedures*

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

If a Borrower fails to comply with the agreed payment schemes, or if it is clear that there is no prospect of the interest, principal and/or premium arrears being paid in the near future, the Borrower's file is handed over to the intensive arrears management department to initiate foreclosure. The directive within the Pool Servicer is that this does not take place later than six months after the date of the second monthly payment in arrears. Foreclosure on the property is only undertaken if the intensive arrears management department determines that there is no prospect of a foreseeable solution. The Originator has the right to publicly sell (auction) the mortgaged property if the Borrower remains in breach of its obligations and no other arrangements are made. As a first ranking mortgagee, the Originator does not have to obtain court permission prior to foreclosing on the mortgaged property. If the proceeds from the sale (auction) of the mortgaged property do not fully cover the 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 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. Failure to meet 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 a (dedicated) civil law notary. The date of the sale will be set by the civil law notary within, in principle, six weeks of this instruction (depending on the region and the number of other foreclosures- auctions at the time). In general, it takes on average two to four months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, the Originator follows the requirements set forth in the laws of The Netherlands and its so-called Intensive Arrears Management Manual.

### *Outstanding amounts*

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

### *Fraud desk*

All banks in The Netherlands have a working relationship with respect to mortgage loan fraud through the Dutch Association of Banks (*Nederlandse Vereniging voor Banken*). A national fraud desk (*Counter Hypotheken Fraude*) has been established through which all the banks notify each other of possible fraud cases. Within the 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 Pool Servicer actively manages mortgage fraud by giving anti-fraud presentations to all parties involved in the origination process. In addition, a fraud site has been created on the intranet within the Originator, including a checklist of indicators for fraud. Employees are well trained on the different aspects of possible fraud. All suspicious applications are screened and if necessary sent to the special fraud desk.

# MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer purchased and, on the Closing Date, accepted the assignment of the Mortgage Receivables from the Seller. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder (**Notification Events**). The Issuer is entitled to all proceeds with respect to the Mortgage Receivables assigned to it on the Closing Date to the extent relating to principal including prepayment penalties from (and excluding) 31 August 2011 (the **Cut-off Date**) and all other amounts from and including the Closing Date.

## Purchase Price

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

The Initial Purchase Price payable to the Seller on the Closing Date is EUR 5,876,911,592.57 which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-off Date. The **Outstanding Principal Amount** means (a) on the Closing Date, the principal balance (*hoofdsom*) of a Mortgage Receivable on the Cut-off Date and (b) at any moment in time thereafter (i) the principal balance (*hoofdsom*) of a Mortgage Receivable at such time and (ii) zero, after the occurrence of a Realised Loss with respect to such Mortgage Receivable or full (p)repayment of such Mortgage Receivable. The Initial Purchase Price will be payable on the Closing Date, except for an amount of EUR 11,592.57, which shall be paid on the first Monthly Payment Date.

The Initial Purchase Price payable to the Seller will be paid by the Issuer by applying the net proceeds received from the issue of the Notes and the amounts (to be) received as consideration for the Initial Participations and, in respect of the 11,592.57 the revenues received by the Issuer under or in connection with the Mortgage Loans on the first Monthly Payment Date. The sale and purchase of the Mortgage Receivables assigned to the Issuer on the Closing Date is conditional upon, inter alia, the issue of the Notes. Hence, the Seller can be deemed to have an interest in the issue of the Notes.

## Representations and Warranties

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

1. Each Mortgage Receivable and Beneficiary Right is validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date.
2. Each Mortgage Loan was originated by the Seller.
3. Each Mortgage loan is denominated in euro.
4. Each of the Mortgage Loans conforms to the Mortgage Loan Criteria in all material respects.
5. The Seller has full right and title (*titel*) to the Mortgage Receivables and no restrictions on the sale and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being sold and assigned.
6. The Mortgage Deeds in respect of the Mortgage Loans originated by the Seller (i) contain the provision that the mortgage right will partially follow, *pro rata*, the receivable upon its assignment or (ii) do not contain, nor does any other agreements between the Seller and the relevant Borrower in respect of the relevant Mortgage Receivables contain, any explicit provision on the issue whether (x) the Borrower Pledge follows the receivable upon its assignment or pledge and (y) the mortgage right follows the receivable upon its pledge;
7. The Seller has power (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables.

8. The Mortgage Receivables and Beneficiary Rights, are free and clear of any rights of pledge or other or similar rights (*beperkte rechten*), encumbrances and attachments (*beslagen*) and no rights have been granted in favour of any third party with regard to the acquisition or encumbrances in respect of the Mortgage Receivables and Beneficiary Rights.
9. The Mortgage Loans and the Mortgage Conditions comply in all material respects with the laws of the Netherlands applicable thereto, including mortgage credit and consumer protection legislation.
10. Each Mortgage Receivable is secured by a mortgage right (*hypothekerecht*) on a residential property located in the Netherlands and is governed by Dutch law.
11. All Mortgages and Borrower Pledges (i) constitute valid mortgage rights (*hypothekerechten*) and rights of pledge (*pandrecht*) respectively on the assets which are purported to be the subject of the Mortgages and the Borrower Pledges, as applicable, and, to the extent relating to the Mortgages, have been entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*); (ii) have first priority (*eerste in rang*) or, as the case may be, first and one or more sequential lower ranking priorities (*opvolgend in rang*); and (iii) were vested to secure the repayment of a principal sum which at least equals the principal sum of the relevant Mortgage Loan when originated, increased with interest, penalties, costs and any damages, together up to an amount equal to 140 per cent. of the outstanding principal amount of the relevant Mortgage Receivable.
12. Each Mortgage Receivable, the Mortgage and the Borrower Pledge securing such receivable, if any, constitutes legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller except for any limitation on enforceability due to applicable bankruptcy or insolvency laws.
13. Each Mortgaged Asset concerned was valued when application for a Mortgage Loan was made in accordance with the then prevailing guidelines.
14. Each Mortgage Loan has been granted to a Borrower in accordance with all applicable legal requirements as prevailing at the time of origination in all material respects, including, after coming into force, the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) and each Mortgage Loan meets in all material respects the underwriting criteria and procedures of the Seller, including Borrower income requirements and those relating to manual overrides, as prevailing at the time of origination.
15. The Borrowers have been committed in the Mortgage Conditions to take out a building insurance policy (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*) at the time the relevant Mortgage Loan was advanced.
16. Payments in respect of the Mortgage Receivables are made in arrears in monthly instalments.
17. On the Cut-off Date, the aggregate Principal Amount Outstanding of all Mortgage Receivables was equal to EUR 5,876,911,592.57.
18. The notarial mortgage deeds (*minuut*) relating to the mortgage rights are kept by a civil law notary at the time of execution of the deed and the Seller is not aware that such notarial mortgage deeds are not kept by a civil law notary in the Netherlands, while the loan files, which include authentic copies of the notarial mortgage deeds, and which loan files may otherwise be in electronic form, are kept by or to the order of the Seller or, as the case may be, the Issuer or the Security Trustee.
19. Each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the Mortgage and not merely one or more loan parts (*leningdelen*).
20. The Borrowers are not in any material breach of any provision of their Mortgage Loans;
21. The Mortgage Conditions provide that (i) all payments by the Borrowers should be made without any deduction or set-off and (ii) set-off by Borrowers is forbidden.
22. With respect to each of the Mortgage Receivables secured by a Mortgage on a long lease (*erfpacht*) provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates as a result of a breach by the leaseholder, the leaseholder materially breaches or ceases to perform his payment obligation under the long lease (*canon*) or if the leaseholder in any other manner breaches the conditions of the long lease.
23. It can be determined in the administration of the Seller without any uncertainty which Beneficiary Rights belong to the Mortgage Receivables.



