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Courtine RMBS 2013-I B.V. as Issuer

(incorporated with limited liability in the Netherlands)

	Class A1	Class A2	Class B	Class C	Class D	Class E
Principal Amount	EUR 175,000,000	EUR 370,000,000	EUR 81,500,000	EUR 112,000,000	EUR 115,500,000	EUR 8,600,000
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Interest rate	three month Euribor with a maximum of 7 per cent. per annum plus 1.15 per cent. per annum	2.15 per cent. per annum	n/a	n/a	n/a	n/a
Expected ratings (Fitch / S&P)	AAAsf / 'AAA' sf	AAAsf / 'AAA' sf	AAAsf / 'AA-' sf	n/a	n/a	n/a
First Optional Redemption Date	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	n/a
Final Maturity Date	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050

F. van Lanschot Bankiers N.V. as Seller

Closing Date	The Issuer will issue the Notes in the classes set out above on 1 August 2013 (or such later date as may be agreed between the Seller and the Issuer).
Underlying Assets	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising mortgage loans originated by the Originators and secured over residential properties located in the Netherlands. Legal title to the resulting Mortgage Receivables will be assigned by the Seller to the Issuer on the Closing Date and, subject to certain conditions being met, during a period from the Closing Date until but excluding the First Optional Redemption Date. See section 6.2 (<i>Description of Mortgage Loans</i>) for more details.
Security for the Notes	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, <i>inter alia</i> , the Mortgage Receivables and the Issuer Rights (see section 4.7 (<i>Security</i>)).
Denomination	The Notes will be issued in denominations of EUR 100,000.
Form	The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
Interest	The Class A1 Notes will carry a floating rate of interest as set out above, provided however that if and as long as the interest rate equal to Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(f)) exceeds an interest rate equal to 7 per cent. per annum, the Class A1 Notes will carry an interest rate equal to 7 per cent. per annum plus a margin of 1.15 per cent. per annum, payable quarterly in arrears on each Notes Payment Date. The Class A2 Notes will carry a fixed rate of interest as set out above, payable quarterly in arrears on each Notes

	<p>Payment Date. The Subordinated Notes will not carry any interest. See further section 4.1 (<i>Terms and Conditions</i>) and Condition 4 (<i>Interest</i>).</p>
<p>Redemption Provisions</p>	<p>Unless previously redeemed in full, payments of principal on the Notes, other than the Class E Notes, will be made in arrears on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions through application of the Available Principal Redemption Funds (consisting of the Floating Rate Available Principal Redemption Funds and the Fixed Rate Available Principal Redemption Funds) (i) prior to the occurrence of a Trigger Event, subject to availability of the Floating Rate Available Principal Redemption Funds, towards payment of the Class A1 Notes and, once the Class A1 Notes have been fully redeemed, any remaining Floating Rate Available Principal Redemption Funds towards payment of the Class A2 Notes, and of the Fixed Rate Available Principal Redemption Funds towards payment of the Class A2 Notes and, once the Class A2 Notes have been fully redeemed, any remaining Fixed Rate Available Principal Redemption Funds towards payment of the Class A1 Notes and (ii) from (and including) the date on which a Trigger Event occurs, on the basis of sequential pass through, firstly towards payment of the Class A1 Notes until the Class A1 Notes are fully redeemed and, sequentially, towards payment of the Class A2 Notes until the Class A2 Notes are fully redeemed, and the remaining Available Principal Redemption Funds, once the Class A Notes have been fully redeemed, towards payment of the Subordinated Notes (other than the Class E Notes) on the basis of sequential pass through.</p> <p>On each Notes Payment Date, the Class E Notes will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to and in accordance with the Conditions through the application of the Available Class E Redemption Funds (being the amount remaining of the Available Revenue Funds after all payments ranking higher in priority than item (l) in the Revenue Priority of Payments have been made in full on such date).</p> <p>On the First Optional Redemption Date and each Optional Redemption Date thereafter, the Issuer will have the option to redeem all of the Notes in accordance with the Conditions.</p> <p>In addition, on any Notes Payment Date, the Issuer will have the option to redeem all of the Notes for tax reasons in accordance with the Conditions.</p> <p>Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on the First Optional Redemption Date and on each Notes Payment Date thereafter other than on an Optional Redemption Date on which all Notes are redeemed in full, the Issuer will be obliged to apply the Available Revenue Redemption Funds (which is the amount remaining of the Available Revenue Funds after all payments ranking higher in priority than item (g) in the Revenue Priority of Payments have been made in full on such date) to (partially) redeem, on a <i>pro rata</i> and <i>pari passu</i> basis, the Class A Notes, until fully redeemed, and thereafter towards the remaining items of, and in accordance with, the Revenue Priority of Payments.</p> <p>Finally, the Issuer will also redeem all of the Notes, other than the Class E Notes, if the Seller exercises the Regulatory Call Option, the Seller Call Option or the Seller Clean-Up Call Option in accordance with and subject to Condition 6(b) and Condition 9(a). The Class E Notes will subsequently be subject to redemption in accordance with and subject to Condition 6(d) and Condition 9(a).</p> <p>The Notes will mature on the Final Maturity Date.</p> <p>See further Condition 6 (<i>Redemption</i>).</p>
<p>Subscription and Sale</p>	<p>Van Lanschot has agreed to purchase on the Closing Date, subject to certain conditions precedent being satisfied, the Notes.</p>
<p>Credit Rating Agencies</p>	<p>Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation.</p>
<p>Ratings</p>	<p>Ratings will be assigned by S&P and Fitch to the Class A Notes and the Class B Notes as set out above on or before the Closing Date.</p> <p>The credit ratings assigned by Fitch and S&P address the likelihood of (a) timely payment of interest due to the Noteholders on each Notes Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date.</p>

	<p>The assignment of ratings to the Class A Notes and the Class B Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.</p>
Listing	<p>Application has been made to list the Class A Notes on the regulated market of the Irish Stock Exchange. The Subordinated Notes will not be listed. The Class A Notes are expected to be listed on or about the Closing Date.</p> <p>This document constitutes a prospectus within the meaning of and is issued in compliance with the Prospectus Directive and relevant implementing measures in Ireland for the purpose of giving information with regard to the issue of the Notes ("Prospectus"). This Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Class A Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area.</p>
Eurosystem Eligibility	<p>The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. It does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.</p>
Limited recourse obligations	<p>The Notes will be limited recourse obligations of the Issuer alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity, save in limited circumstances. The Issuer will have limited sources of funds available. See section 2 (<i>Risk Factors</i>).</p>
Subordination	<p>The right of payment of principal on the Classes of Notes, other than the Class A Notes, is subordinated to the other Classes of Notes in reverse alphabetical order. See section 5 (<i>Credit Structure</i>).</p>
Retention and Information Undertaking	<p>Van Lanschot, in its capacity as Seller, has undertaken to the Issuer that, for as long as the Notes are outstanding, it will at all times retain a material net economic interest in the securitisation transaction which shall in any event not be less than 5%, in accordance with the CRD. See section 4.4 (<i>Regulatory and Industry Compliance</i>) for more details.</p>

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

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

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

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

The date of this Prospectus is 31 July 2013.

Sole Lead Arranger and Lead Manager
F. van Lanschot Bankiers N.V.

RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts such responsibility accordingly. Any information from third parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Seller is also responsible for the information contained in the following sections of this Prospectus: paragraph '*Retention and disclosure requirements under the CRD*' in section 1.4 (*Notes*), paragraph '*Portfolio Information*' in section 1.6 (*Overview*), section 3.4. (*Originators*), section 3.5 (*Servicer*), section 4.4 (*Regulatory and industry compliance*), section 6.1 (*Stratification Tables*), section 6.2 (*Description of Mortgage Loans*), section 6.3 (*Origination and servicing*) and section 6.4 (*Dutch residential mortgage market*). To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, the Sole Lead Arranger or the Lead Manager.

The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A further description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the section entitled *Subscription and Sale* below. No one is authorised by the Issuer or the Seller to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Sole Lead Arranger or the Lead Manager to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus. Neither the Issuer nor the Seller has an obligation to update this Prospectus after the date on which the Notes are issued or admitted to trading.

None of the Sole Lead Arranger and the Lead Manager expressly undertakes to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

The Notes have not been and will not be registered under the Securities Act and will include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S, except in certain transactions permitted by U.S. tax regulations and the Securities Act (see *Subscription and Sale* below).

None of the Sole Lead Arranger and the Lead Manager has separately verified the information set out in this Prospectus. To the fullest extent permitted by law, none of the Sole Lead Arranger and the Lead Manager accepts any responsibility for the content of this Prospectus or for any statement or information contained in or consistent with this Prospectus in connection with the offering of the Notes. The Sole Lead Arranger and the Lead Manager disclaim any and all liability whether arising in tort or contract or otherwise in connection with this Prospectus or any such information or statements.

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1. TRANSACTION OVERVIEW

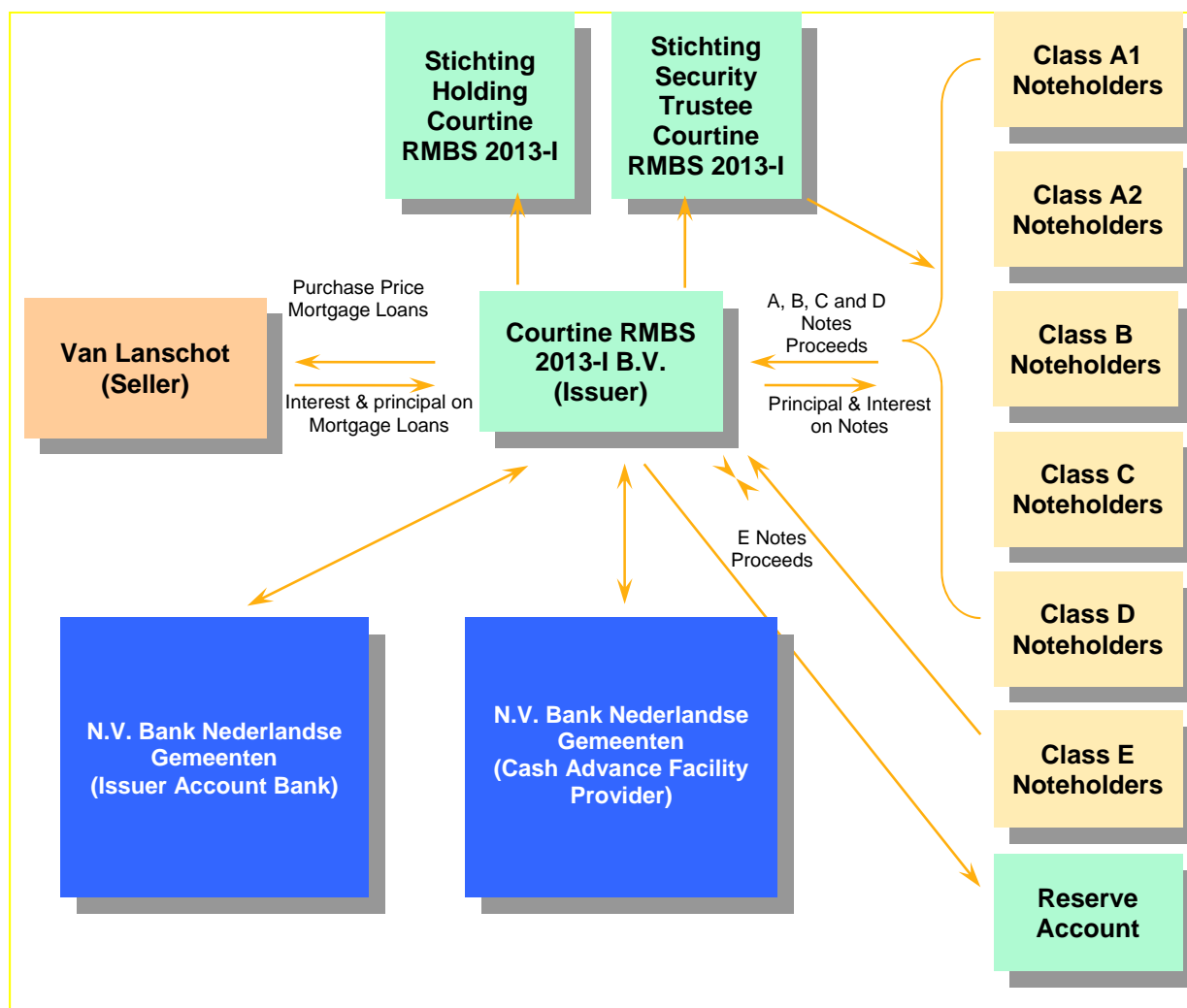
This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto.

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

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

1.1 STRUCTURE DIAGRAM

The following structure diagram provides an indicative summary of the principal features of the transaction. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Prospectus.



1.2 RISK FACTORS

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes. One of these risk factors concerns the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see section 2 (*Risk Factors*)).

1.3 PRINCIPAL PARTIES

Issuer:	Courtine RMBS 2013-I B.V., incorporated under Dutch law as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 58118365. The entire issued share capital of the Issuer is held by the Shareholder.
Shareholder:	Stichting Holding Courtine RMBS 2013-I, established under Dutch law as a foundation (" <i>stichting</i> ") having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 58107851.
Security Trustee:	Stichting Security Trustee Courtine RMBS 2013-I, established under Dutch law as a foundation (" <i>stichting</i> ") having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 58107932.
Seller:	F. van Lanschot Bankiers N.V., incorporated under Dutch law as a public company with limited liability (" <i>naamloze vennootschap</i> "), having its corporate seat in 's-Hertogenbosch, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for East Brabant under number 16038212.
Originators:	Van Lanschot and CenE Bankiers (which merged into Van Lanschot in October 2005).
Servicer:	Van Lanschot.
Issuer Administrator:	ATC Financial Services 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 33210270.
Cash Advance Facility Provider:	N.V. Bank Nederlandse Gemeenten, incorporated under Dutch law as a public company with limited liability (" <i>naamloze vennootschap</i> "), having its corporate seat in 's-Gravenhage, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for 's-Gravenhage under number 27008387.
Issuer Account Bank:	BNG Bank.
Directors:	ATC Management B.V., the sole director of the Issuer and of the Shareholder and ANT Securitisation Services B.V., the sole director of the Security Trustee.
Paying Agent:	Deutsche Bank AG, acting through its London branch.
Reference Agent:	Deutsche Bank AG, acting through its London branch.
Listing Agent:	Investec Capital & Investments (Ireland) Limited, a private limited company organised under the laws of Ireland, registered with the Companies Registration Office under company number 223158 and having its registered office at The Harcourt Building, Harcourt Street, Dublin 2, Ireland.

Sole Lead Arranger: Van Lanschot.

Lead Manager: Van Lanschot.

Common Service Provider: Deutsche Bank AG, acting through its London branch.

Common Safekeeper: In respect of the Class A Notes, Clearstream, Luxembourg and in respect of the Subordinated Notes, Deutsche Bank AG, acting through its London branch.

1.4 NOTES

Certain features of the Notes are summarised below (see for a further description below):

	Class A1	Class A2	Class B	Class C	Class D	Class E
Principal Amount	EUR 175,000,000	EUR 370,000,000	EUR 81,500,000	EUR 112,000,000	EUR 115,500,000	EUR 8,600,000
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Interest rate	three month Euribor with a maximum of 7 per cent. per annum plus 1.15 per cent. per annum	2.15 per cent. per annum	n/a	n/a	n/a	n/a
Expected ratings (Fitch / S&P)	AAAsf / 'AAA' sf	AAAsf / 'AAA' sf	AAAsf / 'AA-' sf	n/a	n/a	n/a
First Optional Redemption Date	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	Notes Payment Date falling in September 2018	n/a
Final Maturity Date	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050	Notes Payment Date falling in September 2050

Notes:

The Notes shall be the following classes of notes of the Issuer, which are expected to be issued on or about the Closing Date:

- (i) the Class A1 Notes;
- (ii) the Class A2 Notes;
- (iii) the Class B Notes;
- (iv) the Class C Notes;
- (v) the Class D Notes; and
- (vi) the Class E Notes.

Issue Price:

The issue price of the Notes shall be as follows:

- (i) the Class A1 Notes 100 per cent.;
- (ii) the Class A2 Notes 100 per cent.;
- (iii) the Class B Notes 100 per cent.;
- (iv) the Class C Notes 100 per cent.;
- (v) the Class D Notes 100 per cent.; and
- (vi) the Class E Notes 100 per cent.

Form:

The Notes are in bearer form and in the case of Notes in definitive form, serially numbered and, in respect of the Class A Notes, with coupons attached.

Denomination:

The Notes will be issued in denominations of EUR 100,000.

Status & Ranking:

The Notes of each Class rank *pari passu* without any preference or priority

among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and payments of principal on the Class B Notes, (iii) payments of principal on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and payments of principal on the Class B Notes and the Class C Notes and (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and payments of principal on the Class B Notes, the Class C Notes and the Class D Notes. Furthermore, in accordance with the Conditions and the Trust Deed, payments of interest on the Class A1 Notes and the Class A2 Notes rank *pari passu* without any preference or priority among Notes of the Class A1 Notes and the Class A2 Notes. See further section 4.1 (*Terms and Conditions*) and *Risk related to the split between the Class A1 Notes and the Class A2 Notes* in section 2 (*Risk Factors*).

Interest:

Interest on the Class A Notes is payable by reference to the successive Interest Periods. The interest will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.

Interest will be payable quarterly in arrears in respect of the Principal Amount Outstanding on each Notes Payment Date.

Interest on the Class A1 Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to the sum of Euribor for three (3) month deposits in euro, determined in accordance with Condition 4(f) (or, in respect of the first Interest Period, accrue at the rate which represents the linear interpolation of Euribor for four (4) and five (5) month deposit in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) with a maximum of 7 per cent. per annum, plus a margin equal to 1.15 per cent. per annum.

Interest on the Class A2 Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to 2.15 per cent. per annum.

No interest will be payable in respect of the Subordinated Notes.

Final Maturity Date:

If and to the extent not redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to, in respect of the Subordinated Notes, Condition 9(a).

Mandatory redemption of the Notes:

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Principal Redemption Funds to (partially) redeem the Notes, other than the Class E Notes, on each Notes Payment Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to, in respect of the Subordinated Notes, Condition 9(a), in the following order:

- (i) *firstly*, (a) prior to the occurrence of a Trigger Event, (x) the Floating Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed and, thereafter, towards redemption of the Class A2 Notes until fully redeemed and (y) the Fixed Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A2 Notes until

fully redeemed and, thereafter, towards redemption of the Class A1 Notes until fully redeemed and (b) from (and including) the date on which a Trigger Event occurs, firstly, in or towards redemption of principal amounts due under the Class A1 Notes, until fully redeemed and, secondly, in or towards redemption of principal amounts due under the Class A2 Notes, until fully redeemed;

- (ii) *secondly*, the Class B Notes, until fully redeemed;
- (iii) *thirdly*, the Class C Notes, until fully redeemed; and
- (iv) *fourthly and finally*, the Class D Notes, until fully redeemed.

If the Seller exercises any of the Seller Clean-Up Call Option, the Seller Call Option or the Regulatory Call Option, the Issuer will sell the Mortgage Receivables to the Seller and apply the proceeds thereof to redeem the Notes, other than the Class E Notes.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date, the Issuer will be obliged to apply the Available Class E Redemption Funds to (partially) redeem the Class E Notes, until fully redeemed.

**Optional
Redemption
of the Notes:**

Unless previously redeemed in full, the Issuer will have the option to redeem all Notes (but not some only), other than the Class E Notes, on an Optional Redemption Date at their respective Principal Amount Outstanding, subject to, in respect of the Subordinated Notes, Condition 9(a).