24. The Seller have not offered Life Insurance Policies to Borrowers as one combined mortgage and life insurance product under one name and the Borrowers were free to choose the Life Insurance Company which is not part of the same group as the Seller.
25. Each of the Mortgage Receivables which has the benefit of an Insurance Policy with the Insurance Company either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Insurance Policies upon the terms of the Mortgage Loans and the relevant Insurance Policies or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable.
26. The particulars of each Mortgage Receivable, as set forth in (i) the List of Loans attached to the Mortgage Receivables Purchase Agreement and (ii) the relevant Escrow List of Loans are correct and complete in all material respects.
27. In the administration of the Seller, the Mortgage Receivables can be identified without uncertainty and there are no receivables (other than those intended to be assigned or pledged) having the same details, and in the administration of the Seller the Life Beneficiary Rights which are purported to be assigned or pledged, can be identified without uncertainty and there are no other beneficiary rights having the same details.
28. With respect to each of the Life Mortgage Receivables and Savings Mortgage Receivables, the Seller has the benefit of a Borrower Insurance Pledge and such right of pledge has been notified to the relevant Insurance Company.
29. The Savings Insurance Policies and the Life Insurance Policies are in full force and effect.
30. To the best of the Seller's knowledge, with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a valid pledge agreement has been entered into by the Seller and the relevant Borrower with respect to the relevant Investment Accounts and the right of pledge is valid and has been notified to the entity with which the Investment Accounts are held.
31. The Seller does not have an Other Claim against the Borrower which is secured by the same Mortgage or Borrower pledge securing the relevant Mortgage Receivable.
32. The securities administered on the Investment Accounts are either in the form of (i) Wge-effecten (securities regulated under the Netherlands Securities Transfer Act (*Wet Giraal Effectenverkeer*) or (ii) securities held by (a) an independent custodian (*bewaarder*) or (b) a *beleggersgiro* and thus, in case of a bankruptcy, separated from the capital of the bank offering the Investment Account.
33. On the Cut-Off Date, it has not accepted any deposits from the relevant Borrowers (except for the aggregate Construction Amounts and deposits under Bank Savings Mortgage Loans) and it, at the date thereof, does not have any current account relationships with such Borrowers.
34. For each Mortgage Loan that is flagged in the Mortgage Portfolio as being valued by "full valuation", the relevant Mortgaged Asset actually was visited and a valuation report was produced by a broker that is a member of a selected organisation, as outlined in the section *Origination and Servicing of the Mortgage Loans* above.
35. Other than (a) in respect of any Bank Savings Mortgage Loan and (b) amounts held in deposit with respect to the Mortgage Loans as premiums and interest payments (*rente- en premiedepot*), (i) WestlandUtrecht Effectenbank N.V. does not offer any current accounts (*betaalrekening*) or savings deposits (*spaarrekeningen*) as products which are in any way legally connected with the relevant Mortgage Loans by means of cross references in the underlying documentation or marketing materials, (ii) the relevant Mortgage Loan is not connected to any current account or any savings deposit with WestlandUtrecht Effectenbank N.V., by means of set-off provisions, (iii) the relevant Mortgage Loan is not offered in combination with a current account or the savings deposit with WestlandUtrecht Effectenbank N.V. and (iv) no rights under a current account or savings deposit with WestlandUtrecht Effectenbank N.V. will be pledged to the Seller as security for the relevant Mortgage Loan.
36. Each NHG Mortgage Loan has the benefit of an NHG Guarantee and (i) each such NHG Guarantee connected to the NHG Mortgage Loan (A) was granted for the full amount of the NHG Mortgage Loan at origination, (B) constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms, (C) all terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee at the time of origination of the NHG Mortgage Loans were complied with and (ii) the relevant Originator is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of any NHG Mortgage Loan should not be met in full and in a customary manner.

37. Each NHG Mortgage Loan meets in all material respects the NHG Underwriting Criteria and procedures of the relevant Originator, including Borrower income requirements, prevailing at the time of origination.

### **Mortgage Loan Criteria**

Each of the Mortgage Loans meets the following criteria (the **Mortgage Loan Criteria** ) on the Cut-off Date:

- (a) the Mortgage Loans are either in the form of:
  - (1) Savings Mortgage Loans (*spaarhypotheken*);
  - (2) Bank Savings Mortgage Loans (*bankspaarhypotheken*);
  - (3) Linear Mortgage Loans (*lineaire hypotheken*);
  - (4) Annuity Mortgage Loans (*annuïteiten hypotheken*);
  - (5) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*);
  - (6) Investment Mortgage Loans (*beleggingshypotheken*);
  - (7) Unit-linked Mortgage Loans (*unit-linked hypotheek*);
  - (8) Universal life Mortgage Loans (*universeel levenhypotheek*);
  - (9) Life Mortgage Loans with the option to choose between the Savings Element and the Unit-linked Alternative (*levenhypotheek*);
  - (10) Traditional life and with an external insurance policy (*levenhypotheek op basis van traditioneel gemengde verzekering*); and/or
  - (11) a combination of any of the above mentioned types of mortgage loans;
- (b) the Borrower is a resident of the Netherlands and not employed by the Seller;
- (c) each Mortgage Loan is covered by a first ranking or first ranking and sequentially lower ranking right of mortgage on real property situated in the Netherlands;
- (d) in respect of each Mortgage Loan, at least one (interest) payment has been made;
- (e) no Mortgage Loan or part thereof qualifies as a bridge loan (*overbruggingshypotheek*);
- (f) each Mortgaged Asset is used primarily for residential purposes;
- (g) interest payments on the Mortgage Loans are scheduled to be made monthly in arrears by direct debit;
- (h) on the Cut-off Date, no amounts due under any of the Mortgage Loans were overdue and unpaid to an amount in excess of one monthly payment;
- (i) no Mortgage Loan was has an origination date of earlier than 1 January 1990;
- (j) no Mortgage Loan will have a legal maturity beyond 1 August 2041;
- (k) the Outstanding Principal Amount of each Mortgage Loan did not equal to or exceed 135 per cent. of the foreclosure value of the Mortgaged Asset upon origination or as per a later valuation report of the Mortgaged Asset (if any);
- (l) the Outstanding Principal Amount of each of the NHG Mortgage Loans did not exceed the maximum loan amount as stipulated by the NHG Underwriting Criteria at the time of origination;
- (m) Each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the Mortgage and not merely one or more loan parts (*leningdelen*).

### **Mandatory Repurchase**

#### *Breach of representations and warranties*

If at any time after the Closing Date any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables given by the Seller proves to have been untrue or incorrect in any material respect, the Seller shall within 14 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 14 days, the Seller shall repurchase

and accept re-assignment of (legal title to) the relevant Mortgage Receivable on the immediately succeeding Monthly Payment Date.

If at any time the Seller (or the Pool Servicer on its behalf) agrees with a Borrower to amend the terms of a Mortgage Loan which does not result from a deterioration in the creditworthiness of the Borrower, and as a result thereof (i) the maturity date of such Mortgage Loan is extended beyond its initial maturity date or (ii) such Mortgage Loan or, as the case may be, Mortgage Receivable no longer meets the Mortgage Loan Criteria (as set out above) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above), the Seller shall repurchase and accept re-assignment of such Mortgage Receivable on the immediately succeeding Monthly Payment Date.

#### *Other Claim(s)*

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

#### *Breach of NHG Criteria*

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

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

#### *Switch*

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

#### *Replacement Savings Participant*

The Seller shall repurchase any Participation-Linked Mortgage Receivable to which an insurance take out with Algemene Levensherv verzekering Maatschappij, Goudse Levensverzekeringen or SRLEV is connected on the Mortgage Payment Date in April 2012 if the Issuer has not, on or before such Monthly Payment Date, entered into a savings mortgage participation agreement substantially in the form of the Savings Mortgage Sub-Participation Agreement with Algemene Levensherv verzekering Maatschappij, Goudse Levensverzekeringen or SRLEV with whom the relevant Borrower has taken out a Savings Insurance Policy or Savings Investment Policy in respect of that Participation-Linked Mortgage Receivable.

#### *(Re)purchase Price*

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

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

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

On each Monthly Payment Date, the Seller may, but is not obliged to, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables (excluding the Saving Parts, if any, which are repurchased by the Savings Insurance Companies (unless agreed otherwise)) if on the Monthly Calculation Date immediately preceding such

Monthly Payment Date the aggregate principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the Outstanding Principal Amount of the Mortgage Receivables on the Closing Date (the **Clean-up Call Option** ). The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or to any third party appointed by the Seller at its sole discretion, in the event that the Seller exercises the Clean-up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes, subject to and in accordance with the Conditions.

The purchase price of each Mortgage Receivable in the event of such sale shall be an amount equal to at least the relevant Outstanding Principal Amount of the Mortgage Receivable together with accrued but unpaid interest, and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of such sale or repurchase and (b) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available, the indexed foreclosure value plus any other collateral, including an NHG Guarantee or the relevant Savings Participation, if any. If the Mortgage Receivables are purchased by a third party, any costs incurred by the Issuer in effecting and completing the sale and assignment of the Mortgage Receivables, if any, will be for the account of such party, to the extent acceptable to such party.

### **Regulatory Call Option**

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

### **Repurchase / sale on Class A Optional Partial Redemption Date**

The Issuer also has the right to sell and assign an amount of randomly selected Mortgage Receivables on each Class A Optional Partial Redemption Date which are sufficient to realise proceeds of EUR 300,000,000 plus any Early Termination Payments payable by the Issuer to the Swap Counterparty. If the Issuer decides to sell and assign such an amount of Mortgage Receivables on a Class A Optional Partial Redemption Date, it shall on the Monthly Payment Date immediately preceding such Class A Optional Partial Redemption Date, first offer the relevant Mortgage Receivables for sale on such Class A Optional Partial Redemption Date to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the relevant Mortgage Receivables. If for whatever reason the Seller would on such date not repurchase and accept reassignment of the Mortgage Receivables, the Issuer will select a third party provided that the Issuer shall apply the proceeds of such sale make a partial redemption of the Senior Class A Notes in the nominal amount of EUR 300,000,000 in accordance with Condition 6(d). The purchase price will be as set out in the chapter *Credit Structure* above.