**Additional Mandatory
Redemption
of the Class A Notes on
each Optional Redemption
Date:**

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on the First Optional Redemption Date and on each Notes Payment Date thereafter other than on an Optional Redemption Date on which all Notes are redeemed in full, the Issuer will be obliged to apply the Available Revenue Redemption Funds to (partially) redeem, on a *pro rata* and *pari passu* basis, the Class A Notes, until fully redeemed and thereafter towards the remaining items of, and in accordance with, the Revenue Priority of Payments.

**Redemption
for tax reasons:**

If the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has the option to redeem all (but not some only) of the Notes, other than the Class E Notes, on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to, in respect of the Subordinated Notes, Condition 9(a).

**Retention and disclosure
requirements under the CRD:**

In respect of the issue of the Notes Van Lanschot, in its capacity as allowed entity under paragraph 2 of article 122a of the CRD, shall, or any entity designated by it as allowed entity under paragraph 2 of article 122a of the CRD shall, retain, on an ongoing basis, a material net economic interest which, in any event, shall not be less than 5%. At the date of this Prospectus such interest is retained in accordance with item (d) of article 122a paragraph 1 of the CRD, by holding a part of the most junior Classes of Notes and, if necessary, other tranches of Notes having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier

than those transferred or sold to investors, so that the retention equals in total no less than 5% of the nominal value of the Notes issued under this Prospectus.

In addition, Van Lanschot shall, or undertakes that any entity designated by Van Lanschot as allowed entity under paragraph 2 of article 122a of the CRD shall, on an ongoing basis, (i) adhere to the requirements set out in paragraph 6 of article 122a of the CRD and (ii) make appropriate disclosures to Noteholders about the retained net economic interest in the Programme and ensure that the Noteholders have readily available access to all materially relevant data as required under paragraph 7 of article 122a of the CRD.

In the Notes Purchase Agreement, the Seller shall undertake to the Issuer that it shall at all times comply with the Dutch Regulation Securitisations of 26 October 2010 ("*Regeling securitisaties Wft 2010*") implementing *inter alia* article 122a of the CRD.

Use of proceeds:

The Issuer will use the proceeds from the issue of the Notes, other than the Class E Notes, to pay part of the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of the Mortgage Receivables Purchase Agreement and made between the Seller, the Issuer and the Security Trustee. The proceeds of the Class E Notes will be deposited on the Reserve Account.

Withholding Tax:

All payments of, or in respect of, principal of and interest on 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 or on behalf of 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 or Coupon 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.

FATCA Withholding:

Payments in respect of the Notes might be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

Method of Payment:

For so long as the Notes are represented by a Global Note, payments of principal and interest on the Notes will be made in euros to the Common Safekeeper for Euroclear and Clearstream, Luxembourg for the credit of the respective accounts of the Noteholders.

Security for the Notes:	<p>The Notes will be secured:</p> <ul style="list-style-type: none"> (i) by a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over (a) the Mortgage Receivables, including all rights ancillary thereto and (b) the Beneficiary Rights; and (ii) by a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights. <p>After delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Secured Creditors will be limited to the amounts available for such purpose to the Security Trustee which, <i>inter alia</i>, will consist of amounts recovered by the Security Trustee in respect of such rights of pledge and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Creditors will be made in accordance with the Post-Enforcement Priority of Payments. See further <i>Credit Structure</i> and <i>Security</i> below.</p>
Parallel Debt Agreement:	<p>On the Closing Date, the Issuer and the Security Trustee will – among others – enter into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.</p>
Paying Agency Agreement:	<p>On the Closing Date, the Issuer will enter into the Paying Agency Agreement with the Paying Agent and the Reference Agent pursuant to which the Paying Agent undertakes, <i>inter alia</i>, to perform certain payment services on behalf of the Issuer towards the Noteholders.</p>
Listing:	<p>Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List (the "Official List") and trading on its regulated market.</p>
Credit ratings:	<p>It is a condition precedent to issuance that the Class A Notes, on issue, be assigned an AAA(sf) credit rating by Fitch and an 'AAA' (sf) credit rating by S&P and that the Class B Notes, on issue, be assigned an AAA(sf) credit rating by Fitch and an 'AA-' (sf) credit rating by S&P. Each of the Credit Rating Agencies is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies. The Class C Notes, the Class D Notes and the Class E Notes will not be assigned a credit rating.</p>
Settlement:	<p>Euroclear and Clearstream, Luxembourg.</p>
Governing Law:	<p>The Notes will be governed by and construed in accordance with Dutch law.</p>
Selling Restrictions:	<p>There are selling restrictions in relation to the European Economic Area, France, Italy, the United Kingdom and the United States and such other restrictions as may be required in connection with the offering and sale of the Notes. See <i>Subscription and Sale</i>.</p>

1.5 CREDIT STRUCTURE

- Available Funds:** The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement, drawings from the Reserve Account, the Issuer Collection Account and the Financial Cash Collateral Account, to make payments of, *inter alia*, principal and interest due in respect of the Notes.
- Priority of Payments:** The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure* below) and the right to payment of principal on the Subordinated Notes will be subordinated to the Class A Notes and limited as more fully described in section 5 (*Credit Structure*) and section 4.1 (*Terms and Conditions*).
- Cash Advance Facility Agreement:** On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with a maximum term of 364 days with the Cash Advance Facility Provider under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. If, at any time, the Issuer will be required to make a Cash Advance Facility Stand-by Drawing, the Issuer shall deposit such amount in the Issuer Collection Account with a credit to the Cash Advance Facility Stand-by Ledger. Such amount will be available for payments to be made by the Issuer subject to and in accordance with the Cash Advance Facility Agreement as if it would be a drawing thereunder. See further section 5 (*Credit Structure*) below.
- Issuer Accounts:** The Issuer shall maintain with the Issuer Account Bank the following accounts:
- (i) the Issuer Collection Account to which on each Mortgage Collection Payment Date - *inter alia* - all amounts received in respect of the Mortgage Receivables will be transferred by the Servicer in accordance with the Servicing Agreement;
 - (ii) the Construction Deposit Account to which on the Closing Date and on each Notes Payment Date all amounts received in connection with Construction Deposits shall be deposited;
 - (iii) the Reserve Account to which on the Closing Date the proceeds of the Class E Notes and on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments will be transferred; and
 - (iv) the Financial Cash Collateral Account to which, if the Seller opts to transfer cash denominated in euro as collateral subject to and in accordance with the Financial Collateral Agreement, an amount up to the Delivery Amount will be credited (see further section 5 (*Credit Structure*)).
- Issuer Account Agreement:** On the Closing Date the Issuer will enter into the Issuer Account Agreement with the Issuer Account Bank, under which the Issuer Account Bank agrees to pay a guaranteed interest rate on the balance standing to the credit of each of the Issuer Accounts from time to time. See further section 5 (*Credit Structure*).
- Financial Collateral** On or about the Closing Date, the Issuer will enter into the Financial Collateral Agreement with the Seller and the Security Trustee. Pursuant to the Financial

Agreement:

Collateral Agreement, the Seller undertakes to transfer to the Issuer on the Closing Date and on each Notes Payment Date to the relevant Financial Collateral Account collateral which, at the sole discretion of the Seller, may consist of Eligible Collateral in an amount of and having a value equal to the Delivery Amount. As on the Closing Date (i) the rating of the Seller will be below the Requisite Credit Rating and (ii) the Financial Collateral Required Amount will be higher than zero as a result of the Potential Set-Off Amount on such date, the Seller shall transfer to the Issuer on the Closing Date an amount equal to the Delivery Amount to the Financial Cash Collateral Account. See further section 5 (*Credit Structure*) below.

Administration Agreement:

Under the Administration Agreement between the Issuer, the Issuer Administrator and the Security Trustee, 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.

1.6 PORTFOLIO INFORMATION

1. Key Characteristics

Principal Balance	€	853,903,758.19
Net Principal Balance	€	853,903,758.19
Construction Deposits	€	3,170,164.00
Current Balance - fixed rate loans	€	579,972,025.80
Current Balance - floating rate loans	€	273,931,732.39
Number of borrowers		1,494
Number of loans		3,400
Average principal balance (per borrower)	€	571,555.39
Weighted average current interest rate (%)		3.88
Weighted average current interest rate - fixed rate loans (%)		4.61
Weighted average current interest rate - floating rate loans (%)		2.33
Weighted average maturity (in years)		21.53
Weighted average remaining time to reset (in years)		3.31
Weighted average seasoning (in years)		7.49
Weighted average CLTOFV (%)		100.50

Mortgage

Loans:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase from the Seller the Mortgage Receivables. The Mortgage Receivables will result from Mortgage Loans secured by a mortgage right over Mortgaged Assets 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 sold by Van Lanschot have been originated by the Originators. See further section 6.3 (*Origination and Servicing*) below.

The pool of Mortgage Loans (or any Loan Parts ("*leningdelen*") comprising a Mortgage Loan) will consist of Life Mortgage Loans ("*levenhypotheken*"), Investment Mortgage Loans ("*beleggingshypotheken*"), Linear Mortgage Loans ("*lineaire hypotheken*"), Annuity Mortgage Loans ("*annuïteiten hypotheken*"), Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*") or combinations of these types of loans.

All Mortgage Loans are secured by a first ranking or first and sequentially lower ranking mortgage right and were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more Loan Parts. If a Mortgage Loan consists of one or more Loan Parts, the Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, Loan Parts of such Mortgage Loan on the Closing Date (or on the relevant Notes Payment Date as the case may be). See further section 6.2 (*Description of Mortgage Loans*).

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

Life Mortgage

Loans:

A portion of the Mortgage Loans will be in the form of Life Mortgage Loans, which have the benefit of Life Insurance Policies taken out by Borrowers with an Insurance Company. Under a Life Mortgage Loan, no principal is paid until maturity. See further section 2 (*Risk Factors*) and section 6.2 (*Description of the Mortgage Loans*).

Investment

A portion of the Mortgage Loans will be in the form of Investment Mortgage

**Mortgage
Loans:**

Loans. Under an Investment Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest on an instalment basis or by means of a lump sum investment an agreed amount in certain investment funds. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The rights under these investments are pledged to the Seller as security for repayment of the relevant Investment Mortgage Loan. See further section 2 (*Risk Factors*) and section 6.2 (*Description of the Mortgage Loans.*)

**Linear
Mortgage
Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan the Borrower redeems a fixed amount on each instalment, such that at maturity the entire loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Mortgage Loan declines over time.

**Annuity
Mortgage
Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of 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 such Mortgage Loan will be fully redeemed at the end of its term.

**Interest-only
Mortgage Loans:**

A portion of the Mortgage Loans or parts thereof will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

1.7 PORTFOLIO DOCUMENTATION

Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of the Mortgage Receivables (which will include any New Mortgage Receivables and Further Advance Receivables upon the purchase and acceptance of the assignment thereof) of the Seller against the Borrowers under or in connection with certain pre-selected Mortgage Loans. The Issuer will be entitled to the principal proceeds and the interest proceeds (including Prepayment Penalties) of the Mortgage Receivables from (and including) the Cut-Off Date.

The Seller has the benefit of Beneficiary Rights which entitle the Seller to receive the final payment under the relevant Life Insurance Policies, which payment were to be applied towards redemption of the Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, the Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

Repurchase of Mortgage Receivables:

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable on the Mortgage Collection Payment Date immediately following:

- (i) the expiration of the relevant cure period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect; or
- (ii) a Mortgage Calculation Period in which the Seller agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on or before the Notes Payment Date immediately succeeding such Mortgage Calculation Period; or
- (iii) the date on which the Seller agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase such Mortgage Receivable; or
- (iv) a Mortgage Calculation Period in which the Seller agrees with a Borrower under a Floating Rate Mortgage Loan to switch to a fixed rate of interest as a result of which the relevant Mortgage Loan becomes a Fixed Rate Mortgage Loan or, as the case may be, the Seller agrees with a Borrower under a Fixed Rate Mortgage Loan to switch to a floating rate of interest as a result of which the relevant Mortgage Loan becomes a Floating Rate Mortgage Loan.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with

due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such sale and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Mortgage Receivable.

Fixed Floating Repurchase:

In the event that on any Notes Payment Date items (vi), (vii), (viii) and (ix) of the Replenishment Conditions would not be met, the Seller shall on such Notes Payment Date repurchase and the Issuer will sell and reassign such Mortgage Receivables and the Beneficiary Rights relating thereto,

- in the event of item (vi), having low fixed interest rates at such time;
- in the event of item (vii), having low Margins at such time;
- in the event of item (viii), which qualify as Fixed Rate Mortgage Receivables; and
- in the event of item (ix), which qualify as Floating Rate Mortgage Receivables,

(the "**Fixed Floating Repurchase**") as selected by the Seller, taking into account all relevant Replenishment Conditions, such that, following the Fixed Floating Repurchase and taking into account any New Mortgage Receivables and/or Further Advance Receivables to be purchased on such Notes Purchase Date, items (vi), (vii), (viii) and (ix) of the Replenishment Conditions will be met on such Notes Payment Date.

For the avoidance of doubt, on the Notes Payment Date on which the Seller repurchases Mortgage Receivables as a result of a Fixed Floating Repurchase, items (vi), (vii), (viii) and (ix) of the Replenishment Conditions must be met on such Notes Purchase Date directly after the completion of such repurchase and, provided that also the other Replenishment Conditions are met on such Notes Payment Date, the Issuer shall use the Replenishment Available Amount or, as the case may be, the Fixed Floating Replenishment Available Amount, to purchase and accept the assignment of New Mortgage Receivables and Further Advance Receivables from the Seller, if and to the extent offered by the Seller, on such Notes Payment Date.

The purchase price in the event of a Fixed Floating Repurchase will be calculated as described above under *Repurchase of Mortgage Receivables*.

Replenishment:

The Mortgage Receivables Purchase Agreement will provide that the Issuer will on each Notes Payment Date up to (but excluding) the First Optional Redemption Date, to the extent funds are available for this purpose as Replenishment Available Amount or, as the case may be, Fixed Floating Replenishment Available Amount, purchase from the Seller New Mortgage Receivables and Further Advance Receivables subject to fulfilment of certain conditions and to the extent offered by the Seller.

In addition, the Mortgage Receivables Purchase Agreement will provide that the Issuer will on the First Optional Redemption Date and on each Notes Payment Date thereafter, to the extent funds are available for this purpose as the Fixed Floating Replenishment Available Amount, purchase from the Seller New Mortgage Receivables and Further Advance Receivables subject to fulfilment of certain conditions and to the extent offered by the Seller.

Seller Clean-Up Call Option:

If on any Notes Payment Date the aggregate Principal Amount Outstanding of the Notes (and in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is equal to or less than ten

(10) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables.

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, if the Seller exercises the Seller Clean-Up Call Option.

If the Seller exercises the Seller Clean-Up Call Option, the Issuer shall be required to redeem the Notes, other than the Class E Notes, at their Principal Amount Outstanding, pursuant to Condition 6(b) and, in respect of the Subordinated Notes, Condition 9(a).

Seller Call Option:

On each Optional Redemption Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables.

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, if the Seller exercises the Seller Call Option.

If the Seller exercises the Seller Call Option, the Issuer shall be required to redeem the Notes, other than the Class E Notes, at their Principal Amount Outstanding, pursuant to Condition 6(b) and, in respect of the Subordinated Notes, Condition 9(a).

Regulatory Call Option:

In the event of the occurrence of a Regulatory Change, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables.

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, if the Seller exercises the Regulatory Call Option.

If the Seller exercises the Regulatory Call Option, the Issuer shall be required to redeem the Notes, other than the Class E Notes, at their Principal Amount Outstanding, pursuant to Condition 6(b) and, in respect of the Subordinated Notes, Condition 9(a).

**Sale of
Mortgage
Receivables:**

Under the terms of the Trust Deed, the Issuer will have the right and shall use its reasonable efforts to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes in full in accordance with Condition 6(d), subject to, in respect of the Subordinated Notes, Condition 9(a). In addition, under the terms of the Trust Deed, the Issuer will also have the right to sell and assign all, but not some, of the Mortgage Receivables, if the Issuer exercises the Tax Call Option in accordance with Condition 6(f), subject to, in respect of the Subordinated Notes, Condition 9(a).

Right of first refusal and right to match

If the Issuer decides to offer for sale the Mortgage Receivables on an Optional Redemption Date or exercises the Tax Call Option, the Issuer will notify the Seller of such decision by written notice at least sixty-seven (67) calendar days prior to the scheduled date of redemption and will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of fourteen (14) calendar days after receipt of such notice inform the Issuer

whether it wishes to repurchase the Mortgage Receivables. After such period of fourteen (14) calendar days, if the Seller has not indicated that it wishes to repurchase the Mortgage Receivables and if the Issuer finds a third party that is willing to purchase the Mortgage Receivables, the Issuer will notify the Seller of the terms of such third party's offer by written notice at least thirty-nine (39) calendar days prior to the scheduled date of such sale. After having received the written notice as set forth in the foregoing sentence, the Seller will have the right, but not the obligation, to repurchase the Mortgage Receivables on terms equal to such third party's offer to purchase the Mortgage Receivables on the scheduled date of such sale, provided that the Seller shall within a period of seven (7) calendar days after receipt of such notice inform the Issuer that it wishes to repurchase the Mortgage Receivables on the scheduled date of such sale.

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Issuer has the obligation to sell all Mortgage Receivables if the Seller exercises the Seller Clean-Up Call Option, the Seller Call Option or the Regulatory Call Option.

Purchase price in the case of a sale of Mortgage Receivables

The purchase price of each Mortgage Receivable in the event that Seller is obliged to repurchase any Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement or in the event it exercises the Regulatory Call Option will be equal to 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 and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

The purchase price of each Mortgage Receivable in the event of the Seller Clean-Up Call Option, the Seller Call Option, the Tax Call Option or redemption on an Optional Redemption Date, shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the foreclosure value of all other collateral and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

Servicing Agreement:

Under the Servicing Agreement, (i) the Servicer will agree to provide mortgage payment transactions and the other services as agreed in the Servicing Agreement in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and (ii) the Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further section 7.5 (*Servicing Agreement*)).

1.8 GENERAL

Management Agreements:

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

2. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the material 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. 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.

RISK FACTORS REGARDING THE ISSUER

The Notes will be solely the obligations of the Issuer

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Cash Advance Facility Provider, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Sole Lead Arranger, the Lead Manager, the Insurance Companies, the Issuer Account Bank and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Cash Advance Facility Provider, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Sole Lead Arranger, the Lead Manager, the Insurance Companies, the Issuer Account Bank and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

None of the Seller, the Cash Advance Facility Provider, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Sole Lead Arranger, the Lead Manager, the Insurance Companies, the Issuer Account Bank and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents, such as the payments due under the Cash Advance Facility Agreement by the Cash Advance Facility Provider).

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay principal of and interest, if any, on the Notes will be dependent solely on (a) the receipt by it of funds under the Mortgage Receivables and the Beneficiary Rights relating thereto, (b) the proceeds of the sale of any Mortgage Receivables, (c) in certain circumstances, drawings under the Reserve Account, the Construction Deposit Account, the Cash Advance Facility Agreement and/or Financial Collateral Agreement and (d) the receipt by it of interest in respect of the balance standing to the credit of the Issuer Accounts. See further section 5 (*Credit Structure*) below. The Issuer does not have any other resources available to it to meet its obligations under the Notes. Consequently, the Issuer may be unable to recover fully and/or timely funds necessary to fulfil its payment obligations under the Notes.

The Issuer has counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations under the Notes, including any payments on the Notes.