### **Repurchase / sale on Optional Redemption Date**

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

### **Notification Events**

If, *inter alia*:

- (a) the Seller fails to make payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or by the Security Trustee to the Seller; or

- (b) the Seller fails duly to perform or to comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the Relevant Documents (as defined in Condition 3 of the Notes) to which it is a party and such failure, if capable of being remedied, is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables, or under any of the Relevant Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto, proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or for any analogous insolvency proceedings under applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*) or legal demerger (*juridische splitsing*) or its assets are placed under administration; or
- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Relevant Documents in such a manner that this would have a material adverse effect on its ability to perform such obligations; or
- (g) the Seller has given materially incorrect information or has not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into of the Mortgage Receivables Purchase Agreement and/or any of the Relevant Documents.

(each such event an **Assignment Notification Event**) then, within ten (10) Business Days the Seller shall notify the relevant Borrowers, the Insurance Companies and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables and the Beneficiary Rights to the Issuer unless an appropriate remedy to the satisfaction of the Security Trustee is found or the Security Trustee is comfortable that no notice will not result in a downgrade of the then current rating assigned to the Notes, except on the occurrence of the events mentioned under (d) and (e) where no remedy shall apply. At its option, the Issuer shall be entitled to make such notifications itself within a timeframe to be decided upon by the Issuer.

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

### **Jointly-held Security Interests**

In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held security interests. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure the share (*aandeel*) in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any.

Moreover, it will be agreed in the Mortgage Receivables Purchase Agreement that in case of a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) for any

and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof during any Mortgage Calculation Period. Such compensation will be paid by the Seller as soon as possible, but in any event ultimately on the Mortgage Payment Date immediately succeeding such Mortgage Calculation Period (see also chapter *Risk Factors*).

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

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller or Insurance Company against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the amount not received by the Issuer as a consequence of the set-off.

## **ISSUER SERVICES AGREEMENT**

### **Services**

In the Issuer Services Agreement (i) the Pool Servicer will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables, and including the direction of amounts received by the Seller to the Issuer Collection Account and the production of monthly reports in relation thereto and prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer, as required by law, for submission to the relevant regulatory authorities, (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further the section *Mortgage Loan Underwriting and Mortgage Services* above) and to provide information on the Savings Participation in the Participation-Linked Mortgage Loans and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) drawings (if any) to be made by the Issuer under the Liquidity Facility and from the Reserve Account, (b) all payments to be made by the Issuer under the Swap Agreement and under the other Relevant Documents, (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) all payments to be made by the Issuer under the Savings Mortgage Sub-Participation Agreement, (e) the maintaining of all required ledgers in connection with the above, (f) all calculations to be made pursuant to the Conditions under the Notes and (g) the submission of certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

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

### **Back-up Servicer**

In the Issuer Services Agreement, ING Bank will agree to act as Back-up Servicer and that, as soon as possible after the occurrence of an Appointment Trigger Event (as defined below) in respect of the Pool Servicer and/or the Defaulted Loan Servicer (as the case may be), it will enter into a Back-up Servicing Agreement with the Issuer and the Security Trustee, substantially on the terms of the Issuer Services Agreement, in which it will agree to assume the relevant servicing functions if the appointment of the Pool Servicer and/or the Defaulted Loan Servicer is terminated following a Servicer Termination Event (as defined below). Each of the Pool Servicer and the Defaulted Loan Servicer must notify the Issuer and the Security Trustee in writing on the occurrence of an Appointment Trigger Event and/or a Servicer Termination Event in relation to it.

In the Issuer Services Agreement, the Back-up Servicer will also undertake that it will use its reasonable efforts to perform the role of Pool Servicer and/or the Defaulted Loan Servicer (as the case may be) on the terms of the Back-up Servicing Agreement within one month of being notified of the occurrence of a Servicer Termination Event but that it shall ultimately perform such role(s) within three months after such notice, provided that it has (access to) all data and information required to perform such role(s). The Issuer Services Agreement will remain in place until the Back-up Servicer is ready to take on the servicing functions.

## Termination

The appointment of the Servicers and/or the Issuer Administrator under the Issuer Services Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the relevant party in the payment on the due date of any payment due and payable by it under the Issuer Services Agreement, without being remedied within the agreed period, (b) a default by the relevant party in the performance or observance of any of its other covenants and obligations under the Issuer Services Agreement without being remedied within the agreed period or (c) the relevant party has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into (preliminary) suspension of payments (only in respect of the Issuer Administrator) or emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft (only in respect of the Pool Servicer and/or the Defaulted Loan Servicer) or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets (an **Insolvency Event**) or (d) (only in respect of the Pool Servicer and/or the Defaulted Loan Servicer) the Pool Servicer and/or Defaulted Loan Servicer no longer holds a licence as intermediary (*bemiddelaar*) or offeror of credit (*aanbieder*) under the Wft. Items (a) to (d) above are together referred to as a **Servicer Termination Event** and each of items (a), (b) and (d) shall constitute, in respect of the Pool Servicer and Defaulted Loan Servicer only, an **Appointment Trigger Event**.

Following the occurrence of a Servicer Termination Event and termination of the appointment of the Pool Servicer and/or the Defaulted Loan Servicer (as the case may be), the Back-up Servicer will take over the services of the Pool Servicer and/or the Defaulted Loan Servicer (as the case may be) under the Issuer Services Agreement. Following the entering into of the Back-up Servicing Agreement, but as long as the Back-up Servicer has not taken over the services of the Pool Servicer and/or the Defaulted Loan Servicer (as the case may be), the Back-up Servicer will be entitled to receive the Back-up Servicer Stand-By Fee (payable in accordance with the relevant Priority of Payments) in such amount to be agreed between the Issuer and the Back-up Servicer.

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

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

## SUB-PARTICIPATION AGREEMENTS

### Savings Mortgage Sub-Participation Agreement

Under the Savings Mortgage Sub-Participation Agreements the Issuer will grant to each Savings Mortgage Participant and each Savings Mortgage Participant will acquire a sub-participation in each of the relevant Savings Mortgage Receivables and, as the case may be, the relevant Life Mortgage Receivables with a Savings Element (collectively, the **Participation-Linked Mortgage Receivables** and the related Mortgage Loans, the **Participation-Linked Mortgage Loans**).

In the Savings Mortgage Sub-Participation Agreements each Savings Mortgage Participant will undertake to pay to the Issuer in respect of each Participation-Linked Mortgage Receivable:

- (i) (a) on the Closing Date or (b) on the relevant Mortgage Payment Date in the case of a switch from any type of Mortgage Loan, other than a Participation-Linked Mortgage Loan, into a Participation-Linked Mortgage Loan, an amount equal to the sum of the Savings Premiums received by the relevant Savings Mortgage Participant with accrued interest up to the first calendar day of the month of the Closing Date or the relevant Mortgage Payment Date, as the case may be (the **Initial Savings Participation**) in relation to each of the relevant Participation-Linked Mortgage Receivables; and
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the relevant Savings Mortgage Participant as Savings Premiums during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies and/or Life Insurance Policies with the Savings Alternative (collectively the **Participation-Linked Insurance Policies**,

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

In consideration for such payments, each Savings Mortgage Participant will acquire a participation (the **Savings Mortgage Participation**) in each of the relevant Participation-Linked Mortgage Receivables up to the Outstanding Principal Amount of each of the relevant Participation-Linked Mortgage Receivable, which is equal to the Initial Savings Participation in respect of the relevant Participation-Linked Mortgage Receivables increased on each Mortgage Payment Date on the basis of the following formula (the **Monthly Savings Participation Increase**):

(Savings Participation Fraction x  $i$ ) + S, whereby

S = the amount to be received by the Issuer pursuant to the relevant Savings Mortgage Sub-Participation Agreement on the Mortgage Payment Date immediately preceding the relevant Mortgage Calculation Date in respect of the relevant Participation-Linked Mortgage Receivable from the relevant Savings Mortgage Participant;

$i$  = the amount of interest, due by the Borrower on the Participation-Linked Mortgage Loan and actually received by the Issuer in the relevant Mortgage Calculation Period;

**Savings Participation Fraction** means, on any Mortgage Calculation Date, in respect of any Participation-Linked Mortgage Receivable, an amount equal to the relevant Savings Participation on the first calendar day of the immediately preceding Mortgage Calculation Period divided by the Outstanding Principal Amount in respect of such Participation-Linked Mortgage Receivable on the first calendar day of the immediately preceding Mortgage Calculation Period.

**Mortgage Calculation Date** means the 10th day of each month or, in case such day is not a Business Day, the next succeeding Business Day.

The Savings Participation will entitle the relevant Savings Mortgage Participant, to receive from the Issuer on each Mortgage Payment Date an amount equal to the Savings Participation in each of the relevant Participation-Linked Mortgage Receivables in respect of which amounts have been received by the Issuer during the relevant Mortgage Calculation Period, in each case to the extent such amounts exceed the Net Outstanding Principal Amount of each Participation-Linked Mortgage Receivables to which the Issuer or the Security Trustee in its capacity as pledge is entitled:

- (i) by means of repayment and prepayment under the relevant Participation-Linked Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding any prepayment



- penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Participation-Linked Mortgage Receivables;
- (ii) in connection with a repurchase of Participation-Linked Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iii) in connection with a sale of Participation-Linked Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal; and
- (iv) all amounts received as Net Proceeds on any Participation-Linked Mortgage Receivables to the extent such amounts relate to principal (together, the **Savings Participation Redemption Available Amount**),

and which Savings Participation Redemption Available Amount will never exceed the amount of the Savings Participation. The Savings Participation will be reduced with the relevant Savings Participation Redemption Available Amount.

**Bank Savings Sub-Participation Agreement**

Under the Bank Savings Sub-Participation Agreement the Issuer will grant to the Bank Savings Participant and the Bank Savings Participant will acquire a sub-participation in each of the Bank Savings Mortgage Receivables.

In the Bank Savings Sub-Participation Agreement the Bank Savings Participant will undertake to pay to the Issuer in respect of each Bank Savings Mortgage Receivable:

- (i) (a) at the Closing Date or (b) on the relevant Mortgage Payment Date in the case of a switch from any type of Mortgage Loan, other than a Bank Savings Mortgage Loan, into a Bank Savings Mortgage Loan, an amount equal to the sum of the Monthly Bank Savings Deposit Instalments received by the Bank Savings Participant with accrued interest up to the first calendar day of the month of the Closing Date or the relevant Mortgage Payment Date, as the case may be (the **Initial Bank Savings Participation**, and together with the Initial Savings Participation, the **Initial Participation**) in relation to each of the Bank Savings Mortgage Receivables; and
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the Bank Savings Participant as Monthly Bank Savings Deposit Instalments during the Mortgage Calculation Period then ended in respect of the relevant Bank Savings Mortgage Receivable,

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

In consideration for such payments, the Bank Savings Participant will acquire a participation (the **Bank Savings Participation**, and together with the Savings Participation, the **Participation**) in each of the relevant Bank Savings Mortgage Receivables up to the Outstanding Principal Amount of each Bank Savings Mortgage Receivable, which is equal to the Initial Bank Savings Participation in respect of the relevant Bank Savings Mortgage Receivables increased on each Mortgage Payment Date on the basis of the following formula (the **Monthly Bank Savings Participation Increase**, and together with the Monthly Savings Participation Increase, the **Monthly Participation Increase**):

(Bank Savings Participation Fraction x *i*) + S, whereby

S = the amount to be received by the Issuer pursuant to the Bank Savings Participation Agreement on the Mortgage Payment Date immediately preceding the relevant Mortgage Calculation Date in respect of the relevant Bank Savings Mortgage Receivable from the Bank Savings Participant;

*i* = the amount of interest, due by the Borrower on the Bank Savings Mortgage Receivable and actually received by the Issuer in the preceding Mortgage Calculation Period;

Bank Savings Participation Fraction means, on any Mortgage Calculation Date, in respect of any Bank Savings Mortgage Receivable, an amount equal to the relevant Bank Savings Participation on the first calendar day of the immediately preceding Mortgage Calculation Period divided by the Outstanding Principal Amount in respect of such Bank Savings Mortgage Receivable on the first calendar day of the immediately preceding Mortgage Calculation Period.

The Bank Savings Participation will entitle the Bank Savings Participant, to receive from the Issuer on each Mortgage Payment Date an amount equal to the Bank Savings Participation in each of the Bank Savings Mortgage Receivables in respect of which amounts have been received by the Issuer during the relevant Mortgage Calculation Period, in each

case to the extent such amounts exceed the Net Outstanding Principal Amount of each Bank Savings Mortgage Receivable to which the Issuer or the Security Trustee in its capacity as pledge is entitled:

- (i) by means of repayment and prepayment under the relevant Bank Savings Mortgage Receivable from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Bank Savings Mortgage Receivables;
- (ii) in connection with a repurchase of Bank Savings Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iii) in connection with a sale of Bank Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal; and
- (iv) all amounts received as Net Proceeds on any Bank Savings Mortgage Receivables to the extent such amounts relate to principal (together, the **Bank Savings Participation Redemption Available Amount**, and together with the Savings Participation Redemption Available Amount, the **Participation Redemption Available Amount**),

which Bank Savings Participation Redemption Available Amount will in respect of the relevant Bank Savings Mortgage Receivable never exceed the amount of the Bank Savings Participation in such Bank Savings Mortgage Receivable. The Bank Savings Participation will be reduced with the relevant Bank Savings Participation Redemption Available Amount.

#### **Reduction of Participation**

If (i) (a) in respect of a Participation-Linked Mortgage Receivable, a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of the relevant Participation-Linked Mortgage Receivable or if, for whatever reason, a Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Participation-Linked Insurance Policy, or (b) in respect of a Bank Savings Mortgage Receivable, a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of the relevant Bank Savings Mortgage Receivables or if, for whatever reason, the Bank Savings Participant does not pay the amounts standing to the credit of the relevant Bank Savings Account when due and payable, whether in full or in part, under the relevant Bank Savings Mortgage Loan or (ii) the Seller fails to pay any amount due by it to the Issuer pursuant to the Mortgage Receivables Purchase Agreement in respect of a Participation-Linked Mortgage Receivable (including any proceeds received under the Participation-Linked Insurance Policy) or, as the case may be, a Bank Savings Mortgage Receivable, and, as a consequence thereof, the Issuer will not have received any amount which was outstanding prior to such event in respect of such Participation-Linked Mortgage Receivable or, as the case may be, such Bank Savings Mortgage Receivable, the Savings Participation of such Savings Mortgage Participant in respect of such Participation-Linked Mortgage Receivable or, as the case may be, the Bank Savings Participation of the Bank Savings Participant in respect of such Bank Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to receive as a result of such defence or default to pay.

#### **Enforcement Notice**

If an Enforcement Notice is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Savings Mortgage Participants and/or, as the case may be, the Bank Savings Participant may, and if so directed by the Savings Mortgage Participants and/or, as the case may be, the Bank Savings Participant will, by notice to the Issuer:

- (i) declare that the obligations of each Savings Mortgage Participant and/or, as the case may be, the Bank Savings Participant under the relevant Sub-Participation Agreement are terminated; and
- (ii) declare the relevant Participation in respect of each and all Participation-Linked Mortgage Receivables and/or, as the case may be, all Bank Savings Mortgage Receivables, to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the relevant Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Participation-Linked Mortgage Receivables and/or, as the case may be, the Bank Savings Mortgage Receivables.

#### **Termination**

If one or more of the Participation-Linked Mortgage Receivables or Bank Savings Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the relevant Participation in such Participation-Linked Mortgage

Receivables or Bank Savings Mortgage Receivable will terminate and the relevant Participation Redemption Available Amount in respect of the Participation-Linked Mortgage Receivables or Bank Savings Mortgage Receivables will be paid by the Issuer to the relevant Savings Mortgage Participant or, as the case may be, the Bank Savings Participant. If so requested by the relevant Savings Mortgage Participant or, as the case may be, the Bank Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the Participation-Linked Mortgage Receivables or, as the case may be, the Bank Savings Mortgage Receivables, will enter into a sub-participation agreement with the relevant Savings Insurance Company or, as the case may be, the Bank Savings Participant in a form similar to the relevant Sub-Participation Agreement. If such acquirer of the Participation-Linked Mortgage Receivables is not willing, if so requested by a Savings Mortgage Participant or, as the case may be, the Bank Savings Participant, to enter into a Sub-Participation Agreement with the relevant Savings Insurance Company or, as the case may be, the Bank Savings Participant in a form similar to the relevant Sub-Participation Agreement, such Savings Mortgage Participant or, as the case may be, the Bank Savings Participant shall have the right to purchase and accept assignment from the Issuer of such Participation-Linked Mortgage Receivables for a purchase price equal to the higher of (i) the purchase price offered by such third party and (ii) the purchase price calculated in accordance with the Trust Deed.

Furthermore, the relevant Participation shall terminate if at the close of business of any Mortgage Payment Date a Savings Mortgage Participant or, as the case may be, the Bank Savings Participant, has received the relevant Participation in respect of the relevant Savings Participation-Linked Mortgage Receivable or, as the case may be, the relevant Bank Savings Mortgage Receivable.