Risk related to compulsory transfer of rights and obligations under a Transaction Document following downgrade of a counterparty of the Issuer

Certain Transaction Documents to which the Issuer is a party such as the Issuer Account Agreement and the Cash Advance Facility Agreement provide for minimum required credit ratings of the counterparties to such Transaction Documents. If the credit ratings of a counterparty fall below these minimum required credit ratings, the rights and obligations under such Transaction Document may have to be transferred to another counterparty having the minimum required credit ratings. In such event, there may not be a counterparty available that is willing to accept the rights and obligations under such Transaction Documents or such counterparty may only be willing to accept the rights and obligations under such Transaction Document if the terms and conditions thereof are modified. This may lead to losses under the Notes.

Effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the Issuer

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Dutch law to pledgees notwithstanding bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer after notification of the assignment to the Issuer, but prior to notification of the pledge to the Security Trustee, and after bankruptcy or suspension of payments of the Issuer will form part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to recover such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable would delay the exercise ("*uitwinnen*") of the right of pledge on the Mortgage Receivables and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy as determined by the judge-commissioner ("*rechter-commissaris*") appointed by the court in case of bankruptcy of the Issuer.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, the right of pledge on such future receivables cannot be invoked against the estate of the Issuer, if such future receivables come into existence after the Issuer has been declared bankrupt or has been granted a suspension of payments. The Issuer has been advised that the assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Issuer Collection Account following the Issuer's bankruptcy or suspension of payments.

In view of the foregoing, the effectiveness of the rights of pledge to the Security Trustee may be limited in case of insolvency of the Issuer.

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

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and on the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also section 4.7 (*Security*)). However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's estate. The Secured Creditors therefore incur a credit risk on the Security Trustee, which could lead to losses under the Notes.

Risks related to license requirement under the Wft

Under the Wft a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers, such as the Issuer, must have a license under the Wft. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Receivables to the Servicer. The Servicer holds a license as intermediary ("*bemiddelaar*") and offeror of credit ("*aanbieder van krediet*") under the Wft and the Issuer thus benefits from the exemption. If the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Receivables to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Receivables to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and may have to sell the Mortgage Receivables, which could lead to losses under the Notes.

RISK FACTORS REGARDING THE NOTES

Factors which might affect an investor's ability to make an informed assessment of the risks associated with Notes

The Notes are complex financial products. Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of its own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined in this section 2, placing such investor at a greater risk of receiving a lesser return on his investment:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined in this section 2;
- (ii) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;
- (iii) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the investor's currency;
- (iv) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such investor is more vulnerable from any fluctuations in the financial markets generally; and
- (v) if such an investor is not 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 his investment and his ability to bear the applicable risks.

Credit Risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the 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 owed 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 section 5 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class of Notes against all risks of losses.

The Issuer will report the Mortgage Loans in arrears and the Realised Losses in respect thereof in the Investor Report on an aggregate basis. Investors should be aware that the Realised Losses reported may not reflect all losses that already have occurred or are expected to occur, because a Realised Loss is recorded, *inter alia*, only after the Servicer has determined that foreclosure of the Mortgage and other collateral securing the Mortgage Receivable has been completed which process may take a considerable amount of time and may not necessarily be in line with the policies at other originators in the Dutch market.

Risk that the Issuer will not exercise its right to redeem the Notes at the Optional Redemption Dates and maturity risk

No guarantee can be given that the Issuer will on the First Optional Redemption Date or on any Optional Redemption Date thereafter actually exercise its right to redeem the Notes. There is no incentive to exercise the right to redeem any of the Notes on the Optional Redemption Dates. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of the Mortgage Receivables. The Issuer shall first offer the Mortgage Receivables to the Seller. The purchase price will be calculated as described in section 7.1 (*Purchase, repurchase and sale*). However, there is no guarantee that such a sale of the Mortgage Receivables at such price will take place. In addition, the ability of the Issuer to redeem all of the Notes on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the collections under the Mortgage Receivables are sufficient to redeem the Notes.

Risk related to prepayments on the Mortgage Loans

The maturity of the Notes will depend on, *inter alia*, the amount and timing of payment of principal (including, *inter alia*, full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Foreclosure Proceeds upon enforcement of a Mortgage Receivable and repurchase by the Seller of Mortgage Receivables) on all Mortgage Loans and the Outstanding Principal Amount of New Mortgage Receivables and Further Advance Receivables offered by the Seller and purchased by the Issuer. The average maturity of the Notes may be adversely affected by 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 market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience.

Risks related to early redemption of the Notes in case of the exercise by the Seller of the Regulatory Call Option, the Seller Call Option or Seller Clean-Up Call Option or the exercise by the Issuer of the Tax Call Option or to redeem the Notes on an Optional Redemption Date

The Issuer has the option to redeem the Notes at their Principal Amount Outstanding prematurely, (i) subject to and in accordance with Condition 6(e), following the exercise by the Issuer to redeem the Notes on an Optional Redemption Date and (ii) subject to and in accordance with Condition 6(f), for certain tax reasons by exercise of the Tax Call Option, in each case, in respect of the Subordinated Notes, subject to Condition 9(a). In addition, the Issuer has the obligation to redeem the Notes at their Principal Amount Outstanding prematurely subject to and in accordance with Condition 6(b), if the Seller exercises the Seller Call Option, the Seller Clean-Up Call Option or the Regulatory Call Option, in each case, in respect of the Subordinated Notes, subject to Condition 9(a). Should the Tax Call Option, the Regulatory Call Option, the Seller Call Option or the Seller Clean-Up Call Option be exercised or should the Issuer decide to redeem the Notes on any Optional Redemption Date, the Notes will be redeemed prior to the Final Maturity Date. Noteholders may not be able to invest the amounts received as a result of the premature redemption of the Notes on conditions similar to or better than those of the Notes.

Risk of redemption of the Subordinated Notes with a Principal Shortfall

In accordance with Condition 9(a), a Subordinated Note may be redeemed subject to Principal Shortfall. This applies not only to redemption of the Subordinated Notes on the Final Maturity Date, but also to redemption in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(e) (*Optional Redemption*) and Condition 6(f) (*Redemption for tax reasons*). As a consequence, a holder of a Subordinated Note may not receive the full Principal Amount Outstanding of such Subordinated Note upon redemption in accordance with and subject to Condition 6.

Risk that changes of law will have an effect on the Notes

The structure of the issue of the Notes and the credit ratings which are to be assigned to the Class A Notes and the Class B Notes are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice in the Netherlands after the date of this Prospectus.

Currently, the laws, regulations and administrative practice relating to mortgage-backed securities such as the Notes are in significant state of flux in Europe and it is impossible for the Issuer to predict how these changes may in the future impact investors in the Notes, whether directly or indirectly.

Subordinated Notes bear a greater risk of non-payment than higher ranking Classes of Notes

The Class B Notes are subordinated in right of payment to the Class A Notes, (b) the Class C Notes are subordinated in right of payment to the Class A Notes and the Class B Notes, (c) the Class D Notes are subordinated in right of payment to the Class A Notes, the Class B Notes and the Class C Notes and (d) the Class E Notes are subordinated in right of payment to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. The Noteholders of any Class of Notes with a lower payment priority bear a greater risk of non-payment than any Class of Notes with a higher payment priority than such Class of Notes. See further section 5 (*Credit Structure*) and section 4.1 (*Terms and Conditions*).

Risk related to the split between the Class A1 Notes and the Class A2 Notes

The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 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 Class A Notes are applied as follows: (a) prior to the occurrence of a Trigger Event, (x) the Floating Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed and, thereafter, towards redemption of the Class A2 Notes until fully redeemed and (y) the Fixed Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and, thereafter, towards redemption of the Class A1 Notes until fully redeemed and (b) from (and including) the date on which a Trigger Event occurs, on a sequential basis, firstly, towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed and, secondly, towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed. In addition, on the First Optional Redemption Date and on each Notes Payment Date thereafter other than on an Optional Redemption Date on which the Notes are redeemed in full, the Issuer will be obliged to apply the Available Revenue Redemption Funds to (partially) redeem on a pro rata basis, the Class A Notes, until fully redeemed and thereafter towards the remaining items of, and in accordance with, the Revenue Priority of Payments.

To the extent that the Available Principal Redemption Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 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 relevant Subclass of Class A Notes therefore does not purport to provide credit enhancement to the other Subclasses of Class A Notes. If, on any date, the Security were to be enforced and the proceeds of the enforcement were insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If a Subclass of Class A Notes has been redeemed (in part or in full) at such time to a greater extent than the other Subclass of Class A Notes, this will result in this other Subclass bearing a greater loss than that borne by the relevant Subclass firstly redeemed.

As long as no Trigger Event has occurred, no indication can be given as to the extent in which Subclass of Class A Notes will have been redeemed in the event that the Security is to be enforced, and therefore no indication can be given as to the potential level of losses that may be borne by either the Class A1 Notes or the Class A2 Notes. After the occurrence of a Trigger Event, the sequence of redemption of the Class A1 Notes and the Class A2 Notes may result in the Class A2 Notes bearing a greater loss than the Class A1 Notes.

Interest rate risk in respect of the Class A Notes

The interest rate risk on the Class A Notes has not been hedged under an interest rate swap agreement with a swap counterparty. Accordingly, the Issuer is exposed to interest rate risk, including the risk that the scheduled interest receipts are insufficient to pay interest due on the Class A1 Notes and the Class A2 Notes, which risk may for example materialise if, after interest rate resets in respect of certain Mortgage Receivables, the weighted average Margin on the relevant Floating Rate Mortgage Receivables is below the margin payable on the Class A1 Notes and/or the weighted average interest rate on the relevant Fixed Rate Mortgage Receivables is below the interest rate payable on the Class A2 Notes as a result of (i) the Seller (or, if the Seller no longer sets the mortgage interest rates, the Issuer) not being able to meet its undertaking to ensure that, subject to the Mortgage Conditions and applicable law and regulations, including, without limitation, principles of reasonableness and fairness, the weighted average interest rate of the Fixed Rate Mortgage Receivables shall be at least 3.75 per cent. and that the weighted average Margin of the Floating Rate Mortgage Receivables shall be at least 1.50 per cent. and (ii) the Seller does not comply with its obligation under the Mortgage Receivables Purchase Agreement to repurchase the relevant Mortgage Receivables (see further section 7.4 (*Portfolio Conditions*)). The Issuer is not exposed to interest rate risk in respect of the Subordinated Notes as these notes will not carry any interest.

Risk that the floating rate of interest applicable to the Class A1 Notes becomes a fixed rate of interest

The Class A1 Notes carry a floating rate of interest which is equal to Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(f)) plus a margin of 1.15 per cent per annum, for as long as the interest rate equal to Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(f)) is below or equal to an interest rate equal to 7 per cent. per annum. If and as long as the interest rate equal to Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(f)) exceeds an interest rate equal to 7 per cent. per annum, the rate of interest applicable to the Class A1 Notes will be capped at interest rate equal to 7 per cent. per annum plus a margin of 1.15 per cent. per annum. Noteholders should therefore be aware that if and as long as the interest rate equal to Euribor for three (3) month deposits in euro is at any time higher than 7 per cent. per annum, the Class A1 Notes will no longer carry a floating rate of interest but will carry a fixed rate of interest equal to 8.15 per cent. per annum.

The obligations of the Issuer under the Notes are limited recourse

Each of the Noteholders shall only have recourse in respect of any claim against the Issuer in accordance with the relevant Priority of Payments (see section 5.2 (*Priority of Payments*)). The Noteholders and the other Secured Creditors shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables and the Beneficiary Rights relating thereto, (ii) the balance standing to the credit of the Issuer Transaction Accounts and (iii) the amounts received under the Transaction Documents. 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 Notes are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Notes, the Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts (see Condition 9(b)).

Risk relating to conflict of interest between the interests of holders of different Classes of Notes and Secured Creditors

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If, in the sole opinion of the Security Trustee in respect of certain matters there is a conflict between the interests of the holders of different Classes of Notes, the Security Trustee shall have regard only to the interests of the Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors and, in case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured Creditor prevails. Noteholders should be aware that the interest of Secured Creditors ranking higher in the Post-Enforcement Priority of Payments than the relevant Class of Notes shall prevail.

Risks related to the limited liquidity of the Notes

The secondary market for mortgage-backed securities is experiencing limited liquidity. The conditions may continue to worsen in the future. Limited liquidity in the secondary market for mortgage-backed securities has had a severe adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor. In addition, the forced sale into the market of mortgage-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market. Thus, Noteholders bear the risk of limited liquidity of the secondary market for mortgage-backed securities and the effect thereof on the value of the Notes.

Risk related to the Notes held in global form

The Notes will initially be held by the Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg in the form of a Global Note which will be exchangeable for Definitive Notes in limited circumstances as more fully described in section 4.2 (*Form*). For as long as any Notes are represented by a Global Note held by the Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest, if any, and any other amounts on a Global Note will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant Global Note, being the common safekeeper for Euroclear and/or Clearstream, Luxembourg, shall be treated by the Issuer and the Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal, interest, if any, and any other amounts payable in respect of the Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Thus, the Noteholders will have to rely on the procedures of Euroclear and/or Clearstream, Luxembourg for transfers, payments and communications from the Issuer, which may cause the Issuer being unable to meet its obligations under the Notes

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

Pursuant to the terms of the Trust Deed, the Security Trustee may agree without the consent of the Noteholders to (i) any modification of any of the provisions of the Trust Deed, the Notes or any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and other Secured Creditors and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

No obligation for the Issuer to compensate Noteholders for any tax withheld on behalf of any tax authority

As provided in Condition 7, if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or changes of whatever nature are imposed by or on behalf of the Netherlands, any authority therein or thereof having power to tax, 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 be obliged to pay any additional amounts to the Noteholders.

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

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "Recalcitrant Holder"). The Issuer may be classified as an FFI. Where non-U.S. law prohibits disclosure of the information required under a FATCA agreement with the IRS, a Noteholder will be required to agree to a waiver of such law within a reasonable period of time.

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

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

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

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

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

Based on recent developments, it is likely that FATCA will be implemented in The Netherlands by means of an IGA between the U.S. and The Netherlands. The Issuer then might need to become FATCA compliant as a consequence of the implementation of the IGA in the Netherlands. In that case FATCA compliancy might become mandatory with respect to this transaction, without the Issuer entering into a FATCA agreement with the IRS.

The above provisions will be applicable in both situations; either the Issuer enters into a FATCA agreement with the IRS or an IGA between the U.S. and The Netherlands is implemented.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

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

Payments to Noteholders may be subject to withholding tax pursuant to the 2003/48/EC EU Council Directive

Under the EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to (or secured for) an individual resident (or certain other entities established) in that other Member State. For a transitional period, currently Luxembourg and Austria are instead required (unless they elect otherwise during that period) 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), subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. A number of non-EU countries and territories have adopted similar measures and the Member States have entered into reciprocal arrangements with certain of those countries or territories. The European Commission has proposed certain amendments to the EU Council Directive 2003/48/EC, which may, if implemented, amend or broaden the scope of the above-mentioned provisions. Pursuant to Condition 5(d), the Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EC. It may be possible that such a paying agent does not perform its obligations in this respect under its agreement with the Issuer, which may result in the Issuer not being able to meet its obligation pursuant to the afore-mentioned Condition 5(d), in which case there is a risk that under certain circumstances the interest payments under the Notes, if any, become subject to withholding tax, which would reduce payments to the Noteholders.

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 mortgage-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 Sole Lead Arranger, the Lead Manager nor the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date hereof or at any time in the future.

In particular, in Europe, investors should be aware of Article 122a of the CRD, as implemented in the Netherlands by the Dutch Regulation Securitisations of 26 October 2010 ("*Regeling securitisaties Wft 2010*") which applies in general to new securitisations issued on or after 1 January 2011 and, after 31 December 2014, to existing securitisations where new underlying exposures are added or substituted after 31 December 2014. Article 122a restricts an EU regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a. Article 122a also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Prospective noteholders should therefore make themselves aware of the requirements of Article 122a, where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

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

On 22 May 2013, the European Banking Authority published its consultation paper on the Draft Regulatory Technical Standards and the Draft Implementing Technical Standards ("**Technical Standards**") in respect of Article 394-399 of the Capital Requirements Regulation (formerly Article 122a) ("**CRR**"). The CRR shall replace in its entirety Article 122a of the CRD and is expected to come into force in all European Member States from 1 January 2014. The Technical Standards are silent on whether any grandfathering will apply in relation to securitisations which have been created prior to 1 January 2014.

Article 122a of the CRD 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.

Proposed Changes to the Basel Capital Accord and Solvency II

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord, Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the CRD. The Basel Committee on Banking Supervision proposed new rules amending the existing Basel II Accord on bank capital requirements, referred to as Basel III. 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).

The changes under Basel III are expected to be phased in over time and to be fully effective by 2019. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general.

The European Commission's proposals divide the current CRD into two legislative instruments: the CRR and the CRD IV Directive. The CRR contains provisions relating to the "single rule book", including the majority of the provisions relating to the Basel III prudential reforms while the CRD IV Directive introduces provisions concerning remuneration, enhanced governance and transparency and the introduction of buffers. Like the current CRD, the CRR and the CRD IV Directive will apply to credit institutions and to investment firms that fall within the scope of the Markets in Financial Instruments Directive. On 16 April 2013, the European Parliament approved the CRD IV proposals with amendments. The final text remains subject to a detailed review of legal drafting and translation into other official EU languages, and formal adoption by the Council of Ministers.

Furthermore, pursuant to Solvency II, more stringent rules will apply for European insurance companies which are scheduled to become effective as of January 2014 in respect of instruments such as the Notes in order to constitute regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*).

Basel II, as published, and Basel III even to a greater extent, will affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the CRD or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). This could affect the market value of the Notes in general and the relative value for the investors in the Notes.

Potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II, as implemented by their own regulator or following implementation, and any changes thereto pursuant to Basel III, and the application of Solvency II, to their holding of any Notes. None of the Issuer, the Security Trustee, the Sole Lead Arranger or the Lead Manager, are responsible for informing Noteholders of the effects on the changes to risk-weighting or regulatory capital which amongst others may result for investors from the adoption by their own regulator of Basel II, Basel III or Solvency II (whether or not implemented by them in its current form or otherwise).

Risk related to the intervention powers of DNB and the Minister of Finance

The Wft contains far-reaching intervention powers for (i) DNB with regard to a bank or insurer and (ii) the Minister of Finance with regard to *inter alia* a bank or insurer, in particular. These powers include (amongst others) (i) powers for DNB with respect to a bank which it deems to be potentially in financial trouble, to procure that all or part of the deposits held with such bank and/or other assets and liabilities of such bank, are transferred to a third party and (ii) extensive powers for the Minister of Finance to intervene at financial institutions if the Minister of Finance deems this necessary to safeguard the stability of the financial system. In order to increase the efficacy of these intervention powers, the Wft contains provisions restricting the ability of the counterparties of a bank or insurer to invoke (i) certain contractual provisions without prior DNB consent or (ii) notification events, which are triggered by the bank or insurer being the subject of certain events or measures pursuant to the Wft ("*gebeurtenis*") or being the subject of any similar event or measure under foreign law. There is therefore a risk that the enforceability of the rights and obligations of the parties to the Transaction Documents, including, without limitation, the Seller, may be affected on the basis of the Wft, which may lead to losses under the Notes.

On 6 June 2012, the European Commission published a proposal for a comprehensive framework for crisis management in the financial sector (the "**EU Proposal**") which contains a number of legislative proposals similar to the Wft. At this stage it is uncertain if the EU Proposal will be adopted and if so, when and in what form, but after the entering into force of the EU Proposal, the exercise of powers under the EU Proposal could adversely affect the proper performance by the Issuer of its payment and other obligations and enforcement thereof against the same under the terms and conditions of the Notes.