## THE ISSUER

Green Lion III B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) was incorporated under the laws of the Netherlands on 9 September 2011. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 53526104. The Issuer operates on a cross border basis when offering the Notes in certain countries.

The Issuer has an authorised share capital of EUR 90,000, of which EUR 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Green Lion Holding III.

Stichting Green Lion Holding III is a foundation (*stichting*) incorporated under the laws of the Netherlands on 2 September 2011. The objects of Stichting Green Lion Holding III are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Green Lion Holding III is ATC Management B.V. having its registered office at Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, to manage, to alienate and to encumber assets and to exercise any rights connected to these assets, (b) to acquire funds to finance the acquisition of the assets mentioned under (a) by way of issuing bonds or by way of entering into loan agreements, (c) to invest, including to lend, any funds held by the Issuer, (d) to limit interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps and options, (e) in connection with the foregoing, (i) to borrow funds against the issue of bonds or by entering into loan agreements, *inter alia* to repay the obligations under the securities mentioned under (b) and (ii) to grant security rights and (f) to perform all activities which are, in the widest sense of the word, incidental to or which may be conducive to the attainment of these objects.

Since its incorporation the Issuer operates under the laws of the Netherlands and there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Prospectus nor (ii) prepared any financial statements. There have been no legal, arbitration or governmental proceedings during the last 12 months which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

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

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

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

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

ATC Management B.V. in its capacity as managing director of Stichting Holding Green Lion III and in its capacity as managing director of the Issuer has entered into a management agreement with the entity of which it acts as managing director. In these management agreements ATC Management B.V. agrees and undertakes to, *inter alia*, (i) comply with its obligations under the Relevant Documents and refrain from any action detrimental to any of its obligations under the Relevant Documents and (ii) exercise all of its rights and/or powers by virtue of being director of the Issuer in compliance with the Relevant Documents. In addition ATC Management B.V. agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Trustee.

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

The financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 9 September 2011 and ends on 31 December 2011.

## **USE OF PROCEEDS**

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

The net proceeds of the Subordinated Loan will be deposited by the Issuer into the Reserve Account on the Closing Date.

An amount of EUR 22,050,081.69 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Account. Furthermore, an amount of EUR 815,444,836 will be received by the Issuer as consideration for the Initial Savings Participation granted to the Savings Mortgage Participant in Participation-Linked Mortgage Receivables and applied towards satisfaction of the Initial Purchase Price. Finally, an amount of EUR 4,335,468 will be received by the Issuer as consideration for the Initial Bank Savings Participation granted to the Bank Savings Participant in the Bank Savings Mortgage Receivables and applied towards satisfaction of the Initial Purchase Price.

## DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (a) to the Noteholders under the Notes, (b) as fees or other remuneration to the Directors under the Management Agreements, (c) as fees and expenses to the Servicers and the Issuer Administrator under the Issuer Services Agreement, (d) as fees and expenses to the Back-up Servicer under the Back-up Servicing Agreement, (e) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (f) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (g) to the Swap Counterparty under the Swap Agreement, (h) to the Seller under the Mortgage Receivables Purchase Agreement, (i) to the Subordinated Loan Provider under the Subordinated Loan Agreement, (j) to the Savings Mortgage Participants under the Savings Mortgage Sub-Participation Agreements and (k) to the Bank Savings Participant under the Bank Savings Sub-Participation Agreement (the parties referred to under items (a) through (k) the **Secured Parties**).

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

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

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

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

On the Closing Date the Issuer will vest a right of pledge (the **Trustee Receivables Pledge Agreement**) in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto. The right of pledge on the

Mortgage Receivables will not be notified to the Borrowers, except in case certain notification events occur, which include similar events as the Notification Events, but relating to the Issuer, which includes the delivery of an Enforcement Notice (the **Trustee Notification Events**). Prior to notification of the right of pledge to the Borrowers, the pledge will be a 'silent' right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Netherlands Civil Code. The right of pledge on the Beneficiary Rights will also be an undisclosed right of pledge (*stil pandrecht*).

In addition, on the Closing Date a right of pledge (the **Trustee Assets Pledge Agreement** and together with the Trustee Receivables Pledge Agreement, the **Pledge Agreements**) will be vested by the Issuer in favour of the Security Trustee on all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Issuer Services Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement, (v) the Swap Agreement, (vi) the Savings Mortgage Sub-Participation Agreement and (vii) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*). However, the Security Trustee will grant a power to collect (*bevoegdheid tot inning*) to the Issuer which will be withdrawn upon the occurrence of any of the Trustee Notification Events.

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

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

The rights of pledge described above shall serve as security of the Security Trustee for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Subordinated Class D Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, amounts owing to the Mezzanine Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and amounts owing to the Subordinated Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders (see the section *Credit Structure* above). The Senior Class A Notes comprise of the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes and the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes, then to the Senior Class A2 Notes, then to the Senior Class A3 Notes and then to the Senior Class A4 Notes. To the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and/or the Senior Class A4 Notes in full when due in accordance with the Conditions for a period of fifteen calendar days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A4 Notes do not therefore purport to provide credit enhancement to the Senior Class A1 Notes, the Senior Class A2 Notes and/or the Senior Class A3 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. Similarly, if the Senior Class A1 Notes and the Senior Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes and the Senior Class A2 Notes. In the event that the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes.



## THE SECURITY TRUSTEE

Stichting Security Trustee Green Lion III (the **Security Trustee**) is a foundation (*stichting*) incorporated under the laws of the Netherlands on 9 September 2011. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

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

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

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

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

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

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

As set out in the Trust Deed, the relevant Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Parties have been paid in full.

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

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

## TERMS AND CONDITIONS OF THE NOTES

If Notes are issued in definitive form, the terms and conditions (the **Conditions**) will be as set out below. The Conditions will be endorsed on each Note in definitive form if they are issued. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See the section The Global Notes below.

The issue of the EUR 1,469,200,000 floating rate Senior Class A1 Notes 2011 due August 2043 (the **Senior Class A1 Notes**), the EUR 1,469,200,000 floating rate Senior Class A2 Notes 2011 due August 2043 (the **Senior Class A2 Notes**), the EUR 1,469,200,000 floating rate Senior Class A3 Notes 2011 due August 2043 (the **Senior Class A3 Notes**), the EUR 1,057,900,000 floating rate Senior Class A4 Notes 2011 due August 2043 (the **Senior Class A4 Notes**), and together with the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes, the **Senior Class A Notes**, the EUR 117,500,000 floating rate Mezzanine Class B Notes 2011 due August 2043 (the **Mezzanine Class B Notes**), the EUR 117,500,000 floating rate Mezzanine Class C Notes 2011 due August 2043 (the **Mezzanine Class C Notes**) and the EUR 176,400,000 floating rate Subordinated Class D Notes 2011 due August 2043 (the **Subordinated Class D Notes**), and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, the **Notes**) was authorised by a resolution of the managing director of Green Lion III B.V. (the **Issuer**) passed on 5 October 2011. The Notes are issued under a trust deed dated 6 October 2011 (the **Trust Deed**) between the Issuer and Stichting Security Trustee Green Lion III (the **Security Trustee**).

The statements in these terms and conditions of the Notes (the **Conditions**) include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the **Coupons**) and the forms of the temporary global notes (the **Temporary Global Notes**) and the permanent global notes (the **Permanent Global Notes**), (ii) a paying agency agreement (the **Paying Agency Agreement**) dated 6 October 2011 between the Issuer, the Security Trustee, ING Bank N.V. as principal paying agent (the **Principal Paying Agent**) and as reference agent (the **Reference Agent**) (iii) an issuer services agreement (the **Issuer Services Agreement**) dated 6 October 2011 between the Issuer, WestlandUtrecht Bank as the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator, and the Security Trustee, (iv) a back-up servicing agreement between the Issuer, the Security Trustee and ING Bank N.V. as the Back-up Servicer (the **Back-up Services Agreement**); (v) a parallel debt agreement (the **Parallel Debt Agreement**) dated 6 October 2011 between the Issuer, the Security Trustee and the Secured Parties, (vi) a pledge agreement (the **Trustee Assets Pledge Agreement**) dated 6 October 2011 between, *inter alia*, the Issuer and the Security Trustee and (vii) a pledge agreement dated between the Issuer, the Security Trustee and others (the **Trustee Receivables Pledge Agreement**, and together with the Trustee Receivables Pledge Agreement, the **Pledge Agreements**).

Unless otherwise defined herein, words and expressions used in these Conditions are defined in a master definitions agreement (the **Master Definitions Agreement**) dated 5 October 2011 and signed by the Issuer, the Security Trustee, the Principal Paying Agent and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the definitions in the Master Definitions Agreement would conflict with definitions used herein, the definitions of these Conditions shall prevail. As used herein, **Class** means either the Senior Class A Notes (being the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes jointly) the Mezzanine Class B Notes, the Mezzanine Class C Notes or the Subordinated Class D Notes, as the case may be.

Copies of *inter alia* the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by holders of the Notes (the **Noteholders**) at the specified office of the Principal Paying Agent and the specified office of the Security Trustee, being at the date hereof Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and reference to any document is considered to be a reference to such document as amended, supplemented, restated or otherwise modified from time to time.

Any reference herein to Noteholders shall mean the holders of the Notes and shall include those having a credit balance in the depots held in custody by or for Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (**Euroclear Netherlands**) or by an intermediary (*intermediair*) under the Securities Giro Act (*Wet giraal effectenverkeer*, the **Wge**).

### 1. Form, Denomination and Title

Each of the Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of EUR 100,000 each. Under Dutch law, the valid transfer of Notes requires, *inter alia*, delivery (*levering*) thereof. The

Issuer, the Security Trustee and the Principal Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

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

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

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank at all times *pari passu* and rateably without any preference or priority among Notes of the same Class. The Senior Class A Notes comprise of the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes and the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes, then to the Senior Class A2 Notes, then to the Senior Class A3 Notes and then to the Senior Class A4 Notes. To the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and/or the Senior Class A4 Notes in full when due or the Notes Interest Available Amount is insufficient to pay the accrued interest due on the Senior Class A Notes in accordance with the Conditions for a period of fifteen calendar days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A4 Notes do not therefore purport to provide credit enhancement to the Senior Class A1 Notes, the Senior Class A2 Notes and/or the Senior Class A3 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. Similarly, if the Senior Class A1 Notes and the Senior Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes and the Senior Class A2 Notes and if the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes.
- (b) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes.
- (c) The security for the obligations of the Issuer towards the Noteholders (the **Security**) will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
- (i) a first ranking "undisclosed" pledge by the Issuer to the Security Trustee on the Mortgage Receivables and the Beneficiary Rights;
- (ii) a first ranking "disclosed" pledge by the Issuer to the Security Trustee on the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Servicers and the Issuer Administrator under or in connection with the Issuer Services Agreement; (c) against the Back-up Servicer under or in connection with the Back-up Servicing Agreement; (d) against the Swap Counterparty under or in connection with the Swap Agreement; (e) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (f) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC; (g) against the Savings Mortgage Participants under or in connection with the Savings Mortgage Sub-Participation Agreements, (h) against the Bank Savings Participant under or in connection with the Bank Savings

Sub-Participation Agreement and (i) against the Floating Rate GIC Provider in respect of the Transaction Accounts;

- (d) The Notes will be secured (indirectly through the Parallel Debt) by the Security. The Senior Class A Notes (being the Senior Class A1 Notes, the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes jointly) will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Subordinated Class D Notes; the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes and the Subordinated Class D Notes and the Mezzanine Class C Notes will rank in priority to the Subordinated Class D Notes. The **Most Senior Class of Notes** means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes, or if there are no Mezzanine Class B Notes outstanding, the Mezzanine Class C Notes or if there are no Mezzanine Class C Notes outstanding, the Subordinated Class D Notes.

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

### 3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice and shall not, except (i) to the extent permitted by the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Swap Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Savings Mortgage Sub-Participation Agreement, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement, the Subordinated Loan Agreement, the Management Agreements, the Deed of Assignment and the Trust Deed (and together with the Master Definitions Agreement, the **Relevant Documents**) or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 5 October 2011 relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than (i) the Transaction Accounts and the Liquidity Facility Account or (ii) accounts in which collateral under the Swap Agreement is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii); or
- (h) take any corporate action for its entering into a (preliminary) suspension of payments or bankruptcy or its dissolution and liquidation or for its conversion into a legal foreign entity.

#### 4. Interest

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

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

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

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

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

Interest on the Notes is payable by reference to successive interest periods (each a **Floating Rate Interest Period**) and will be payable monthly in arrear in euro in respect of the Principal Amount Outstanding on the 17th day of each calendar month (or, if such day is not a Business Day, the next succeeding Business Day, unless such day falls in the next succeeding calendar month in which case the Business Day immediately preceding such 17th day) (each such day being a **Monthly Payment Date**), whereby the first Monthly Payment Date shall fall in November 2011. A **Business Day** means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (**TARGET 2**) or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and include) a Monthly Payment Date and end on (but exclude) the next succeeding Monthly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Monthly Payment Date falling in November 2011.

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

Interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate (**Euribor**) for one month deposits in euros (or, in respect of the first Floating Rate Interest Period, 1.378828 per cent.) plus, up to (but excluding) the first Optional Redemption Date:

- (i) for the Senior Class A1 Notes a margin of 1.10 per cent. per annum;
- (ii) for the Senior Class A2 Notes a margin of 1.1.65 per cent. per annum;
- (iii) for the Senior Class A3 Notes a margin of 2.00 per cent. per annum;
- (iv) for the Senior Class A4 Notes a margin of 2.25 per cent. per annum;
- (v) for the Mezzanine Class B Notes a margin of 0 per cent. per annum;
- (vi) for the Mezzanine Class C Notes a margin of 0 per cent. per annum; and
- (vii) for the Subordinated Class D Notes a margin of 0 per cent. per annum.

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

If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for one month deposits in euros, payable by reference to Floating Rate Interest Periods on each succeeding Monthly Payment Date, plus:

- (i) for the Senior Class A1 Notes a margin of 1.65 per cent. per annum;
- (ii) for the Senior Class A2 Notes a margin of 2.45 per cent. per annum;
- (iii) for the Senior Class A3 Notes a margin of 3.00 per cent. per annum;
- (iv) for the Senior Class A4 Notes a margin of 3.35 per cent. per annum;
- (v) for the Mezzanine Class B Notes a margin of 0 per cent. per annum;
- (vi) for the Mezzanine Class C Notes a margin of 0 per cent. per annum; and
- (vii) for the Subordinated Class D Notes a margin of 0 per cent. per annum.

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

(e) *Euribor*

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

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

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

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

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

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

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

(h) *Determination or Calculation by Security Trustee*

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

(i) *Reference Agent*

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

## 5. Payment

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

## 6. Redemption

(a) *Final redemption*

Unless previously redeemed as provided below, on the Monthly Payment Date falling in August 2043 (the **Final Maturity Date**) the Issuer will redeem the Notes at their Principal Amount Outstanding (subject to Condition 9(b)).

(b) *Mandatory Redemption of the Notes*

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

- (i) *first*, sequentially, the Senior Class A1 Notes until fully redeemed, *second*, the Senior Class A2 Notes until fully redeemed, *third*, the Senior Class A3 Notes until fully redeemed and thereafter and *fourth* the Senior Class A4 Notes until fully redeemed, and thereafter
- (ii) *fifth*, the Mezzanine Class B Notes until fully redeemed, and thereafter
- (iii) *sixth*, the Mezzanine Class C Notes until fully redeemed, and thereafter
- (iv) *seventh*, the Subordinated Class D Notes until fully redeemed.

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

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

(d) *Optional Partial Redemption of the Senior Class A Notes*

Unless previously redeemed in full, on the Monthly Payment Date falling in October 2017 and on every sixth Monthly Payment Date thereafter up to (and including) the Monthly Payment Date falling in April 2043 (each a **Class A Optional Partial Redemption Date**) the Issuer may, at its option, redeem a nominal amount of EUR300,000,000 of the Senior Class A Notes at their Principal Amount Outstanding on such date in accordance with this Condition 6(d) (each a **Class A Partial Call Option** ). The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days' written notice to the Security Trustee and the Noteholders in accordance with Condition 13, prior to the relevant Optional Partial Redemption Date.

The Issuer may not exercise a Class A Partial Call Option on any Class A Optional Partial Redemption Date if, on such date, there is a debit balance on the Class A Principal Deficiency Ledger.

If the Issuer exercises the Class A Partial Call Option on any Class A Optional Partial Redemption Date, the Issuer shall apply the nominal amount of EUR300,000,000 to partially redeem the Senior Class A Notes at their Principal Amount Outstanding in the following order:

- (i) first, the Senior Class A1 Notes on a pro rata basis until fully redeemed, and thereafter
- (ii) second, the Senior Class A2 Notes on a pro rata basis until fully redeemed, and thereafter
- (iii) third, the Senior Class A3 Notes on a pro rata basis until fully redeemed, and thereafter



- (iv) fourth the Senior Class A4 Notes on a pro rata basis until fully redeemed.

Any partial redemption in terms of this Condition 6(d) shall be conducted in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), subject to compliance with all applicable laws and the requirements of Euronext Amsterdam.