Legal investment considerations may restrict certain investments in the Notes

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for such potential investor, (2) the Notes can be used as

collateral for various types of borrowing and (3) other restrictions apply to such potential investor's purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules. A failure to consult may lead to damages being incurred or a breach of applicable law by the investor.

Risk that the ratings of the Notes changes

The ratings to be assigned to the Class A Notes and the Class B Notes by the Credit Rating Agencies are based - *inter alia* - on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the transaction, and reflect only the view of each of the Credit Rating Agencies. There is no assurance that any such credit rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Credit Rating Agencies if, in any of the Credit Rating Agencies' judgement, circumstances so warrant. The Issuer does not have an obligation to maintain the credit ratings assigned to the Class A Notes and/or the Class B Notes.

Credit ratings may not reflect all risks

The credit ratings of each Class or Subclass, as applicable, of the Class A Notes and the Class B Notes addresses the assessments made by the Credit Rating Agencies and/or the likelihood of full and timely payment of interest, if any, and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee.

Any decline in the credit ratings of the Class A Notes and/or the Class B Notes or changes in credit rating methodologies may affect the market value of the Notes. Furthermore, the credit ratings may not reflect the potential impact of all rights related to the structure, market, additional factors discussed above or below and other factors that may affect the value of the Notes.

A credit 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 credit 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 might have an adverse effect on the credit rating assigned to the Class A Notes and/or the Class B Notes.

Risk related to confirmations from Credit Rating Agencies and Credit Rating Agency Confirmations

A credit rating is an assessment of credit risk and does not address other matters that may be of relevance to the Noteholder. A confirmation from a Credit Rating Agency regarding any action proposed to be taken by Security Trustee and the Issuer does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders. While Noteholders are entitled to have regard to the fact that the Credit Rating Agencies have confirmed that the then current credit ratings of the relevant Class (or Subclass) of Notes would not be adversely affected, a confirmation from the relevant Credit Rating Agency does not impose or extend any actual or contingent liability on the Credit Rating Agencies to the Noteholders, the Issuer, the Security Trustee or any other person or create any legal relationship between the Credit Rating Agencies and the Noteholders, the Issuer, the Security Trustee or any other person whether by way of contract or otherwise.

Any confirmation from the relevant Credit Rating Agency may or may not be given at the sole discretion of each Credit Rating Agency. It should be noted that, depending for example on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Credit Rating Agency cannot provide a confirmation in the time available or at all, and the relevant Credit Rating Agency shall not be responsible for the consequences thereof. Confirmation, if given by the relevant Credit Rating Agency, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date.

A confirmation from the relevant Credit Rating Agency represents only a restatement or confirmation of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Furthermore, it is noted that the defined term "Credit Rating Agency Confirmation" as used in this Prospectus and the Transaction Documents and which is relied upon by the Security Trustee, does not only refer to the situation that the Security Trustee has received a confirmation from each Credit Rating Agency that the then current ratings of the Class A Notes and the Class B Notes will not be adversely affected by or withdrawn as a result of

the relevant matter (a "**confirmation**"), but also includes:

- (a) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an "**indication**"); or
- (b) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:
 - (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or
 - (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency (see Glossary of defined terms).

Thus, Noteholders incur the risk of losses under the Notes when relying solely on a Credit Rating Agency Confirmation, including on a confirmation from each Credit Rating Agency that the then current ratings of the Class A Notes and the Class B Notes will not be adversely affected by or withdrawn as a result of the relevant matter.

The Credit Rating Agencies may change their criteria and methodologies and it may therefore be required that the Transaction Documents be restructured in connection therewith to prevent a downgrade of the credit ratings assigned to the Notes. There is, however, no obligation for any party to the Transaction Documents, including the Issuer, to cooperate with or to initiate or propose such a restructuring. A failure to restructure the transaction may lead to a downgrade of the credit ratings assigned to the Class A Notes and/or the Class B 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.

Class A Notes may not be recognised as eligible Eurosystem Eligible Collateral

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper. This does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as amended from time to time, which criteria will include the requirement that loan-by-loan information be made available to investors in accordance with the template which is available on the website of the European Central Bank. It has been agreed in the Administration Agreement and the Servicing Agreement, respectively, that the Issuer Administrator or, at the instruction of the Issuer Administrator, the Servicer, shall use its best efforts to make such loan-by-loan information available on a quarterly basis which information can be obtained at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html> within one month after the Notes Payment Date, for as long as such requirement is effective, to the extent it has such information available. Should such loan-by-loan information not comply with the European Central Bank's requirements or not be available at such time, the Class A Notes may not be recognised as Eurosystem Eligible Collateral. The Notes other than the Class A Notes are not intended to be held in a manner which allows Eurosystem eligibility.

Financial transaction tax

On 14 February 2013, the European Commission adopted a proposal setting out the details of the financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the 'FTT-zone', currently limited to 11 participating member states (Austria, Belgium, Estonia, France, Germany,

Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The adopted proposal foresees the financial transaction tax for the 11 participating member states entering into effect on 1 January 2014, which would then require the financial institutions and certain other parties to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in such FTT-zone. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

Risk related to payments received by the Seller prior to notification of the assignment to the Issuer

Under Dutch law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a private deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required ("*stille cessie*"). The legal title of the Mortgage Receivables will be assigned on the Closing Date by the Seller to the Issuer through a notarial deed of assignment. The legal title in respect of the New Mortgage Receivables and the Further Advance Receivables on each relevant Notes Payment Date will be assigned by the Seller to the Issuer through a registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that assignment will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except that notification of the assignment of the Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events. For a description of these notification events reference is made to section 7.1 (*Purchase, repurchase and sale*).

Until notification of the assignment, the Borrowers under Mortgage Receivables can only validly pay to the Seller. The Seller has undertaken in the Mortgage Receivables Purchase Agreement to transfer or procure transfer of any amounts received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables to the Issuer Collection Account. However, receipt of such amounts by the Issuer is subject to such payments actually being made. If the Seller is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

Payments made by Borrowers under Mortgage Receivables originated prior to notification of the assignment, but after bankruptcy or emergency regulations having been declared in respect of the Seller, will be part of the Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the relevant estate ("*boedelschuldeiser*") and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of the general bankruptcy costs ("*algemene faillissementskosten*"), which may be material.

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

Under Dutch law a debtor has a right of set-off if it has a claim that corresponds to its debt owed to the same counterparty and it is entitled to pay its debt as well as to enforce its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable prior to notification of the relevant assignment of the Mortgage Receivable. Claims which are enforceable ("*afdwingbaar*") by a Borrower could, *inter alia*, result from current account balances or deposits made with the Seller by a Borrower. Also such claim of a Borrower could, *inter alia*, result from (investment) services rendered by the Seller to a Borrower, such as investment advice in connection with Investment Mortgage Loans, or for which it is responsible or held liable. As a result of the set-off of amounts due and payable by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

Some, but not all, of the Mortgage Conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the relevant Originator, under Dutch law it is uncertain whether such waiver will be valid. Should such waiver be invalid and in respect of Mortgage Loans which do not contain a waiver, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower against the Seller results from the same

legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower has been originated and become due and payable prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the Mortgage Receivable and the claim of the Borrower against the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated ("*opgekomen*") and become due and payable prior to notification of the assignment, and, further, provided that all other requirements for set-off have been met (see above). A balance on a current account is due and payable at any time and, therefore, this requirement will be met. In the case of deposits, including in respect of a Construction Deposit, it will depend on the terms of the deposit whether the balance thereof will be due and payable at the moment of notification of the assignment. The Issuer has been informed by the Seller that in most cases a balance on a deposit account can be withdrawn at any time and, consequently such balance is due and payable at any time. If after the moment the Borrower receives notification of the assignment of the Mortgage Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will be able to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account or the deposit account after such moment, notwithstanding that amounts may have been credited. The balances standing to the credit of any current accounts and deposits other than the Construction Deposits are taken into account when calculating the Potential Set-Off Amount. See also under *Risks related to Investment Portfolio(s)*.

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy or emergency regulations of the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Dutch Bankruptcy Act. Under the Dutch Bankruptcy Act a person which 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 at which 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 and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To secure the payment obligations of the Seller in this respect, the Issuer will enter into the Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller shall have an obligation to transfer on the Closing Date and on any Notes Payment Date thereafter Eligible Collateral to the relevant Financial Collateral Account up to the Delivery Amount, which includes the excess of the Potential Set-Off Amount over 6 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date until such time as the Class A Notes and the Class B Notes have been redeemed in full. As on the Closing Date (i) the rating of the Seller will be below the Requisite Credit Rating and (ii) the Financial Collateral Required Amount will be higher than zero as a result of the Potential Set-Off Amount on such date, the Seller shall transfer to the Issuer on the Closing Date an amount equal to the Delivery Amount to the Financial Cash Collateral Account (see further section 5 (*Credit Structure*) below). Notwithstanding this, if the Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement or the Financial Collateral Agreement or if the amount of set-off would exceed the balance standing to the credit of the Financial Collateral Accounts, set-off by Borrowers could lead to losses under the Notes.

For specific set-off issues relating to Life Insurance Policies connected to the Mortgage Loans or specific set-off issues relating to the Investment Mortgage Loans, reference is made to *Risk of set-off or defences by Borrowers in case of insolvency of Insurance Companies* and *Risks related to offering of Investment Mortgage Loans or Life Mortgage Loans* below.

Risk that the All Moneys Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer

The mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide for All Moneys Mortgages, meaning that the mortgage rights created pursuant to such mortgage deeds, not only secure the loan granted by the Seller to the Borrower for the purpose of acquiring the relevant Mortgaged Asset, but also other

liabilities and moneys that the Borrower, now or in the future, may owe to the Seller. The Mortgage Loans also provide for All Moneys Pledges granted in favour of the Seller.

Under Dutch law a mortgage right is an accessory right ("*afhankelijk recht*") which follows by operation of law the receivable with which it is connected. Furthermore, a mortgage right is an ancillary right ("*nevenrecht*") and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law.

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

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

Although the view prevailing in the past, to the effect that given its nature an All Moneys Security Right will as a general rule not follow as an accessory right upon assignment of a receivable which it secures, is still defended, the Issuer has been advised that the better view is that as a general rule an All Moneys Security Right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the All Moneys Security Right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right.

The Seller will represent and warrant that neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the Mortgage Receivables contain any explicit provision on the issue whether the mortgage right or rights of pledge follows the receivable upon its assignment. Consequently, there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the All Moneys Pledge or All Moneys Security Right, as the case may be, should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on All Moneys Security Rights in the past as described above, which view continues to be defended by some legal commentators.

The above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement.

In respect of some of the Mortgage Loans, the Seller benefits from more than one mortgage right on assets in or outside the Netherlands. When calculating the loan to value in respect of such a Mortgage Loan, the maximum amount for which the first ranking Mortgage is vested on the residential property of the relevant Borrower in the Netherlands is used and the value of the other assets subject to a mortgage right is ignored. Consequently, this risk factor does not apply to the Other Mortgaged Assets. The Issuer has not been advised on the consequences of the assignment and pledge of the Mortgage Receivables with regard to any such security rights.

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

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment by the Seller to the Issuer, the All Moneys Security Rights will be jointly-held by the Issuer (or the Security Trustee) and the Seller and will secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as

pledgee) and any Other Claims of the Seller.

Where the All Moneys Security Rights are jointly-held by the Issuer or the Security Trustee and the Seller, the rules applicable to a joint estate ("*gemeenschap*") apply. The DCC provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement, the Seller, the Issuer and the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights (together with the arrangements regarding the share ("*aandeel*") set out in the next paragraph, the "**Joint Security Right Arrangements**"). Certain acts, including acts concerning the day-to-day management ("*beheer*") of the jointly-held rights, may under Dutch law be transacted by each of the participants ("*deelgenoten*") in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the All Moneys Security Rights will be considered as day-to-day management, and, consequently it is uncertain whether the consent of the Seller or the Seller's bankruptcy trustee ("*curator*") (in case of bankruptcy) or administrator ("*bewindvoerder*") (in case of emergency regulations), may be required for such foreclosure.

The Seller, the Issuer and the Security Trustee will agree that in case of foreclosure the share ("*aandeel*") in each jointly-held All Moneys Security Right of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any (provided that, if the outcome thereof is negative, this will not lead to an obligation of the Seller to reimburse the Issuer for the amount of the outcome). The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the Seller or, in case of its bankruptcy or emergency regulations, its trustee or administrator, as the case may be, this is not certain. Furthermore, it is noted that the Joint Security Right Arrangement may not be effective against the Borrower.

In this respect it will be agreed 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) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof. 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 bankruptcy trustee or administrator of) the Seller would, notwithstanding the arrangement set out above, enforce the jointly-held All Moneys Security Rights, 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 payment obligations of the Seller, *inter alia*, in this respect, the Seller will undertake in the Financial Collateral Agreement to transfer on the Closing Date and on any Notes Payment Date Eligible Collateral up to the Delivery Amount, which includes, until the Class A Notes and the Class B Notes have been redeemed in full, the amount by which the aggregate outstanding principal amount of the Other Claims at close of business on the last day of the immediately preceding Notes Calculation Period exceeds 6 per cent. of the aggregate of the Outstanding Principal Amount of the Mortgage Receivables on such date (see further section 5 (*Credit Structure*) below).

To further secure the obligations of the Seller under the Joint Security Right Arrangements, the Seller shall have an obligation to pledge, upon the occurrence of an Assignment Notification Event, its Other Claims in favour of the Security Trustee and the Issuer respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the share of the Seller in the Net Foreclosure Proceeds in relation to a defaulted Borrower which claim becomes due and payable upon a default of the relevant Borrower. If, after the pledge on the Other Claims, no Assignment Notification Event is continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount of the relevant Mortgage Receivable has been repaid in full. These pledges are meant to secure the Joint Security Right Arrangements. If and to the extent that these pledges will not have been validly vested on all Other Claims, the remaining risk will be that the Joint Security Right Arrangements may not be enforceable, as set out above, which may lead to losses upon enforcement of All

Moneys Security Rights securing the Mortgage Receivables and, thus, lead to losses under the Notes.

Long lease

The mortgage rights securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in the section 6.2 (*Description of Mortgage Loans*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches ("*in ernstige mate tekortschiet*") other obligations under the long lease. If 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.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the Seller will take into consideration certain conditions, in particular the term of the long lease. Therefore, the Mortgage Conditions provide that the Outstanding Principal Amount of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease. In such event there is a risk that the Issuer will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Notes.

Risk that Borrower Insurance Pledges and Borrower Investment Pledges will not be effective

All rights of a Borrower under the Life Insurance Policies have been pledged to the Seller under a Borrower Insurance Pledge. The Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ("*afkoopsom*"), under the Life Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is, under Dutch law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. The same applies to any Borrower Investment Pledges to the extent the rights of the Borrower qualify as future claims, such as options ("*opties*") and Index Guaranteed Contracts.

Accordingly, the Issuer's rights under Life Insurance Policies pledged by Borrowers may be subject to limitations under Dutch insolvency law, which may, in turn, lead to losses under the Notes.

Risks relating to Beneficiary Rights under the Life Insurance Policies

The Seller has been appointed as beneficiary under the relevant Life Insurance Policy up to the amount of its claim on the Borrower/policy holder, except that in certain cases another beneficiary is appointed who will rank ahead of the Seller, provided that, *inter alia*, the relevant beneficiary has given a Borrower Insurance Proceeds Instruction. The Issuer has been advised that it is unlikely that the appointment of the Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof. The Beneficiary Rights will be assigned by the Seller to the Issuer and will be pledged to the Security Trustee by the Issuer (see *Security* below). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

The Seller will in the Mortgage Receivables Purchase Agreement undertake, following an Assignment Notification Event, (i) (a) to use its best efforts to terminate the appointment of the Seller as beneficiary and (b) to appoint as first beneficiary under the relevant Life Insurance Policy up to the Outstanding Principal Amount of the relevant Mortgage Receivable (x) the Issuer under the dissolving condition ("*ontbindende voorwaarde*") of a Pledge Notification Event and (y) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Pledge Notification Event and (ii) with respect to Life Insurance Policies where a Borrower Insurance Proceeds Instruction has been given, to use its best efforts to withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction up to the Outstanding Principal Amount of the relevant Mortgage Receivable in favour of (x) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of the occurrence of a Pledge Notification Event and (y) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Pledge Notification Event. The termination and appointment of a beneficiary under the Life 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 Insurance Companies. It is uncertain whether such co-operation will be forthcoming.

If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Life Insurance Policies or the assignment and pledge of the Beneficiary Rights is not effective, any proceeds under the Life 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 or emergency regulations of the Seller, 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 Life 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.

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

Under the Life Mortgage Loans, the Seller has the benefit of rights under the Life Insurance Policies. Under the Life Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention of the Life Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Life Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Life Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Mortgage Receivables will be, fully or partially, extinguished ("*teniet gaan*") or cannot be recovered for other reasons, which could lead to losses under the Notes.

As set out in *Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, the Borrowers have in some, but not all, Mortgage Conditions, waived their set-off rights, but it is uncertain whether such waiver is effective. This provision provides arguments for a defence against Borrowers invoking set-off rights or other defences (see below), but it is uncertain whether this provision in the Mortgage Conditions will be effective.

If the set-off rights of the Borrowers have not been validly waived or the conditions applicable to the Mortgage Loans do not contain a waiver of set-off rights, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. In order to invoke a right of set-off, the Borrowers would have to establish that the Seller and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Seller and the relevant Insurance Company are not considered as one legal entity, since the Life Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship.

Furthermore, the Borrowers should have a counterclaim that is enforceable. If the relevant Insurance Company is declared bankrupt or has become subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Life Insurance Policy and to receive a commutation payment ("*afkoopson*"). These rights are subject to the Borrower Insurance Pledge. However, despite this pledge, it could be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment, vis-à-vis the Seller. However, the Borrower may, as an alternative to the right to terminate the Life Insurance Policies, possibly rescind the Life Insurance Policy and may invoke a right of set-off vis-à-vis the Seller or, as the case may be, the Issuer for its claim for restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Finally, set-off vis-à-vis the Issuer (and/or the Security Trustee) after notification of the assignment (and pledge) would be subject to the additional requirements for set-off after assignment being met (see under *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*). If the Life Mortgage Loan and the Life Insurance Policy are regarded as one legal relationship the assignment will not interfere with the set-off.

However, the Issuer has been advised that it is unlikely that the Life Mortgage Loans and the Life Insurance Policies should be regarded as one legal relationship.

Even if the Borrowers 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. The Borrowers will naturally have all defences afforded by Dutch law to debtors in general. A specific defence one could think of would be based upon interpretation of the Mortgage Conditions and the promotional materials relating to the Mortgage Loans. Borrowers could argue that the Mortgage Loans and the Life Insurance Policies are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the Seller and the relevant Insurance Company, at least they could rightfully interpret the Mortgage Conditions and the promotional materials in such a manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Life 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 defence could be based upon principles of reasonableness and fairness ("*redelijkheid en billijkheid*") in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Life Insurance Policy. The Borrowers could also base a defence on "error" ("*dwaling*"), i.e. that the Mortgage Loans and the Life Insurance Policy were 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 relevant Mortgage Receivable.

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of any of the Life Insurance Companies, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised that, in view of the preceding paragraphs and the representation by the Seller that with respect to Mortgage Loans whereby it is a condition for the granting of the relevant Mortgage Loan that a Life Insurance Policy is entered into by the Borrower (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 the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, (ii) the Mortgage Loan and the Life Insurance Policy are in the Seller's or the Insurance Company's promotional materials not offered as one product or under one name, (iii) the Borrowers are free to enter into a Life Insurance Policy with any Insurance Company and (iv) none of the Insurance Companies is a group company of the Seller within the meaning of article 2:24b of the DCC, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above.