(e) *Optional Redemption*

Unless previously redeemed in full, on the Monthly Payment Date falling in October 2021 and on each Monthly Payment Date thereafter (each an **Optional Redemption Date**) the Issuer may, at its option, redeem all (but not some only) of the Notes at their Principal Amount Outstanding (subject to Condition 9(b)) on such date in accordance with this Condition 6(e). The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days' written notice to the Security Trustee and the Noteholders in accordance with Condition 13, prior to the relevant Optional Redemption Date. In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of the Subordinated Class D Notes, the Mezzanine Class C Notes, the Mezzanine Class B Notes or the Senior Class A Notes, the Issuer may, at its option, subject to Condition 9(b), partially redeem all (but not some only) Subordinated Class D Notes, Mezzanine Class C Notes, Mezzanine Class B Notes or Senior Class A Notes respectively at their Principal Amount Outstanding less the relevant Principal Shortfall.

(f) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Monthly Payment Date, at their Principal Amount Outstanding (subject to Condition 9(b)), if the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the application of the laws or regulations (including any guidelines issued by the tax authorities) of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available on the Monthly Calculation Date immediately preceding such Monthly Payment Date to discharge all amounts of principal and interest due in respect of each Class of the Notes in accordance with the Trust Deed and any amounts required to be paid in priority to or *pari passu* with each Class of Notes. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

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

(g) *Redemption following Clean-up Call*

The Seller has the option to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Monthly Payment Date on which the principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the principal amount of the Mortgage Receivables on the Closing Date (the **Clean-up Call Option**). On the Monthly Payment Date on which the Seller exercises the Clean-up Call Option, the Issuer shall redeem all (but not only part of) the Notes at their Principal Amount Outstanding (subject to Condition 9(b)), after payment of the amounts to be paid in priority to the Notes.

(h) *Definitions*

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

- (i) The term **Monthly Calculation Date** means, in relation to a Monthly Payment Date, the fourth business day prior to such Monthly Payment Date;

- (ii) The term **Monthly Calculation Period** means a period of one calendar month commencing on (and including) the first day of each of calendar month, except for the first Monthly Calculation Period which will commence on the Cut-off Date and end on and include the last calendar day of October 2011;
- (iii) The term **Net Proceeds** shall mean (a) the proceeds of a foreclosure on the mortgage right and rights of pledge, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to any Insurance Policy and fire insurance, and (d) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;
- (iv) The term **Notes Redemption Available Amount** shall mean on any Monthly Payment Date the aggregate amount received or held by the Issuer during the immediately preceding Monthly Calculation Period:
  - (a) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivable, the relevant Participation in such Participation-Linked Mortgage Receivable or Bank Savings Mortgage Receivable;
  - (b) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or, in respect of each Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivable, up to the Net Outstanding Principal Amount;
  - (c) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Regulatory Call Option or the Clean-up Call Option, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal or up to, in respect of each Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivable, the Net Outstanding Principal Amount;
  - (d) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables or up to, in respect of each Participation-Linked Mortgage Receivable and Bank Savings Mortgage Receivable the Net Outstanding Principal Amount;
  - (e) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Monthly Payment Date in accordance with the Interest Priority of Payments;
  - (f) as Monthly Participation Increase pursuant to the Savings Mortgage Sub-Participation Agreement and as consideration for the relevant Initial Participation in case any type of Mortgage Loan switches into a Participation-Linked Mortgage Loan or, as the case may be, Bank Savings Mortgage Receivable;
  - (g) as partial prepayment in respect of Mortgage Receivables;
  - (h) any part of the Notes Redemption Available Amount calculated on the immediately preceding Monthly Calculation Date which has not been applied towards redemption of the Notes on the preceding Monthly Payment Date; and
  - (i) any amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement.
- (v) The term **Principal Amount Outstanding** on any Monthly Payment Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Monthly Payment Date provided that for the purpose of Conditions 4, 6 and 10 all Principal Redemption Amounts that have become due and not been paid, notwithstanding duly presentation of the relevant Note, shall not be so deducted; and
- (vi) The term **Principal Redemption Amount** shall mean on the relevant Monthly Payment Date the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each

Class of Notes, divided by the number of Notes of such Class, subject to such redemption, provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note.

- (vii) The term **Principal Shortfall** shall mean an amount equal to the quotient of the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Monthly Payment Date divided by the number of the Notes of the relevant Class on such Monthly Payment Date.
- (viii) The term **Net Outstanding Principal Amount** shall mean in respect of a Participation-Linked Mortgage Loan or Bank Savings Mortgage Loan, the Outstanding Principal Amount thereof minus the Savings Participation or Bank Savings Participation respectively, therein.

## 7. Taxation

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

## 8. Prescription

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

## 9. Subordination and limited recourse

### (a) Interest

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

Interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Subordinated Class D Notes shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition.

In the event that on any Monthly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on such Monthly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Monthly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall credit the Class B Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes on any Monthly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine Class B Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Mezzanine Class B Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class B Note on the next succeeding Monthly Payment Date.

In the event that on any Monthly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class C Notes on such Monthly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Monthly Payment Date to the holders of the Mezzanine Class C Notes. In the event of a shortfall, the Issuer shall credit the Class C Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class C Notes on any Monthly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine Class C Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains

outstanding at the rate of interest applicable to the Mezzanine Class C Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class C Note on the next succeeding Monthly Payment Date.

In the event that on any Monthly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class D Notes on such Monthly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Monthly Payment Date to the holders of the Subordinated Class D Notes. In the event of a shortfall, the Issuer shall credit the Class D Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class D Notes on any Monthly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class D Notes on that date for the purposes of Condition 4, such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class D Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class D Note on the next succeeding Monthly Payment Date.

(b) *Principal*

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

In the event that on any Monthly Payment Date the Senior Class A Notes will be fully redeemed pursuant to Condition 6(a) (*Mandatory Redemption of the Notes*), Condition 6(e) (*Optional Redemption*), Condition 6(f) (*Redemption for tax reasons*) or Condition 6(g) (*Redemption following Clean-up Call*), any Principal Shortfall recorded in the Class A Principal Deficiency Ledger will be applied pro rata to the Principal Outstanding Amount of the then outstanding series of Senior Class A Notes and consequently the principal amount payable on redemption of the Senior Class A1 Notes, Senior Class A2 Notes, Senior Class A3 Notes and/or Senior Class A4 Notes on such Monthly Payment Date will not exceed the relevant Principal Outstanding Amount less the pro rata allocation of the Principal Shortfall to such Senior Class A1 Notes, Senior Class A2 Notes, Senior Class A3 Notes and/or Senior Class A4 Notes, as applicable. The payment of any such amount in redemption of the Senior Class A1 Notes, Senior Class A2 Notes, Senior Class A3 Notes and/or Senior Class A4 Notes shall not constitute an Event of Default, notwithstanding that such amount is less than the Principal Outstanding Amount of the relevant Senior Class A1 Notes, Senior Class A2 Notes, Senior Class A3 Notes and/or Senior Class A4 Notes.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Monthly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then, notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Mezzanine Class B Note on such Monthly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Monthly Payment Date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Mezzanine Class C Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class C Notes. If, on any Monthly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class C Note on such Monthly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Monthly Payment Date. The Mezzanine Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class C Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of the

Mezzanine Class C Notes is reduced to zero, the Subordinated Class D Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class D Notes. If, on any Monthly Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Subordinated Class D Note on such Monthly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Monthly Payment Date. The Subordinated Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class D Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

(c) *Limited Recourse*

In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class shall have no further claim, of whatever nature, against the Issuer or the Security Trustee in respect of any such unpaid amounts. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, pro rata and pari passu, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes, the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. Similarly, if the Senior Class A1 Notes and the Senior Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A3 Notes and the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes and the Senior Class A2 Notes and if the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A4 Notes bearing a greater loss than that borne by the Senior Class A1 Notes, the Senior Class A2 Notes and the Senior Class A3 Notes.

## 10. Events of Default

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

- (a) default is made for a period of fifteen (15) calendar days or more in the payment of any amount due and payable (*opeisbaar*) in respect of the Notes of the relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty calendar days after written notice thereof was given by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) calendar days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a (preliminary) suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or has been declared bankrupt; or

- (g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed or the Security;

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

## **11. Enforcement**

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

## **12. Indemnification of the Security Trustee**

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

## **13. Notices**

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6 (other than where specifically referred to this Condition therein), all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands and, as long as the Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, notice shall also be published in such other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system. Any such notice shall be deemed to have been given on the first date of such publication.

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

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

### **(a) Meeting of Noteholders**

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

(b) Basic Terms Change

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

(c) Extraordinary Resolution

Quorum and majority

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

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

Limitations

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

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

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

(d) Modifications by the Security Trustee

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

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

(e) Exercise of Security Trustee's functions

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

**15. Replacements of Notes and Coupons**

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

**16. Governing Law**

The Notes and Coupons, and any non-contractual obligations arising out of or in relation to the Notes and Coupons, are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the District Court in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.