Risk that interest rate reset rights will not follow Mortgage Receivables

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right and 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 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, the co-operation of the trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

Risk of set-off or defences in respect of investments under Investment Mortgage Loans

The Seller has represented that under the Investment Mortgage Loans the relevant securities are purchased for the account of the relevant Borrower by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*") which is obliged by law to ensure that these securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities defined in the Wge or, if they do not qualify as such, by a separate depository vehicle. The Issuer has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect, save in the case of Index Guaranteed Contracts. However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under *Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables* and *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

In respect of Index Guaranteed Contracts forming part of an Investment Portfolio, the relevant Borrower has a claim on the Seller. If the Seller would become insolvent, the relevant Borrower may not be able to recover its claim on the Seller in relation to its Index Guaranteed Contract(s). This could lead to Borrowers trying to invoke rights of set-off with or defences in respect of its Mortgage Receivable. Set-off after notification of the assignment to the Issuer will be possible if all requirements for set off are met and, furthermore, the counterclaim of the Borrower has originated ("*opgekomen*") and become due and payable ("*opeisbaar*") prior to notification of the assignment of the relevant Mortgage Receivable to the Issuer or, alternatively, the counterclaim of the Borrower, and the relevant Mortgage Receivable result from the same legal relationship. The Seller will represent to the Issuer in the Mortgage Receivables Purchase Agreement that there is no relationship between any of the Mortgage Loans and any Investment Portfolio, other than the Borrower Investment Pledge. The Issuer has been advised that on this basis it is unlikely that the Mortgage Loan and the relevant Index Guaranteed Contract will be regarded as stemming from the same legal relationship. The Seller has furthermore represented, in respect of Index Guaranteed Contracts, that claims thereunder are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and that the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis. The Issuer has been advised that consequently, unless at the time of notification of the assignment the Index Guaranteed Contract will have been terminated and any claims thereunder will have become due and payable, no set-off by the Borrower of its claims resulting from such Index Guaranteed Contract with the relevant Mortgage Receivable will be permitted on this basis. In case of a bankruptcy or emergency regulations of the Seller prior to notification of the assignment the Borrower will have broader set-off rights. The amount of the Index Guaranteed Contracts are taken into account when calculating the Potential Set-Off Amount. See under *Risk that set-off by Borrowers may affect the proceeds under the Mortgage*.

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

The value of investments made under the Investment Mortgage Loans or by one of the Life Insurance Companies 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 or Life Mortgage Loans

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 ("*vernietigd*") 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 offeror may be held liable for the advice given by an intermediary, even though the offeror has no control over the intermediary. The risk of such claims being made increases, if the value of investments made under Investment Mortgage Loans or Life Insurance Policies is not sufficient to redeem the relevant Mortgage Loans.

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies ("*beleggingsverzekeringen*"), such as the Life Insurance Policies, commonly known as the "usury insurance policy affair" ("*woekerpolisaffaire*"). It is generally alleged that the costs of these products are disproportionately high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent. On this topic there have been (i) several reports, including reports from the AFM, (ii) a letter from the Minister of Finance to Parliament and (iii) a recommendation, at the request of the Minister of Finance, by the Financial Services Ombudsman to insurers to compensate customers of investment insurance policies for costs exceeding a certain level. Furthermore, there have been press articles stating (i) that individual law suits and class actions may be, and have been, started against individual insurers and (ii) that certain individual insurers have reached agreement with claimant organisations on compensation of its customers for the costs of investment insurance policies entered into with the relevant insurer. The discussion on the costs of the investment insurance policies is currently still continuing, since consumer tv-shows and "no-win, no fee" legal advisors argue that the agreements reached with claimant organisations do not offer adequate

compensation. Rulings of courts and the Complaint Institute for Financial Services ("*Klachteninstituut Financiële Dienstverlening*") have been published, some of which are still subject to appeal, which were generally favourable for the insured.

If Life Insurance Policies related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, 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 in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend 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. The analysis in that situation is similar to the situation in case of insolvency of the insurer (see *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*), 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 may 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.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables. The ultimate effect of this could lead to delayed and/or reduced payments on the Notes and/or the increase of the rate of repayment of the Notes.

Risk related to Construction Deposits

Pursuant to the Mortgage Conditions, the Borrowers have the right to request the disbursement of part of the Mortgage Loan into a Construction Deposit.

If the Seller is unable to pay the relevant amount of the Construction Deposit to the Borrowers, the Borrowers may invoke defences or set-off such amounts with their payment obligations under the Mortgage Loans. This risk is mitigated as follows. The Issuer and the Seller have agreed in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the relevant Initial Purchase Price an amount equal to the aggregate Construction Deposits. Such amount will be credited on the Construction Deposit Account. On each Notes Payment Date, the Issuer will debit from the Construction Deposit Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Deposits relating to the Mortgage Receivables and the balance standing to the credit of the Construction Deposit Account and pay such amount to the Seller, except if and to the extent the Borrower has invoked set-off.

Construction Deposits have to be paid out after the building activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Deposit will be set off against the Mortgage Receivable up to the amount of the Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts of the Construction Deposit Account will form part of the Available Principal Funds. If an Assignment Notification Event set out under (d) and (e) (see section 7.1 (*Purchase, Repurchase and Sale*)) has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the relevant 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 Deposit. Therefore, the remaining risk is that, if and to the extent that the amount for which a Borrower successfully invokes a set-off or defences would exceed the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Relevant Mortgage Receivables, which would reduce the amounts available for payment to Noteholders.

No investigations in relation to the Mortgage Loans and the Mortgaged Assets

None of the Issuer, the Security Trustee, the Sole Lead Arranger or the Lead Manager or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of the Seller concerning itself, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. 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 and the Mortgage Receivables not comply with the representations and warranties made by the Seller on the Closing Date and on any Notes Payment Date, the Seller will, if the relevant breach cannot be remedied, be required to repurchase the relevant Mortgage Receivables (see section 7.1 (*Purchase, Repurchase and Sale*)). Should the Seller fail to take the appropriate action this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

Risks of Losses associated with declining values of Mortgaged Assets

The security for the Notes created pursuant to the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

Changes to tax treatment of interest may impose various risks

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for deductibility is restricted to a term of 30 years. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation ("*Bijleenregeling*"). On the basis of this regulation, if a home owner acquires a new home and realizes a surplus value on the sale of his old home in respect of which interest payments were deducted from taxable income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realized on the sale of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be available in respect of mortgage loans which amortize over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility are proposed. On 29 October 2012 the coalition agreement ("*Regeerakkoord*") was published, in which it is proposed to gradually reduce the tax rate against which the mortgage interest may be deducted as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest tax rate) the interest deductibility will be reduced from 52% to 38% in 28 years, which means a 0.5% reduction per year.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets*.

3. PRINCIPAL PARTIES

3.1 ISSUER

Courtine RMBS 2013-I B.V. was incorporated as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under Dutch law on 11 June 2013. The corporate seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands. The registered office of the Issuer is at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands, 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 58118365. The Issuer operates under Dutch law.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and to encumber assets and to exercise any rights connected to such assets, (b) to acquire moneys to finance the acquisition of the assets mentioned under (a), by way of issuing notes or other securities or by way of entering into loan agreements, (c) to on-lend and invest any funds held by the Issuer, (d) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) in connection with the foregoing: (i) to borrow funds by way of issuing notes or other securities or by way of entering into loan agreements, amongst others to repay the obligations under the securities mentioned under (b); (ii) to grant security rights to third parties and to release security rights to third parties and (f) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of these objects.

The Issuer has an issued share capital of EUR 1 which is fully paid. The share capital of the Issuer is held by Stichting Holding Courtine RMBS 2013-I (see section 3.2 (*Shareholder*)).

Statement by the Issuer Director with respect to the Issuer

Since its incorporation 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 described in this Prospectus nor (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Transaction Documents.

The Issuer Director

The sole managing director of the Issuer is ATC Management B.V. The managing directors of ATC Management B.V. are R. Arendsen, R. Rosenboom, R. Posthumus, R. Langelaar 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, the Netherlands.

ATC Management B.V. is also the Shareholder Director. ATC Management B.V. belongs to the same group of companies as ATC Financial Services B.V., which is the Issuer Administrator. The sole shareholder of ATC Management B.V. and ATC Financial Services 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) acting as finance company, and (c) to conduct the management of legal entities.

The Issuer Director has entered into the Issuer Management Agreement with the Issuer and the Security Trustee. In the Issuer Management Agreement, the Issuer Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Issuer in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and Dutch accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from any action detrimental to any of the Issuer's rights and obligations

under the Transaction Documents. In addition the Issuer Director agrees in the Issuer Management Agreement that it shall not agree to any modification of any agreement including, but not limited to, the Transaction Documents, or enter into any agreement, other than in accordance with the Issuer Trust Deed and the other Transaction Documents.

The Issuer Management Agreement may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee upon the occurrence of certain termination events, including, but not limited to, a default by the Issuer Director (unless remedied within the applicable grace period), dissolution and liquidation of the Issuer Director or the Issuer Director being declared bankrupt or granted a suspension of payments. Furthermore, the Issuer Management Agreement can be terminated by the Issuer Director or the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such termination. The Issuer Director shall resign upon termination of the Issuer Management Agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such appointment

There are no potential conflicts of interest between any duties to the Issuer of the Issuer Director and private interests or other duties of the managing director.

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

Capitalisation

The following table shows the capitalisation of the Issuer as of the Closing Date as adjusted to give effect to the issue of the Notes:

Share Capital

Issued Share Capital	EUR 1
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Borrowings

Class A1 Notes	EUR 175,000,000
Class A2 Notes	EUR 370,000,000
Class B Notes	EUR 81,500,000
Class C Notes	EUR 112,000,000
Class D Notes	EUR 115,500,000
Class E Notes	EUR 8,600,000

3.2 SHAREHOLDER

Stichting Holding Courtine RMBS 2013-I is a foundation ("*stichting*") incorporated under Dutch law on 7 June 2013. The objectives of the Shareholder 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 the Shareholder is ATC Management B.V.

ATC Management B.V. is also the Issuer Director. ATC Management B.V. belongs to the same group of companies as ATC Financial Services B.V., which is the Issuer Administrator. The sole shareholder of ATC Management B.V. and ATC Financial Services 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) acting as finance company, and (c) to conduct the management of legal entities. The objectives of Stichting Holding Courtine RMBS 2013-I are, *inter alia*, to incorporate, to acquire and to hold shares in the capital of the Issuer, to conduct the management of and to administrate shares in the Issuer, to exercise any rights connected to shares in the Issuer, to grant loans to the Issuer and to alienate and to encumber shares in the Issuer.

The Shareholder Director has entered into the Shareholder Management Agreement pursuant to which the Director agrees and undertakes to, *inter alia*, (i) manage the affairs of the Shareholder in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and Netherlands accounting practices, and (ii) refrain from any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents.

3.3 SECURITY TRUSTEE

Stichting Security Trustee Courtine RMBS 2013-I is a foundation ("*stichting*") incorporated under Dutch law on 7 June 2013. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

The objectives of the Security Trustee are (a) to act as agent and/or trustee for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer; (b) to acquire, hold 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 the Issuer, which is 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 ANT Securitisation Services B.V., having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The managing directors of ANT Securitisation Services B.V. are H.M. van Dijk and A.G.M. Nagelmaker.

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

The Security Trustee Director has entered into the Security Trustee Management Agreement with the Security Trustee. In the Security Trustee Management Agreement the Security Trustee Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from taking any action detrimental to the obligations of the Security Trustee under any of the Transaction Documents. In addition the Security Trustee Director agrees in the Security Trustee Management Agreement that it will not agree to any modification of any agreement including, but not limited to, the Transaction Documents or enter into any agreement, other than in accordance with the Trust Deed and the other Transaction Documents.

The Trust Deed provides that the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable to the Secured Creditors under the Transaction Documents have been paid in full. However, the Noteholders of the Most Senior Class shall have the power, exercisable only by an Extraordinary Resolution, to remove the Security Trustee Director as director of the Security Trustee. The Security Trustee Management Agreement with the Security Trustee Director may be terminated by the Security Trustee upon the occurrence of certain termination events, including, but not limited to, a default by the Security Trustee Director (unless remedied within the applicable grace period), dissolution and liquidation of the Security Trustee Director or the Security Trustee Director being declared bankrupt or granted a suspension of payments. Furthermore, the Security Trustee Management Agreement can be terminated by the Security Trustee Director or the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such termination. The Security Trustee Director shall resign upon termination of the Security Trustee Management Agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such appointment.

3.4 ORIGINATORS

General

F. van Lanschot Bankiers N.V. ("**Van Lanschot**") was incorporated on 9 March 1970, but can be considered to be the oldest independent Dutch private bank with a history dating back to 1737. All outstanding shares in the capital of Van Lanschot are held by the holding company Van Lanschot N.V. ("**Van Lanschot Holding**") and accordingly, Van Lanschot Holding has complete control over Van Lanschot. Both companies are public companies with limited liability (*naamloze vennootschappen*) incorporated under Dutch law and have their statutory seats at 's-Hertogenbosch, the Netherlands. The Bank is active in various countries and operates under the law of various countries. The Bank is registered in the Oost-Brabant Chamber of Commerce and Industry under No. 16038212. Van Lanschot Holding is registered in the Oost-Brabant Chamber of Commerce and Industry under No. 16014051. The address of both Van Lanschot and Van Lanschot Holding is Hooge Steenweg 27-31, 5211 JN 's-Hertogenbosch, the Netherlands, telephone number +31 (0)73 548 3548.

The objects and purposes of Van Lanschot are described in article 2 of its articles of association. The objects of Van Lanschot are to carry on the business of banking and of dealings in securities, to administer the property of others, to act as insurance agent, to participate in other companies and to perform all kinds of other activities and to render all kinds of other services which are connected therewith or may be conducive hereto, all this to be interpreted in the widest sense. In pursuing the above objects Van Lanschot shall, within the scope of a proper banking management, direct itself to the lasting interest of all those who are associated with Van Lanschot and the business connected with it.

In 2004 Van Lanschot acquired the shares of CenE Bankiers N.V. ("**CenE Bankiers**" and together with Van Lanschot, the "**Originators**"). CenE Bankiers provides financial services to high net-worth individuals and medium-sized businesses, specialising particularly in healthcare, a segment in which it has a substantial market share. The acquisition of CenE Bankiers represented an opportunity for Van Lanschot to consolidate its position as bank for high net-worth individuals and to expand its business banking operations. At the end of 2005 the legal merger of CenE Bankiers into Van Lanschot was fully completed.

On 2 January 2007, Van Lanschot acquired the shares of Kempen & Co N.V. ("**Kempen & Co**"). Kempen & Co is a Dutch merchant bank providing a range of financial services in asset management, corporate finance and securities brokerage. Kempen & Co offers a range of specialist financial services for institutional investors, businesses, financial institutions, government agencies and semi-public institutions, foundations and high net-worth individuals. The acquisition resulted in a considerable increase of the assets under management, a stronger investor profile for Private Banking target client groups and increased the professionalism and knowledge in manager selection and specific niche markets. Furthermore it increased Van Lanschot's client base above €1 million. In the first six months of 2007, Van Lanschot's activities in the field of the securities trading and asset management were combined with those of Kempen & Co in Amsterdam. The close collaboration between Van Lanschot and Kempen & Co means that investment solutions and other services for institutional clients are also available to Van Lanschot's private clients.

The Bank offers a full range of banking and asset management services to high net-worth individuals in the Netherlands and Belgium, as well as to entrepreneurs and their businesses in the Netherlands. In addition, through its subsidiary Kempen & Co, Van Lanschot is active in the areas of asset management, securities brokerage and corporate finance. Under the "*Van Lanschot Private Office*" brand, Van Lanschot focuses on the top segment of high net-worth individuals (> €10 million). Furthermore, Van Lanschot offers financial services specifically for business professionals, business executives and healthcare entrepreneurs. The Bank's services are organised into three business segments: Private & Business Banking, Asset Management and Corporate Finance & Securities.

The services to high net-worth individuals revolve around wealth creation and protection. In this context, Van Lanschot is able to offer a wide range of products and services. In the corporate sector, Van Lanschot seeks to meet the private and professional needs of business owners and managers. Its main clients are family businesses and their directors/majority shareholders. In the institutional market, Van Lanschot mainly focuses on comprehensive fiduciary investment solutions.

In the Netherlands Van Lanschot has a nationwide presence with branches in most of the country's big towns

and cities. This network allows Van Lanschot to offer all financial services throughout the country. In addition, Van Lanschot has seven branches in Belgium ("**Van Lanschot Belgium**"). Van Lanschot Belgium focuses exclusively on high net-worth individuals and institutional investors. Furthermore, Van Lanschot has two branches in Switzerland through other subsidiaries to serve its private clients elsewhere. The activities of Van Lanschot on Curacao and in Luxembourg have been or are currently being wound down in accordance with the strategic decision to concentrate its international private banking activities in Switzerland for quality and efficiency reasons.

Depository receipts for Van Lanschot Holding shares, representing 94.37 per cent. of the ordinary share capital, are traded on NYSE Euronext Amsterdam.

Regulatory Status

The Bank qualifies as a bank within the meaning of EU directive 2000/12/EC. The Bank is authorised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**") to pursue the business of a bank (bank) in the Netherlands, in accordance with the Netherlands Act on Financial Supervision (*Wet op het financieel toezicht*) and is consequently supervised by DNB. In addition, Van Lanschot is supervised by the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, "**AFM**") for the purpose of market conduct supervision.

Capitalisation

The consolidated capital position of Van Lanschot Holding and its subsidiaries is as follows:

<i>(x € thousand)</i>	31/12/2012	30/06/2012	31/12/2011	30/06/2011
Share capital and reserves				
Issued and fully paid	41,017	41,017	41,017	41,017
Reserves	1,311,807	1,456,634	1,466,228	1,425,060
Equity instruments issued by subsidiaries	37,195	36,620	43,650	305,415
Minority interests	15,665	14,648	14,973	14,671
Group Equity	1,405,684	1,548,919	1,565,868	1,786,163
Subordinated debt	132,482	139,654	152,764	155,879
Total group equity and subordinated debt	1,538,166	1,688,573	1,718,632	1,942,042
Loan capital				
Debt securities	2,758,260	2,040,279	2,342,002	2,487,462
Total capitalisation	4,296,426	3,728,852	4,060,634	4,429,504

Credit Ratings

In November 2012, the credit rating agency S&P downgraded Van Lanschot's long-term counterparty credit rating to "BBB+" (stable outlook). In its press release of 16 November 2012, S&P states that the lowering of the long term credit rating is due mainly to the revision of the risk score of The Netherlands and an increased cost of risk owing to the weaker domestic environment in which Van Lanschot operates. This credit rating was affirmed by S&P on 15 March 2013 with a revised outlook from stable to negative. The outlook revision reflects S&P's view on the ongoing impact of the difficult economic environment in the Netherlands on Van Lanschot's profitability.

An obligation rated "BBB" by S&P exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

In November 2011, the credit rating agency Fitch reconfirmed Van Lanschot's credit rating at "A-" (stable outlook). In its report, Fitch states that the affirmation of the credit rating is due in part to Van Lanschot's low risk profile, strong liquidity and funding, solid capital ratios and good credit quality. "A" ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings. On 7 November 2012, Fitch affirmed Van Lanschot's credit rating at "A-" and revised its outlook from stable to negative.