## THE GLOBAL NOTES

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (the **Temporary Global Note**) (i) in the case of the Senior Class A1 Notes, in the principal amount of EUR 1,469,200,000, (ii) in the case of the Senior Class A2 Notes, in the principal amount of EUR 1,469,200,000; (iii) in the case of the Senior Class A3 Notes, in the principal amount of EUR 1,469,200,000, (iv) in the case of the Senior Class A4 Notes, in the principal amount of EUR 1,057,900,000, (v) in the case of the Mezzanine Class B Notes, in the principal amount of EUR 117,500,000, (vi) in the case of the Mezzanine Class C Notes, in the principal amount of EUR 117,500,000 and (vii) in the case of the Subordinated Class D Notes, in the principal amount of EUR 176,400,000. The Temporary Global Notes will be deposited with Euroclear Netherlands on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear Netherlands will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. On any payment, whether principal or interest, being made in respect of any of the Notes, details of such payments shall be entered *pro rata* in the records of Euroclear Netherlands and, upon any payment of principal being made, the nominal amount of the Notes recorded in the records of Euroclear and/or Clearstream shall be reduced by the aggregate nominal amount of such payment. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 calendar days after the issue date of the Notes (the **Exchange Date**) for interests in a permanent global note (each a **Permanent Global Note**), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression **Global Notes** meaning the Temporary Global Notes of each Class of Notes and the Permanent Global Notes of each Class of Notes and the expression **Global Note** means any of them, as the context may require). Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with Euroclear Netherlands.

The Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Senior Class A Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Mezzanine Class B Notes, the Mezzanine Class C Notes and the Subordinated Class D Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem.

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

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

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

If after the Exchange Date, Euroclear Netherlands is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available (an **Exchange Event**), the Issuer or Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

- (i) Senior Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A1 Notes;
- (ii) Senior Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A2 Notes;
- (iii) Senior Class A3 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A3 Notes;
- (iv) Senior Class A4 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A4 Notes;
- (v) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes;
- (vi) Mezzanine Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class C Notes;
- (vii) Subordinated Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class D Notes,

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

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

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

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

'ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (THE "CODE")) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165 (j) AND 1287 (a) OF THE CODE.'

The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

# TAXATION IN THE NETHERLANDS

## General

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

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

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer or in the Seller and holders of Notes of whom a certain related person holds a substantial interest in the Issuer or in the Seller, respectively. Generally speaking, a substantial interest in the Issuer or the Seller arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or the Seller or of 5% or more of the issued capital of a certain class of shares of the Issuer or the Seller, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer or the Seller, as the case may be;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

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

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

## Withholding Tax

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

## Corporate and Individual Income Tax

- (a) Residents of the Netherlands

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

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or

- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. As of 1 January 2011, this deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%.

- (b) Non-residents of the Netherlands

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

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

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

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

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

## **Gift and Inheritance Tax**

- (a) Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled and is subject to Dutch gift and inheritance tax if the donor is a resident or a deemed resident of the Netherlands at that time.

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

- (b) Non-residents of the Netherlands

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

#### **Value Added Tax**

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

#### **Other Taxes and Duties**

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

#### **EU Savings Directive**

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

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## PURCHASE AND SALE

ING Bank and WestlandUtrecht Bank (together the **Co-Arrangers** and each a **Co-Arranger**) has pursuant to a notes purchase agreement dated 5 October 2011 among the Co-Arrangers, the Issuer and the Seller (the **Notes Purchase Agreement**), severally agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse each Co-Arranger against certain liabilities and expenses in connection with the issue of the Notes.

### European Economic Area

In relation to each Member State of the European Economic Area<sup>1</sup> 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 the Notes which are the subject of the offering contemplated by this 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 Arranger; 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 Managers to publish a prospectus pursuant to Article 3 of the Prospectus.

For the purposes of this provision, the expression an **offer of the 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 the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### United Kingdom

Each Co-Arranger has represented and agreed that (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (ii) 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 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.

### France

The Notes may only be offered or sold to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), provided such investors act for their own account, and/or to persons providing portfolio management investment services for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), in the Republic of France (*France*), within the meaning of Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French Code Monétaire et Financier (Monetary and Financial Code) and the Decree 98-880 dated 1 October 1998; neither this Prospectus, which has not been submitted to the Autorité des Marchés Financiers, nor any information contained therein or any offering material relating to the Notes, may be distributed or caused to be distributed to the public in France.

### Italy

No action has or will be taken by them which would allow an offering (or a *sollecitazione all'investimento*) of the Notes to the public in the Republic of Italy (**Italy**) unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and no application has been filed to obtain an authorisation from the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) for the public offering of the Notes in Italy.

Accordingly, the Notes cannot be offered, sold or delivered in Italy nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than:

- (i) to the categories of qualified investors set out in paragraphs (i) to (iii) of Article 2(1)(e) of the Prospectus Directive, pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (**Decree No. 58**); or

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<sup>1</sup> The EU plus Iceland, Norway and Liechtenstein

- (ii) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any offer, sale or delivery of the Notes to professional investors or distribution to such investors of copies of this Prospectus or any other document relating to the Notes in Italy must be:

- (a) made by investment firms, banks of financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 31 October 2007 and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

### **United States**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (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 meaning given to them by Regulation S under the Securities Act. The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, a U.S. person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

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

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with available exemption from registration under the Securities Act.

### **General**

The distribution of this Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by each of the Issuer and the Co-Arrangers to inform themselves about and to observe any such restrictions. This Prospectus or any part thereof does not constitute an offer, or an invitation to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Each Co-Arranger has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish (to the best of its knowledge and beliefs) this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

## GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 5 October 2011.
2. Application has been made to list the Notes on Euronext Amsterdam on the Closing Date. The estimated total costs involved with such admission amount to EUR 35,000.
3. The Senior Class A1 Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 067996194 and ISIN Code NL0009964857.
4. The Senior Class A2 Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 067996003 and ISIN Code NL0009964840.
5. The Senior Class A3 Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 067995970 and ISIN Code NL0009964832.
6. The Senior Class A4 Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 067996208 and ISIN Code NL0009964865.
7. The Mezzanine Class B Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 067996259 and ISIN Code NL0009964873.
8. The Mezzanine Class C Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 067996283 and ISIN Code NL0009964881.
9. The Subordinated Class D Notes have been accepted for clearance through Euroclear Netherlands and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 067996291 and ISIN Code NL0009964899.
10. The address of Euroclear Netherlands is Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., Herengracht 459-469, 1017 BS Amsterdam, The Netherlands.
11. There have been no legal, arbitration or governmental proceedings during the last 12 months which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
12. Hard copies of the following documents may be inspected at the specified offices of the Security Trustee and the Principal Paying Agent free of charge during normal business hours as long as any Notes are outstanding:
  - (i) the Deed of Incorporation including the Articles of Association of the Issuer;
  - (ii) the Mortgage Receivables Purchase Agreement;
  - (iii) the Paying Agency Agreement;
  - (iv) the Trust Deed;
  - (v) the Parallel Debt Agreement;
  - (vi) the Trustee Receivables Pledge Agreement;
  - (vii) the Trustee Assets Pledge Agreement;
  - (viii) the Issuer Services Agreement;
  - (ix) the Savings Mortgage Sub-Participation Agreement;
  - (x) the Bank Savings Sub-Participation Agreement;
  - (xi) the Liquidity Facility Agreement;
  - (xii) the Floating Rate GIC;
  - (xiii) the Swap Agreement;



- (xiv) the Master Definitions Agreement;
- (xv) the Beneficiary Waiver Agreement;
- (xvi) the Subordinated Loan Agreement;
- (xvii) the Back-up Servicing Agreement (if and when entered into);
- (xviii) the Management Agreement I;
- (xix) the Management Agreement II; and
- (xx) the Management Agreement III.

13. The articles of association of the Issuer are incorporated herein by reference. The Issuer's articles of association will be available free of charge at the registered office of the Issuer as long as any Notes are outstanding.

14. A copy of the Prospectus will be available, free of charge, at the registered offices of the Issuer, the Security Trustee and the Principal Paying Agent as long as any Notes are outstanding.

15. US taxes:

The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code'.

The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

16. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer. The auditors of the Issuer are KPMG Accountants N.V.. The individual auditors of KPMG Accountants N.V. are members of the Royal Dutch Institute for registered accountants (*Koninklijk Nederlands Instituut van Registeraccountants* (NIVRA)).

17. A monthly report on the performance, including the arrears and the losses, of the transaction can be obtained on Bloomberg.

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**REGISTERED OFFICES**

**ISSUER**

**Green Lion III B.V.**  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

**SELLER**

**WestlandUtrecht Bank N.V.**  
Mr. Treublaan 7  
1097 DP Amsterdam  
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