BUSINESS SEGMENTATION

The Bank focuses on providing financial services mainly to high net-worth individuals (with emphasis on wealth management and investment advice) and to family businesses. The current segmentation is Private & Business Banking, Asset Management, Corporate Finance & Securities and Other Activities.

Private & Business Banking

On the Private Banking market, Van Lanschot's target clients are individuals with above-average earnings or wealth. The Bank also focuses on specific groups of professionals, such as business professionals (accountants, lawyers, public notaries and attorneys), executives of listed companies, healthcare professionals and directors/majority shareholders. Medium-sized family and other businesses are the main target client groups of Van Lanschot in the Business Banking market. The interaction between management and ownership is familiar territory to Van Lanschot as an independent bank. Since the second half of 2010, the Private & Business Banking segments fall under a single management team and therefore is reported as a single segment.

The Bank provides a full range of financial services to its clients, which includes financial planning, wealth planning, asset management and investment advice. Furthermore, Van Lanschot offers international private banking solutions through its offices in Switzerland. Wealth creation and asset protection form the basis of the services provided by Van Lanschot. The Bank offers its clients state of the art investment concepts, open architecture in its investment offering and advice and a transparent fee structure.

Asset Management

The Asset Management business segment comprises the asset management activities of Van Lanschot. Wealth creation and asset protection are the key competences of Van Lanschot. With the acquisition of Kempen & Co, Van Lanschot has expanded its expertise in the fields of investment and asset management. The combination of the asset management and securities trading departments of Van Lanschot with those of Kempen & Co has been finalised. Institutional asset management is part of the segment Asset Management. This business segment's target group consists of institutional investors, pension funds, insurance companies, financial institutions, (semi-) public institutions, foundations and associations. The Bank offers institutional and fiduciary asset management, management of investment funds and development of investment products and solutions.

Kempen & Co is specialist in a number of niche markets including European small and midcap funds and European real estate. The business segment is characterised by its full-scope investment solutions for clients (fiduciary management). The Bank's asset management is based on long-term vision and entrepreneurship.

Corporate Finance & Securities

The Bank focuses its operations in this segment on a specific client target group: listed and unlisted companies and corporate clients of Van Lanschot. Corporate Finance offers independent advice and support in mergers, acquisitions, capital market transactions and financial restructurings. Additionally Van Lanschot's Corporate Finance segment offers advisory services in collaboration with Private & Business Banking to large and medium sized family businesses. The services mostly concern individual assignments for which non-recurring fees and commission are received.

The Securities segment offers securities research, brokerage and investment products to professional investors, clients of Private & Business Banking and listed companies. Institutional securities business is part of the segment Securities.

Other Activities

This segment comprises, among other things, income and expenses that at present cannot be allocated to other segments. In addition, this segment comprises income and expenses arising from interest rate, market and liquidity risk management.

SUPERVISORY BOARD AND BOARD OF MANAGING DIRECTORS

Supervisory Board

The members of the Supervisory Board of both Van Lanschot and Van Lanschot Holding are:

Mr T. de Swaan (1946), Chairman
Mr J.B.M. Streppel (1949), Deputy Chairman
W.W. Duron (1945), Member
Ms H.H. Kersten (1965), Member
Mr G.P.J. van Lanschot (1964), Member
Mr A.J.L. Slippens (1951), Member
Ms J. Helthuis (1962), Member

Board of Managing Directors

The members of the Board of Managing Directors of both Van Lanschot and Van Lanschot Holding are:

Mr K.K. Guha (1964), Chairman
Mr A.J. Huisman (1971), Member
Mr C.T.L. Korthout (1962) Member (Chief Financial Officer / Chief Risk Officer)
Mr I.A. Sevinga (1966), Member

3.5 SERVICER

The Issuer has appointed Van Lanschot to act as its Servicer in accordance with the terms of the Servicing Agreement, to provide the Mortgage Loan Services in respect of the Mortgage Receivables.

For further information on the Servicer, see section 3.4 (*Originators*) and section 6.3 (*Origination and Servicing*).

3.6 ISSUER ADMINISTRATOR

The Issuer has appointed ATC Financial Services B.V. to act as its Issuer Administrator in accordance with the terms of the Administration Agreement (see further under section 5.7 (*Administration Agreement*)).

ATC Financial Services B.V. is a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law on 20 June 1963. It has its official seat ("*statutaire zetel*") in Amsterdam, the Netherlands and its registered office at Fred. Roeskestraat 123-I, 1076 EE Amsterdam, the Netherlands. The Issuer Administrator is registered with the Trade Register under number 33210270.

The objects of the Issuer Administrator are (a) to represent financial, economic and administrative interests in the Netherlands and other countries, (b) to act as trust company, as well as to participate in, manage and administer other enterprises, companies and legal entities and (c) to perform any and all acts which are related, incidental or which may be conducive to the above. The managing directors of the Issuer Administrator are J.H. Scholts, F.E.M. Kuijpers, R. Posthumus and R. Rosenboom. The sole shareholder of the Issuer Administrator is ATC Group B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law and having its official seat ("*statutaire zetel*") in Amsterdam, the Netherlands, which entity is also the sole shareholder of each of the Directors.

ATC Financial Services B.V. is under supervision of and licensed by the Dutch Central Bank as a *trustkantoor* (trust office). ATC Financial Services B.V. belongs to the same group of companies as ATC Management B.V., which is the Issuer Director and the Shareholder Director. The sole shareholder of ATC Management B.V. and ATC Financial Services B.V. is ATC Group B.V.

3.7 OTHER PARTIES

Cash Advance Facility Provider:	BNG Bank.
Issuer Account Bank:	BNG Bank.
Directors:	ATC Management B.V., the sole director of the Issuer and of the Shareholder and ANT Securitisation Services B.V., the sole director of the Security Trustee.
Paying Agent:	Deutsche Bank AG, acting through its London branch.
Reference Agent:	Deutsche Bank AG, acting through its London branch.
Listing Agent:	Investec Capital & Investments (Ireland) Limited.
Sole Lead Arranger:	Van Lanschot.
Lead Manager:	Van Lanschot.
Common Service Provider:	Deutsche Bank AG, acting through its London branch.
Common Safekeeper:	In respect of the Class A Notes, Clearstream, Luxembourg and in respect of the Subordinated Notes, Deutsche Bank AG, acting through its London branch.

4 THE NOTES

4.1 TERMS AND CONDITIONS

If Notes are issued in definitive form, the terms and conditions (the "Conditions") will be as set out below. The Conditions will be endorsed on each Definitive Note if they are issued. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See further section 4.2 (Form) below.

The issue of the EUR 175,000,000 Class A1 mortgage-backed notes 2013 due 2050 (the "**Class A1 Notes**"), the EUR 370,000,000 Class A2 mortgage-backed notes 2013 due 2050 (the "**Class A2 Notes**" and together with the Class A1 Notes, the "**Class A Notes**"), the EUR 81,500,000 Class B mortgage-backed notes 2013 due 2050 (the "**Class B Notes**"), the EUR 112,000,000 Class C mortgage-backed notes 2013 due 2050 (the "**Class C Notes**"), the EUR 115,500,000 Class D notes 2013 due 2050 (the "**Class D Notes**") and the EUR 8,600,000 Class E notes 2013 due 2050 (the "**Class E Notes**" and together with the Class B Notes, the Class C Notes and the Class D Notes, the "**Subordinated Notes**" and together with the Class A Notes, the "**Notes**") was authorised by a resolution of the managing director of the Issuer passed on or about 26 July 2013. The Notes are issued under the Trust Deed on the Closing Date.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the forms of the Notes and Coupons, and the Temporary Global Notes and the Permanent Global Notes, (ii) the Paying Agency Agreement, (iii) the Servicing Agreement, (iv) the Parallel Debt Agreement and (v) the Pledge Agreements.

Copies of the Trust Deed, Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements, and the Master Definitions Agreement and certain other Transaction Documents (see section 8 (*General*) below) are available for inspection, free of charge, by Noteholders and prospective Noteholders at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands, and in electronic form upon email request at securitisation@ant-trust.nl. 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.

1. Form, Denomination and Title

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

For as long as the Notes are represented by a Global Note and Euroclear and/or Clearstream, Luxembourg so permit, such Notes will be tradeable only in the minimum authorised denomination of EUR 100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000. All such Notes will be serially numbered and will be issued in bearer form and, in respect of the Class A Notes, with (at the date of issue) Coupons and, if necessary, talons attached.

2. Status, Priority and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments

of interest.

- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and payments of principal on the Class B Notes, (iii) payments of principal on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and payments of principal on the Class B Notes and the Class C Notes and (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and payments of principal on the Class B Notes, the Class C Notes and the Class D Notes.
- (c) The Security for the obligations of the Issuer towards, *inter alia*, the Noteholders will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:
 - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights and all rights ancillary thereto;
 - (ii) a first ranking pledge by the Issuer to the Security over the Issuer Rights.
- (d) The obligations under the Notes are secured (directly and/or indirectly) by the Security. The obligations under the Class A Notes (being the Class A1 Notes and the Class A2 Notes jointly) will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the Class B Notes will rank in priority to the Class C Notes, the Class D Notes and the Class E Notes, the Class C Notes will rank in priority to the Class D Notes and the Class E Notes and the Class D Notes will rank in priority to the Class E Notes in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard only to the interests of the Noteholders of a Class or Subclass and not to consequences of such exercise upon individual Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If, in the sole opinion of the Security Trustee, there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the highest ranking Class of Noteholders. In this respect the order of priority is as follows: first, the Class A Noteholders, second, the Class B Noteholders, third, the Class C Noteholders, fourth, the Class D Noteholders and fifth, the Class E Noteholders. In addition, the Security Trustee shall have regard to the interest of the other Secured Creditors, provided that in case of a conflict of interest between the Secured Creditors the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured Creditor prevails.

3. Covenants of the Issuer

As long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and accounting practice, and shall not, except (i) to the extent permitted by the Transaction Documents or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus and as contemplated in the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness except as contemplated in the Transaction Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets except as contemplated by the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets

substantially or as an entirety to any person;

- (e) permit the validity or effectiveness of the Transaction Documents, 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 or consent to any waiver except as contemplated in the Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(ii); and
- (h) take any action which will cause its 'centre of main interest' within the meaning of the insolvency regulation to be located outside the Netherlands.

4. Interest

(a) Period of Accrual

The Class A Notes shall bear interest on their Principal Amount Outstanding 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 judgment) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest 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 Notes Payment Dates

Interest on the Class A Notes is payable by reference to the successive Interest Periods. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in December 2013.

Interest on each of the Notes shall be payable quarterly in arrears in EUR in respect of the Principal Amount Outstanding of each Class A Note on each Notes Payment Date.

(c) Interest

Interest on the Class A1 Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three month deposits in EUR (determined in accordance with paragraph (d) below) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for four (4) and five (5) month deposits in EUR, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) with a maximum of 7 per cent. per annum, plus a margin of 1.15 per cent. per annum.

Interest on the Class A2 Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to 2.15 per cent. per annum.

(d) *Euribor*

For the purpose of Conditions 4(c) with respect to the Class A1 Notes, Euribor will be determined as follows:

- (i) The Reference Agent will, subject to Condition 4(c) obtain for each Interest Period the rate equal to Euribor for three 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 EURIBOR01, (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 or about 11.00 am (Central European Time) on the day that is two Business Days preceding the first day of each Interest Period (each an "**Interest Determination Date**");
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI — The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
 - a. request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Euribor Reference Banks**") to provide a quotation for the rate at which three month euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Central European 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
 - b. if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
- (iii) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 am (Central European Time) on the relevant Interest Determination Date for three month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Interest Period shall be the rate per annum equal to Euribor for three month euro deposits as determined in accordance with this paragraph (d), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Interest Period, Euribor applicable to the Class A1 Notes during such Interest Period will be Euribor last determined in relation thereto.

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

The Reference Agent will, as soon as practicable after 11.00 am (Central European Time) on each Interest Determination Date, determine the rates of interest referred to in paragraph (c) above for each of the Class A1 Notes and the Class A2 Notes and calculate the amount of interest payable on each of the Class A1 Notes and the Class A2 Notes for the following Interest Period (the "**Interest Amount**") by applying the relevant Interest Rates to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes, respectively. The determination of the relevant Interest Rates and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(f) *Notification of Interest Amounts and Notes Payment Dates*

The Reference Agent will cause the Interest Rate, the relevant Interest Amount and the Notes Payment Date applicable to the Class A1 Notes and the Class A2 Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the holders of such Class of Notes and the Irish Stock Exchange. The Interest Rate, Interest Amount and Notes Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(g) *Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the Interest Rate in accordance with Condition 4(d) above or fails to calculate the relevant Interest Amounts, the Security Trustee shall, or a party so appointed by the Security Trustee shall on behalf of the Security Trustee, determine the Interest Rate, at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4(e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the relevant Interest Amounts in accordance with Condition 4(e) above, and each such determination or calculation shall be final and binding on all parties.

(h) *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 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as the 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 the Notes will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the Paying Agent by transfer to a euro account maintained by the payee with a bank in the Netherlands. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date, or at such earlier date on which the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Notes Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note and Coupon (a "**Local Business Day**") the holder of the Note shall not be entitled to payment until the next following Local Business Day, such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account is open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and details of its offices are set out on the last

page of the Prospectus.

- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agents located in the United States of America will be appointed. Notice of any termination or appointment of a Paying Agent will be given to the Noteholders in accordance with Condition 13.

6. Redemption

(a) Final redemption

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to, with respect to the Subordinated Notes, Condition 9(a).

(b) Mandatory redemption of the Notes

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Principal Redemption Funds to (partially) redeem the Notes, other than the Class E Notes, on each Notes Payment Date at their respective Principal Amount Outstanding on a *pro rata* and *pari passu* basis in the following order, subject to, with respect to the Subordinated Notes, Condition 9(a):

- (i) *firstly*, (a) prior to the occurrence of a Trigger Event, (x) the Floating Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed and, thereafter, towards redemption of the Class A2 Notes until fully redeemed and (y) the Fixed Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and, thereafter, towards redemption of the Class A1 Notes until fully redeemed and (b) from (and including) the date on which a Trigger Event occurs, firstly, in or towards redemption of principal amounts due under the Class A1 Notes, until fully redeemed and, secondly, in or towards redemption of principal amounts due under the Class A2 Notes, until fully redeemed;
- (ii) *secondly*, the Class B Notes, until fully redeemed;
- (iii) *thirdly*, the Class C Notes, until fully redeemed; and
- (iv) *fourthly and finally*, the Class D Notes, until fully redeemed.

(c) Mandatory Redemption of the Class A Notes on each Optional Redemption Date

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on the First Optional Redemption Date and on each Notes Payment Date thereafter other than on an Optional Redemption Date on which the Notes are redeemed in full, the Issuer will be obliged to apply the Available Revenue Redemption Funds to (partially) redeem on a *pro rata* basis, the Class A Notes, until fully redeemed.

(d) Redemption of the Class E Notes

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Class E Redemption Funds to (partially) redeem on a *pro rata* basis, the Class E Notes, until fully redeemed, subject to Condition 9(a).

(e) Optional Redemption

Unless previously redeemed in full, the Issuer may at its option on each Optional Redemption Date redeem all (but not some only) of the Notes, other than the Class E Notes, at their respective Principal Amount Outstanding, subject to, in respect of the Subordinated Notes, Condition 9(a).

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 subject to, in respect of the Subordinated Notes, Condition 9(a), at the same time.

The Class E Notes are redeemed on such Notes Payment Date in accordance with and subject to Condition 6(d) and Condition 9(a).

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

(f) *Redemption for tax reasons*

All (but not some only) of the Notes, other than the Class E Notes, may be redeemed at the option of the Issuer on any Notes Payment Date, at their Principal Amount Outstanding and, in respect of the Subordinated Notes, subject to Condition 9(a), if, immediately prior to giving such notice, 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 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 Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

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 subject to, in respect of the Subordinated Notes, Condition 9(a), at the same time.

The Class E Notes are redeemed on such Notes Payment Date in accordance with and subject to Condition 6(d) and Condition 9(a).

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

(g) *Redemption Amount and Class E Redemption Amount*

The principal amount redeemable in respect of each relevant Note in respect of a Class of Notes, other than the Class E Notes, on the relevant Notes Payment Date in accordance with Condition 6(b), Condition 6(e), Condition 6(f) and, in respect of the Class A Notes, Condition 6(c) (each a "**Redemption Amount**"), shall be the aggregate amount (if any) of the Available Principal Redemption Funds and, in respect of Condition 6(c), the Available Revenue Redemption Funds, on the Notes Calculation Date relating to such Notes Payment Date available for a Class of Notes or Subclass of Notes, as the case may be, divided by the Principal Amount Outstanding of the relevant Class subject to such redemption (rounded down to the nearest euro) and multiplied by the Principal Amount Outstanding of the relevant Note on such Notes Calculation Date, provided always that the Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

The principal amount redeemable in respect of each Class E Note on the relevant Notes Payment Date in accordance with Condition 6(d) (each a "**Class E Redemption Amount**"), shall be the Available Class E Redemption Funds on the Notes Calculation Date relating to such Notes Payment Date divided

by the number of the Class E Notes (rounded down to the nearest euro), provided always that the Class E Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Class E Note. Following application of the Class E Redemption Amount to redeem a Class E Note, the Principal Amount Outstanding of such Class E Note shall be reduced accordingly.

(h) *Determination of the Floating Rate Available Principal Funds, the Fixed Rate Available Principal Funds, the Available Principal Funds, the Floating Rate Available Principal Redemption Funds, the Fixed Rate Available Principal Redemption Funds, the Available Principal Redemption Funds, the Available Revenue Redemption Funds, the Available Class E Redemption Funds, the Redemption Amount, the Class E Redemption Amount and Principal Amount Outstanding*

(i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) the Floating Rate Available Principal Funds, the Fixed Rate Available Principal Funds and the Available Principal Funds. Each such determination by or on behalf of the Issuer shall in each case (in the absence of a manifest error) be final and binding on all persons.

(ii) on each Notes Calculation Date (to the extent Notes are redeemed on the immediately succeeding Notes Payment Date), the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Floating Rate Available Principal Funds, (b) the Fixed Rate Available Principal Funds, (c) the Available Principal Funds, (d) the Floating Rate Available Principal Redemption Funds, (e) the Fixed Rate Available Principal Redemption Funds, (f) the Available Principal Redemption Funds, (g) the Available Revenue Redemption Funds, (h) the Available Class E Redemption Funds, (i) the amount of the Redemption Amount due for the relevant Class of Notes on the relevant Notes Payment Date, (j) the Class E Redemption Amount and (k) Principal Amount Outstanding of the relevant Note on the first day following such Notes Payment Date. Each such determination by or on behalf of the Issuer shall in each case (in the absence of a manifest error) be final and binding on all persons.

(iii) The Issuer will on each Notes Calculation Date (to the extent Notes are redeemed on the immediately succeeding Notes Payment Date), cause each determination of (a) the Floating Rate Available Principal Funds, (b) the Fixed Rate Available Principal Funds, (c) the Available Principal Funds, (d) the Floating Rate Available Principal Redemption Funds, (e) the Fixed Rate Available Principal Redemption Funds, (f) the Available Principal Redemption Funds, (g) the Available Revenue Redemption Funds, (h) the Available Class E Redemption Funds, (i) the amount of the Redemption Amount due for the relevant Class of Notes on the relevant Notes Payment Date, (j) the Class E Redemption Amount and (k) Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear and Clearstream, Luxembourg and to the holders of Notes in accordance with Condition 13. If no Redemption Amount is due to be made on the Notes on any applicable Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.

(iv) If the Issuer or the Issuer Administrator on its behalf does not at any time for any reason determine any of the amounts set forth in item (i) above, such amount shall be determined by the Security Trustee in accordance with this Condition (but based upon the information in its possession as to the relevant amounts and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of a manifest error) be final and binding on all persons.

(i) *Definitions*

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

"Available Class E Redemption Funds" shall mean on any Notes Payment Date, the amount remaining of the Available Revenue Funds, if and to the extent that all payments ranking above item (l) in the Revenue Priority of Payments have been made in full.

"Available Principal Funds" shall mean an amount equal to the Floating Rate Available Principal

Funds and the Fixed Rate Available Principal Funds, less any Excess Available Principal Funds.

"Available Principal Redemption Funds" shall mean an amount equal to the Floating Rate Available Principal Redemption Funds and the Fixed Rate Available Principal Redemption Funds, less any Excess Available Principal Funds.

"Available Revenue Redemption Funds" shall mean on any Optional Redemption Date other than an Optional Redemption Date on which the Notes are redeemed in full, the amount remaining of the Available Revenue Funds, if and to the extent that all payments ranking above item (g) in the Revenue Priority of Payments have been made in full.

"Fixed Rate Available Principal Funds" shall mean, prior to the delivery of an Enforcement Notice, the sum of the following amounts, calculated on each Notes Calculation Date, received or to be received or to be held by the Issuer in respect of the immediately preceding Notes Calculation Period:

- (i) as repayment and prepayment of principal under the Fixed Rate Mortgage Receivables;
- (ii) as Net Foreclosure Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Proceeds will be attributed *pro rata* in accordance with the Outstanding Principal Amount of the Loan Part of the Mortgage Receivable that constitutes a Floating Rate Mortgage Receivable and the Loan Part that constitutes a Fixed Rate Mortgage Receivable);
- (iii) as amounts received in connection with a repurchase of Fixed Rate Mortgage Receivables 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;
- (iv) as amounts received in connection with a sale of Fixed Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement multiplied by the Class A2 Fraction;
- (vi) as amounts to be received on the Issuer Collection Account on the immediately succeeding Notes Payment Date from the credit balance of the Construction Deposit Account to the extent relating to Fixed Rate Mortgage Receivables in cases where the relevant Construction Deposit is paid to the relevant Borrower by means of set-off with the relevant Fixed Rate Mortgage Receivables;
- (vii) any part of the Fixed Rate Available Principal Funds calculated on the immediately preceding Notes Calculation Date, which has not been applied towards redemption of the Notes or purchase of Further Advance Receivables or New Mortgage Receivables, other than the Replenishment Reserved Amount, on the immediately preceding Notes Payment Date and, in respect of the first Notes Payment Date following the Closing Date only, an amount equal to (a) the difference between (x) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class E Notes, and (y) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date, multiplied by (b) the Class A2 Fraction; and
- (viii) an amount equal to the Replenishment Reserved Amount on such date multiplied by the Class A2 Fraction.

"Fixed Rate Available Principal Redemption Funds" shall mean an amount equal to the Fixed Rate Available Principal Funds less the outcome of (i) the amounts applied pursuant to items (a) and (b) of the Redemption Priority of Payments on such Notes Payment Date multiplied by (ii) the Class A2 Fraction.

"Floating Rate Available Principal Funds" shall mean, prior to the delivery of an Enforcement Notice, the sum of the following amounts, calculated on each Notes Calculation Date, received or to be received or to be held by the Issuer in respect of the immediately preceding Notes Calculation Period:

- (i) as repayment and prepayment of principal under the Floating Rate Mortgage Receivables;
- (ii) as Net Foreclosure Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Proceeds will be attributed *pro rata* in accordance with the Outstanding Principal Amount of the Loan Part of the Mortgage Receivable that constitutes a Floating Rate Mortgage Receivable and the Loan Part that constitutes a Fixed Rate Mortgage Receivable);
- (iii) as amounts received in connection with a repurchase of Floating Rate Mortgage Receivables 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;
- (iv) as amounts received in connection with a sale of Floating Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement multiplied by the Class A1 Fraction;
- (vi) as amounts to be received on the Issuer Collection Account on the immediately succeeding Notes Payment Date from the credit balance of the Construction Deposit Account to the extent relating to Floating Rate Mortgage Receivables in cases where the relevant Construction Deposit is paid to the relevant Borrower by means of set-off with the relevant Floating Rate Mortgage Receivables;
- (vii) any part of the Floating Rate Available Principal Funds calculated on the immediately preceding Notes Calculation Date, which has not been applied towards redemption of the Notes or purchase of Further Advance Receivables or New Mortgage Receivables, other than the Replenishment Reserved Amount, on the immediately preceding Notes Payment Date and, in respect of the first Notes Payment Date following the Closing Date only, an amount equal to (a) the difference between (x) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class E Notes, and (y) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date, multiplied by (b) the Class A1 Fraction; and
- (viii) an amount equal to the Replenishment Reserved Amount on such date multiplied by the Class A1 Fraction.

"Floating Rate Available Principal Redemption Funds" shall mean an amount equal to the Floating Rate Available Principal Funds less the outcome of (i) the amounts applied pursuant to items (a) and (b) of the Redemption Priority of Payments on such Notes Payment Date multiplied by (ii) the Class A1 Fraction.

"Replenishment Reserved Amount" shall mean on any Notes Payment Date, any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been or will not be applied towards the purchase of New Mortgage Receivables and/or Further Advance Receivables on the immediately preceding Notes Payment Dates, if any.

"Principal Amount Outstanding" on any date shall be the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts, that have become due and payable prior to such date, provided that for the purpose of Conditions 4, 6 and 10 all Redemption Amounts that have become due and not been paid shall not be so deducted.

7. Taxation

(a) General

All payments of, or in respect of, principal of and interest on 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 or on behalf of the Netherlands or any other jurisdiction, 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 or Coupon 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.

(b) FATCA Withholding

Payments in respect of the Notes might be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid by the Issuer on the Notes with respect to any such withholding or deduction.

8. Prescription

Claims against the Issuer for payment 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) Principal

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. If, on any Notes Calculation 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 Class B Note on the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Notes Payment Date. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B 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 Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class B Notes is reduced to zero, the Class C Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes. If, on any Notes Calculation 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 Class C Note on the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall on such Notes Payment Date. The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the 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 Issuer Transaction Accounts and the Issuer has no further rights

under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class C Notes is reduced to zero, the Class D Noteholders will not be entitled to any repayment of principal in respect of the Class D Notes. If, on any Notes Calculation 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 Class D Note on the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall on such Notes Payment Date. The Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the 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 Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

The Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class E 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 Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Any payments to be made in respect of the Subordinated Notes in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(d) (*Redemption of the Class E Notes*), Condition 6(e) (*Optional Redemption*) and Condition 6(f) (*Redemption for tax reasons*) are subject to Condition 9(a).

(b) *General*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement and any other amounts received by the Security Trustee, after payment of all other claims ranking under the Trust Deed in priority to a Class or Subclass of Notes, as applicable, are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Class or Subclass of Notes, as applicable, the Noteholders of the relevant Class or Subclass of Notes, as applicable, shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

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

- (a) default is made for a period of 14 days or more in the payment of the principal or interest on the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 30 days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment ("*conservatoir beslag*") or an executory attachment ("*executoriaal beslag*") on any major part of the Issuer's assets is made and not discharged or released within a period of 30 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 ("*voorlopige*) *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 Relevant Class regardless of whether an Extraordinary Resolution is passed by the holder of such Class or Classes of Notes ranking junior to the Relevant Class, unless an Enforcement Notice in respect of the Relevant Class 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 Relevant Class, 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 Relevant Class.

11. Enforcement, Limited Recourse and Non-Petition

- (a) At any time after the obligations under the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Relevant Class and (ii) it shall have been indemnified to its satisfaction.
- (b) The Noteholders may not proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note has been paid in full. The Noteholders accept and agree that, the only remedy against the Issuer 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 and for its relief from responsibility. The Security Trustee is entitled to enter into commercial transactions with the Issuer and/or any other party to the Transaction Documents without accounting for any profit resulting from such transaction.

13. Notices

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Class A Notes are listed on the Irish Stock Exchange, any notice will also be made to the Company Announcement Office of the Irish Stock Exchange if such is a requirement of the Irish Stock Exchange at the time of such notice. Any such notice shall be deemed to have been given on the first date of such publication. If publication as

provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given at such date, as the Security Trustee shall approve.

14. Meetings of Noteholders; Modification; Consents; Waiver

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Transaction Documents. Instead of at a meeting, a resolution of the Noteholders of the relevant Class may be passed in writing - including by telegram or facsimile 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 of Noteholders may be convened by the Security Trustee as often as it reasonably considers desirable and shall be convened by the Security Trustee at the written request of (i) the Issuer or (ii) by Noteholders of a Class or a Subclass by Noteholders of one or more Class or or Subclass or Classes or Subclasses, as the case may be, holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class or Subclass of the Notes of such Classes or Subclasses, as the case may be.

(b) Quorum

The quorum for an Extraordinary Resolution is two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class or Subclass or Classes or Subclasses, as the case may be, and for an Extraordinary Resolution approving a Basic Terms Change the quorum shall be at least seventy-five (75) per cent. of the Principal Amount Outstanding of the relevant Class or Subclass or Classes or Subclasses of Notes.

If at a meeting a quorum is not present, a second meeting will be held not less than fourteen (14) nor more than thirty (30) calendar days after the first meeting. At such second meeting an Extraordinary Resolution, including an Extraordinary Resolution approving a Basic Term Change, can be adopted regardless of the quorum represented at such meeting.

(c) Extraordinary Resolution

A Meeting shall have power, exercisable only by Extraordinary Resolution, without prejudice to any other powers conferred on it or any other person:

- a. to approve any proposal for any modification of any provisions of the Trust Deed, the Conditions, the Notes or any other Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- b. to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Trust Deed or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;
- c. to authorise the Security Trustee (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- d. to discharge or exonerate the Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- e. to give any other authorisation or approval which under this Issuer Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- f. to appoint any persons as a committee to represent the interests of Noteholders and to confer upon such committee any powers which Noteholders could themselves exercise by Extraordinary Resolution.

(d) Limitations

An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class other than the Most Senior Class irrespective of the effect upon them, except that an Extraordinary Resolution approving a Basic Terms Change shall not be effective for any purpose unless it shall have been approved by Extraordinary Resolutions of

Noteholders of each such Class or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of Noteholders of each such Class.

A resolution of Noteholders of a Class or Subclass or by Noteholders of one or more Class or Subclass or Classes or Subclasses, as the case may be, shall not be effective for any purpose unless either: (i) the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of Noteholders of any Higher Ranking Class or (ii) when it is approved by Extraordinary Resolutions of Noteholders of each such Higher Ranking Class. "**Higher Ranking Class**" means, in relation to any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to it in the Post-Enforcement Priority of Payments.

(e) Modifications agreed with the Security Trustee

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

15. Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and 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 and Jurisdiction

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

4.2 FORM

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, (i) in the case of the Class A1 Notes in the principal amount of EUR 175,000,000, (ii) in the case of the Class A2 Notes in the principal amount of EUR 370,000,000, (iii) in the case of the Class B Notes in the principal amount of EUR 81,500,000, (iv) in the case of the Class C Notes in the principal amount of EUR 112,000,000, (v) in the case of the Class D Notes in the principal amount of EUR 115,500,000 and (vi) in the case of the Class E Notes in the principal amount of EUR 8,600,000. Each Temporary Global Note will be deposited with the Common Safekeeper on or about the Closing Date. Upon deposit of each such Temporary Global Note, the Common Safekeeper 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. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in a Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. 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 the Common Safekeeper.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Class A Notes will be recognized as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Notes, other than the Class A Notes, are not intended to be held in a manner which allows Eurosystem eligibility. The Notes are held in book-entry form.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of EUR 100,000 or, as the case may be, in the then Principal Amount Outstanding of the Notes on such exchange date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg 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 or, as the case may be, Clearstream, Luxembourg. 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. 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.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate, in the minimum authorised denomination of EUR 100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000. All such Notes will be serially numbered and will be issued in bearer form and, with respect to the Class A Notes, with (at the date of issue) Coupons and, if necessary, talons attached.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) 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 requirement of such stock exchange will be met). Any such notice delivered on or prior to 4.00 p.m. (local time) on a Business Day in the city in which it was delivered shall be deemed to have been given to the holder of the Global Notes on such Business Day. A notice delivered after 4.00 p.m. (local time) on a Business Day in the city in which it was delivered will be deemed to have been given to the holders of the Global Notes on the next following Business Day in such city

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 or of Clearstream, Luxembourg 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 or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (ii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue:

- (i) Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes; and
- (ii) Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes; and
- (iii) Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes; and
- (iv) Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class C Notes; and
- (v) Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class D Notes; and
- (vi) Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class E Notes,

in each case within 30 days of the occurrence of the relevant event.

Application Dutch Savings Certificates Act in respect of the Subordinated Notes.

Unless between individuals not acting in the conduct of a business or profession, each transaction regarding the Subordinated Notes which involves the physical delivery thereof within, from or into the Netherlands, must be effected (as required by the Dutch Savings Certificates Act (*Wet Inzake Spaarbewijzen*) of 21st May, 1985) through the mediation of the Issuer or an admitted institution of the Irish Stock Exchange and must be recorded in a transaction note which includes the name and address of each party to the transaction, the nature of the transaction and the details and serial number of the relevant Note.

4.3 SUBSCRIPTION AND SALE

The Seller has, pursuant to the Notes Purchase Agreement, 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 the Lead Manager against certain liabilities and expenses in connection with the issue of the Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Seller has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which is the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Seller nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or the Seller to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

United Kingdom

The Seller 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 any 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 Seller has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers), and/or (ii) qualified investors (investisseurs qualifiés) other than individuals – all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the Code monétaire et financier.

Italy

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

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

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

United States

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

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 U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

The Seller has agreed that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time or (ii) otherwise until forty (40) days after the later of the commencement of the offering 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.

The Netherlands

The Seller represented and agreed that the Subordinated Notes, being notes to bearer that constitute a claim for a fixed sum against the Issuer and on which no interest is due, in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of the Irish Stock Exchange in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations, provided that no such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in the Subordinated Notes in global form, or (b) in respect of the initial issue of the Subordinated Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Subordinated Notes and in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of the Subordinated Notes within, from or into the Netherlands if all the Subordinated Notes (either in definitive form or as rights representing an interest in the Subordinated Notes in global form) are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

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 the Issuer 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.

The Seller has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish 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.

4.4 REGULATORY AND INDUSTRY COMPLIANCE

Retention and disclosure requirements under the CRD

In respect of the issue of the Notes, Van Lanschot, in its capacity as allowed entity under paragraph 2 of article 122a of the CRD, shall, or undertakes that any entity designated by it as allowed entity under paragraph 2 of article 122a of the CRD shall, retain, on an ongoing basis, a material net economic interest which, in any event, shall not be less than 5%. At the date of this Prospectus such interest is retained in accordance with item (d) of article 122a paragraph 1 of the CRD, by holding a part of the most junior Classes of Notes and, if necessary, other tranches of Notes having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total no less than 5 % of the nominal value of the Notes issued under this Prospectus.

In addition, the Seller shall (i) adhere to the requirements set out in paragraph 6 of article 122a of the CRD and (ii) make appropriate ongoing disclosures to Noteholders about the retained net economic interest in the Programme and ensure that the Noteholders have readily available access to all materially relevant data as required under paragraph 7 of article 122a of the CRD.

In the Notes Purchase Agreement, the Seller shall undertake to the Issuer that it shall comply with Dutch Regulation Securitisations of 26 October 2010 ("*Regeling securitisaties Wft 2010*") implementing *inter alia* article 122a of the CRD.

The Seller accepts responsibility for the information set out in this *Regulatory and Industry Compliance* section.

Dutch Securitisation Standard

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the Investor Reports to be published by the Issuer will follow the applicable template Investor Report (save as otherwise indicated in the relevant Investor Report), each as published by the Dutch Securitisation Association on its website www.dutchsecuritisation.nl. As a result the Notes comply with the standard created for residential mortgage-backed securities by the DSA (the RMBS Standard). This has also been recognised by PCS as the Domestic Market Guideline for the Netherlands in respect of this asset class. For the avoidance of doubt, no PCS label has been obtained.

4.5 USE OF PROCEEDS

The aggregate proceeds of the Notes to be issued on the Closing Date amount to EUR 862,600,000.

The proceeds of the issue of the Notes, other than the Class E Notes, will be applied by the Issuer on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement and the proceeds from the issue of the Class E Notes will be credited to the Reserve Account.

An amount of EUR 3,170,164.00 of the Initial Purchase Price for the Mortgage Receivables will be withheld by the Issuer and deposited on the Construction Deposit Account.

4.6 TAXATION IN THE NETHERLANDS

The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as investors that are subject to taxation in Bonaire, Sint Eustatius and Saba and trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their tax advisers with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Please note that with the exception of the section on withholding tax below, the summary does not describe the Netherlands tax consequences for:

- i. holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in the Issuer under The Netherlands Income Tax Act 2001 (in Dutch: "*Wet inkomstenbelasting 2001*"). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in The Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- ii. pension funds, investment institutions (in Dutch: "fiscale beleggingsinstellingen"), exempt investment institutions (in Dutch: "vrijgestelde beleggingsinstellingen") (as defined in The Netherlands Corporate Income Tax Act 1969; in Dutch: "*Wet op de vennootschapsbelasting 1969*") and other entities that are exempt from Netherlands corporate income tax; and
- iii. holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holder (as defined in The Netherlands Income Tax Act 2001).

Withholding tax

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

Taxes on income and capital gains

Residents of the Netherlands

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 25% (a corporate income tax rate of 20% applies with respect to taxable profits up to €200,000, the bracket for 2013).

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (including the non-resident individual holder who has made an election for the application of the

rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

- i. the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co entitlement to the net worth of such enterprise without being a shareholder (as defined in The Netherlands Income Tax Act 2001); or
- ii. the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (in Dutch: "*normaal, actief vermogensbeheer*") or derives benefits from the Notes that are (otherwise) taxable as benefits from other activities (in Dutch: "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions i. and ii. do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed income of 4% of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. An actual gain or loss in respect of the Notes is as such not subject to Netherlands income tax.

Non-residents of the Netherlands

A holder of Notes that is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

- i. such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- ii. in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are (otherwise) taxable as benefits from other activities in the Netherlands.

Gift and inheritance taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- i. in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- ii. the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of

Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Value added tax (VAT)

No Netherlands VAT will be payable by the holders of the Notes on any payment in consideration for the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

Other taxes and duties

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty will be payable by the holders of the Notes in respect or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

EU Savings Directive

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

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

The European Commission has published proposals for amendments to the EU Savings Directive, which, if implemented, would amend and broaden the scope of the requirements above.

4.7 SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the "**Parallel Debt**", which is an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (i) as fees, costs, expenses or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the Servicer under the Servicing Agreement, (iii) as fees and expenses to the Issuer Administrator under the Administration Agreement, (iv) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (vi) to the Noteholders under the Notes, (vii) to the Seller under the Mortgage Receivables Purchase Agreement and/or the Financial Collateral Agreement and (viii) to the Issuer Account Bank under the Issuer Account Agreement (the parties referred to in items (i) through (viii) together the "**Secured Creditors**"). The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim ("*eigen en zelfstandige vordering*") to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Creditors shall be reduced by an amount equal to the amount so received and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Creditors in accordance with the Post-Enforcement Priority of Payments. The amounts due to the Secured Creditors will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on the Mortgage Receivables and other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement, the Deed of Assignment and Pledge and the Issuer Rights Pledge Agreement.

The Issuer will vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights on the Closing Date pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge and in respect of any New Mortgage Receivables and Further Advance Receivables undertakes to grant a first ranking right of pledge on the relevant New Mortgage Receivables and Further Advance Receivables and the Beneficiary Rights relating thereto on the Notes Payment Date on which they are acquired, which will secure the payment obligations of the Issuer to the Security Trustee under the Parallel Debt Agreement and any other Transaction Documents. The pledge on the Mortgage Receivables and the Beneficiary Rights relating thereto will not be notified to the Borrowers and the Insurance Companies, respectively, except upon the occurrence of certain notification events, which are similar to the Assignment Notification Events but relating to the Issuer, including the issuing of an Enforcement Notice by the Security Trustee (the "**Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be a "silent" right of pledge ("*stil pandrecht*") within the meaning of article 3:239 of the Dutch Civil Code.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Closing Date pursuant to the Issuer Rights Pledge Agreement over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Cash Advance Facility Agreement, (iii) the Servicing Agreement, (iv) the Financial Collateral Agreement, (v) the Issuer Account Agreement and (vi) the Administration Agreement and (b) in respect of the Issuer Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*"), but the Security Trustee will grant a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Pledge Notification Events.

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

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

The security rights described above shall serve as security for the benefit of the Secured Creditors, including each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, but amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, amounts owing to the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders, amounts owing to the Class D Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders and amounts owing to the Class E Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (see further section 5 (*Credit Structure*) below).

The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 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. If, on any date, the Security were to be enforced and the proceeds of the enforcement were insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If a Subclass of Class A Notes has been redeemed (in part or in full) at such time to a greater extent than the other Subclass of Class A Notes, this will result in this other Subclass bearing a greater loss than that borne by the relevant Subclass firstly redeemed. See further section *Risk related to the split between the Class A1 Notes and the Class A2 Notes* in section 2 (*Risk Factors*).

5. CREDIT STRUCTURE

The structure of the credit arrangements for the proposed issue of the Notes may be summarised as set out below.

5.1 AVAILABLE FUNDS

Available Revenue Funds

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items under (i) up to and including (xii) less (xiii) hereafter being referred to as the "**Available Revenue Funds**"):

- (i) as interest, including penalty interest, on the Mortgage Receivables;
 - (ii) as interest accrued (to the extent the interest on the relevant account is positive) on the Issuer Transaction Accounts, other than on the Construction Deposit Account;
 - (iii) as Prepayment Penalties under the Mortgage Receivables;
 - (iv) as Net Foreclosure Proceeds on any Mortgage Receivables, to the extent such proceeds do not relate to principal;
 - (v) as amounts to be drawn from any of the Financial Collateral Accounts, other than the Return Amount, if any, but including any Set-Off Amount and any Other Claims Indemnity Amount, on the immediately succeeding Notes Payment Date;
 - (vi) as amounts to be drawn under the Cash Advance Facility whether or not from the Issuer Collection Account (other than Cash Advance Facility Stand-by Drawings) on the immediately succeeding Notes Payment Date;
 - (vii) 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;
 - (viii) 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;
 - (ix) as amounts to be drawn from the Reserve Account;
 - (x) as any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Foreclosure Proceeds, whether in relation to interest, principal or otherwise, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivable (the "**Post-Foreclosure Proceeds**");
 - (xi) as any amounts standing to the credit of the Issuer Collection Account, after all amounts of interest and principal due in respect of the Notes, other than principal in respect of the Class E Notes, have been paid in full; and
 - (xii) as any Excess Available Principal Funds;
- less**
- (xiii) on the first Notes Payment Date of each year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual operating expenses in the immediately preceding calendar year in accordance

with item (a) of the Revenue Priority of Payments, but only to the extent the amount of such expenses is not directly related to the Issuer's assets and/or liabilities and (ii) an amount of € 2,500,

will be applied in accordance with the Revenue Priority of Payments.

Available Principal Funds

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts calculated on any Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items under (i) up to and including (viii) hereinafter being referred to as the "**Floating Rate Available Principal Funds**"):

- (i) as repayment and prepayment of principal under the Floating Rate Mortgage Receivables;
- (ii) as Net Foreclosure Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Proceeds will be attributed *pro rata* in accordance with the Outstanding Principal Amount of the Loan Part of the Mortgage Receivable that constitutes a Floating Rate Mortgage Receivable and the Loan Part that constitutes a Fixed Rate Mortgage Receivable);
- (iii) as amounts received in connection with a repurchase of Floating Rate Mortgage Receivables 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;
- (iv) as amounts received in connection with a sale of Floating Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement multiplied by the Class A1 Fraction;
- (vi) as amounts to be received on the Issuer Collection Account on the immediately succeeding Notes Payment Date from the credit balance of the Construction Deposit Account to the extent relating to Floating Rate Mortgage Receivables in cases where the relevant Construction Deposit is paid to the relevant Borrower by means of set-off with the relevant Floating Rate Mortgage Receivables;
- (vii) any part of the Floating Rate Available Principal Funds calculated on the immediately preceding Notes Calculation Date, which has not been applied towards redemption of the Notes or purchase of Further Advance Receivables or New Mortgage Receivables, other than the Replenishment Reserved Amount, on the immediately preceding Notes Payment Date and, in respect of the first Notes Payment Date following the Closing Date only, an amount equal to (a) the difference between (x) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class E Notes, and (y) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date, multiplied by (b) the Class A1 Fraction; and
- (viii) an amount equal to the Replenishment Reserved Amount on such date multiplied by the Class A1 Fraction,

will form part of the Available Principal Funds which will be applied in accordance with the Redemption Priority of Payments.

In addition, prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts calculated on any Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items under (i) up to and including (vii) hereinafter being referred to as the "**Fixed Rate Available Principal Funds**" and together with the Floating Rate Available Principal Funds, less any Excess Available Principal Funds, the "**Available Principal Funds**"):

- (i) as repayment and prepayment of principal under the Fixed Rate Mortgage Receivables;

- (ii) as Net Foreclosure Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Proceeds will be attributed *pro rata* in accordance with the Outstanding Principal Amount of the Loan Part of the Mortgage Receivable that constitutes a Floating Rate Mortgage Receivable and the Loan Part that constitutes a Fixed Rate Mortgage Receivable);
- (iii) as amounts received in connection with a repurchase of Fixed Rate Mortgage Receivables 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;
- (iv) as amounts received in connection with a sale of Fixed Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement multiplied by the Class A2 Fraction;
- (vi) as amounts to be received on the Issuer Collection Account on the immediately succeeding Notes Payment Date from the credit balance of the Construction Deposit Account to the extent relating to Fixed Rate Mortgage Receivables in cases where the relevant Construction Deposit is paid to the relevant Borrower by means of set-off with the relevant Fixed Rate Mortgage Receivables;
- (vii) any part of the Fixed Rate Available Principal Funds calculated on the immediately preceding Notes Calculation Date, which has not been applied towards redemption of the Notes or purchase of Further Advance Receivables or New Mortgage Receivables, other than the Replenishment Reserved Amount, on the immediately preceding Notes Payment Date and, in respect of the first Notes Payment Date following the Closing Date only, an amount equal to (a) the difference between (x) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class E Notes, and (y) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date, multiplied by (b) the Class A2 Fraction; and
- (viii) an amount equal to the Replenishment Reserved Amount on such date multiplied by the Class A2 Fraction,

will be applied in accordance with the Redemption Priority of Payments.

Cash Collection Arrangement

Payments by the majority of the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the first day of each month, interest being payable in arrears. Only the payments of interest and scheduled principal by a small part of the Borrowers, being less than 10 per cent. of all Borrowers, are due on a quarterly or an annual basis. All payments made by Borrowers will be paid into the Seller Collection Account. This account is not pledged to any party. This account will also be used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys belonging to the Seller.

If at any time the rating of the long-term or short-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Bank or, as the case may be, the Seller is set or falls below 'F2' (short-term) by Fitch or 'BBB+' (long-term) by Fitch or 'BBB' (long-term) (or 'BBB+' (long-term) if it has no short term rating of at least 'A-2') by S&P (the "**Seller Collection Account Rating**"), then the Seller will within thirty (30) calendar days and at its own cost, to maintain the then current ratings assigned to the Class A Notes, either: (i) transfer the Seller Collection Account to an alternative bank having at least the Seller Collection Account Rating or (ii) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed by a party having at least the Seller Collection Account Rating in accordance with the guarantee criteria of S&P or (iii) implement any other actions to maintain the then current ratings assigned to the Class A Notes and the Class B Notes.

On each Mortgage Collection Payment Date the Seller or the Servicer on its behalf, in accordance with the Servicing Agreement, shall transfer all amounts of principal, interest, prepayment penalties and interest

penalties received in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period from the Seller Collection Account to the Issuer Collection Account.

5.2 PRIORITY OF PAYMENTS

Priority of Payments in respect of interest

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

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements and (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof (i) the fees and expenses due and payable to the Servicer under the Servicing Agreement and (ii) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xiii) of the Available Revenue Funds), (ii) the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (iii) the Cash Advance Facility Commitment Fee to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (iv) fees, expenses and any other amounts due to the Issuer Account Bank under the Issuer Account Agreement; and (v) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (d) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement or, following a Cash Advance Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Issuer Collection Account, but excluding the Cash Advance Facility Commitment Fee payable under sub-paragraph (c) above and any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (m) below and (ii) to replenish the Reserve Account up to the amount of the Reserve Account Cash Advance Drawing made on the previous Notes Payment Date;
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class A1 Notes and the Class A2 Notes;
- (f) *sixth*, in or towards satisfaction of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (g) *seventh*, on any Optional Redemption Date other than an Optional Redemption Date on which the Notes are redeemed in full, in or towards satisfaction, *pro rata* and *pari passu*, of principal amounts due under the Class A Notes, until fully redeemed;
- (h) *eighth*, in or towards satisfaction of any sums required to be deposited on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (i) *ninth*, in or towards satisfaction of sums to be credited to 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 sums to be credited to the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;

- (k) *eleventh*, in or towards satisfaction of sums to be credited to the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (l) *twelfth*, in or towards satisfaction of principal amounts due under the Class E Notes;
- (m) *thirteenth*, in or towards satisfaction of any gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement; and
- (n) *fourteenth*, 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 Available Principal Funds (consisting of the Floating Rate Available Principal Funds and the Fixed Rate Available Principal Funds) will pursuant to terms of the Trust Deed be applied by the Issuer on the Notes Payment Date immediately succeeding the relevant Notes Calculation 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 "**Redemption Priority of Payments**"):

- (a) *first*, up to (but excluding) the First Optional Redemption Date, in or towards satisfaction of the Initial Purchase Price of any New Mortgage Receivables and Further Advance Receivables to be purchased on such Notes Payment Date and from (and including) the First Optional Redemption Date apply the Fixed Floating Replenishment Available Amount in or towards satisfaction of the Initial Purchase Price of any New Mortgage Receivables and Further Advance Receivables to be purchased on such Notes Payment Date;
- (b) *second*, up to (but excluding) the First Optional Redemption Date, in or towards satisfaction of any sums required to remain deposited on the Issuer Collection Account as Replenishment Reserved Amount;
- (c) *third*, (a) prior to the occurrence of a Trigger Event, (x) the Floating Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed in accordance with the Conditions and, thereafter, towards redemption of the Class A2 Notes until fully redeemed in accordance with the Conditions and (y) the Fixed Rate Available Principal Redemption Funds will be applied in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed in accordance with the Conditions and, thereafter, towards redemption of the Class A1 Notes until fully redeemed in accordance with the Conditions and (b) from (and including) the date on which a Trigger Event occurs, firstly, in or towards redemption of principal amounts due under the Class A1 Notes, until fully redeemed in accordance with the Conditions and, secondly, in or towards redemption of principal amounts due under the Class A2 Notes, until fully redeemed in accordance with the Conditions;
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed in accordance with the Conditions;
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Class C Notes until fully redeemed in accordance with the Conditions; and
- (f) *sixth*, in or towards satisfaction of principal amounts due under the Class D Notes until fully redeemed in accordance with the Conditions.

Trigger Event

A "**Trigger Event**" means, on any Notes Payment Date, the event that on such Notes Payment Date the Seller has not complied with its obligation to repurchase and accept the reassignment of Mortgage Receivables in connection with a Fixed Floating Repurchase.

Post-Enforcement Priority of Payments

Following delivery of an Enforcement Notice, the Enforcement Available Amount, will be paid to the Secured Creditors (including the Noteholders) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (a) *first*, to the Cash Advance Facility Provider, in or towards satisfaction of any Cash Advance Facility Stand-by Drawing due but unpaid under the Cash Advance Facility Agreement;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due to the Directors (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents, (iii) the fees and expenses of the Servicer under the Servicing Agreement, (iv) the fees and expenses of the Issuer Administrator under the Administration Agreement, (v) the fees and expenses and any other amounts due to the Issuer Account Bank under the Issuer Account Agreement and (vii) the fees and expenses of the Paying Agent incurred under the provisions of the Paying Agency Agreement;
- (c) *third*, in or towards any amounts due and payable to the Cash Advance Facility Provider, excluding any amounts due and payable under items (a) above and (i) below;
- (d) *fourth, pro rata*, in or towards satisfaction of all amounts of interest due in respect of the Class A Notes;
- (e) *fifth, pro rata*, in or towards satisfaction of all amounts of principal due in respect of the Class A Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class D Notes;
- (i) *ninth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class E Notes; and
- (k) *eleventh*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

5.3 LOSS ALLOCATION

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising four sub-ledgers, known as 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, respectively, will be established by or on behalf of the Issuer in order to record any Realised Loss on the Mortgage Receivables (each respectively the Class A Principal Deficiency, the Class B Principal Deficiency, the Class C Principal Deficiency and the Class D Principal Deficiency and together a Principal Deficiency). The sum of any Realised Loss shall be debited to the Class D Principal Deficiency Ledger (such debit items being reccredited at item (k) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class D Notes and thereafter such amounts shall be debited to the Class C Principal Deficiency Ledger (such debit items being reccredited at item (j) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class C Notes and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (i) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class B Notes and thereafter such amounts shall be debited, *pro rata* according to the Principal Amount Outstanding of the Class A Notes on each Notes Payment Date, to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (f) of the Revenue Priority of Payments on each relevant Notes Payment Date).

"Realised Loss" means, on any Notes Payment Date, the sum of:

- (a) with respect to the Mortgage Receivables in respect of which the Seller, the Issuer, the Servicer on behalf of the Issuer or the Security Trustee has foreclosed in the immediately preceding Notes Calculation Period the amount by which (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables exceeds (ii) the amount of the Net Foreclosure Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables; and
- (b) with respect to the Mortgage Receivables sold by the Issuer, the amount, if any, by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables exceeds (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal; and
- (c) with respect to the Mortgage Receivables in respect of which the Borrower (x) has successfully asserted set-off or defence to payments or (y) repaid or prepaid any amount in the immediately preceding Notes Calculation Period, the amount by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables prior to such set-off or defence or repayment or prepayment exceeds (ii) the aggregate Outstanding Principal Amount of such Mortgage Receivable after such set-off or defence or repayment or prepayment having been made unless, and to the extent, such amount is received from the Seller or otherwise by the Issuer (disregarding any amounts debited by the Issuer from the Financial Collateral Account).

5.4 HEDGING

The Class A1 Notes bear a floating rate of interest and the Class A2 Notes bear a fixed rate of interest. There is no hedge available with respect to interest payable on the Class A Notes.

As the Subordinated Notes will not carry any interest, no interest rate hedging is available in respect of these Classes of Notes.

5.5 LIQUIDITY SUPPORT

Cash Advance Facility Agreement

On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with the Cash Advance Facility Provider. The Issuer will be entitled on any Notes Payment Date (other than (i) a Notes Payment Date if and to the extent that on such date the Notes will be redeemed in full, subject to, with respect to the Subordinated Notes, Condition 9(a), and (ii) the Final Maturity Date) to make drawings under the Cash Advance Facility Agreement up to the Cash Advance Facility Maximum Amount, subject to certain conditions. The Cash Advance Facility Agreement is for a maximum term of 364 days. The commitment of the Cash Advance Facility Provider is extendable at its option. Any drawing under the Cash Advance Facility Agreement by the Issuer may only be made on a Notes Payment Date if and to the extent that, without taking into account any drawing under the Cash Advance Facility Agreement or from the Reserve Account, there is a shortfall in the Available Revenue Funds to meet items (a) to (e) (inclusive) (each such amount the "**Permitted Cash Advance Drawing Amount**"), less any drawing from the Reserve Account made on such date for such purpose.

If on a Notes Payment Date the Permitted Cash Advance Drawing Amount is higher than zero, the Issuer shall, prior to any drawing under the Cash Advance Facility, first draw an amount equal to the Permitted Cash Advance Drawing Amount from the Reserve Account (each such amount being a "**Reserve Account Cash Advance Drawing**"). If and to the extent insufficient moneys are available on the Reserve Account for such purpose, it shall draw the remaining amount of the Permitted Cash Advance Drawing Amount under the Cash Advance Facility Agreement from the Cash Advance Facility Provider or from the Issuer Collection Account.

If, at any time, (I) (a) the rating of the Cash Advance Facility Provider is below the Requisite Credit Rating or any such rating is withdrawn by the Credit Rating Agencies and (b) within the Relevant Remedy Period, (i) the Cash Advance Facility Provider, is not replaced by the Issuer with a cash advance facility provider having the Requisite Credit Rating and (ii) a third party having the Requisite Credit Rating has not guaranteed the obligations of the Cash Advance Facility Provider which guarantee does not have an adverse effect on the then current ratings assigned to Class A Notes, and (iii) another solution acceptable to the Credit Rating Agencies is not found or (II) the Cash Advance Facility provider refuses to honour an extension request (each a "**Cash Advance Facility Stand-by Drawing Event**"), the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Cash Advance Facility, being a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account with a corresponding credit to the Cash Advance Facility Stand-by Ledger. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility if the Cash Advance Facility had not been so drawn.

5.6 TRANSACTION ACCOUNTS

Issuer Accounts

Issuer Collection Account

The Issuer will maintain with the Issuer Account Bank the Issuer Collection Account to which – *inter alia* – all amounts received (i) in respect of the Mortgage Receivables and (ii) from the other parties to the Transaction Documents will be paid. The Issuer Administrator will identify all amounts paid into the Issuer Collection Account, including the amounts received set out under (i) and (ii) above, in respect of the Mortgage Receivables. The Issuer Account Bank will agree to pay a guaranteed rate of interest determined by reference to EONIA minus a margin on the balance standing to the credit of the Issuer Collection Account from time to time.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account in respect of the Mortgage Receivables by crediting such amounts to ledgers established for such purpose. Payments received on each relevant Mortgage Collection Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to the relevant principal ledger or the revenue ledger, as the case may be. Further ledgers will be maintained to record amounts held in the Issuer Collection Account in connection with certain drawings made under the Cash Advance Facility.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy amounts due to third parties (other than pursuant to the Transaction Documents) and under obligations incurred in connection with the Issuer's business.

Reserve Account

The Issuer will maintain with the Issuer Account Bank the Reserve Account to which the proceeds of the Class E Notes will be credited on the Closing Date. The Issuer Account Bank will agree to pay a guaranteed rate of interest determined by reference to Euribor for three month deposits in euro minus a margin on the balance standing to the credit of the Reserve Account from time to time.

Amounts credited to the Reserve Account will be available on any Notes Payment Date to meet items (a) to (f) (inclusive) of the Revenue Priority of Payments, provided that all other amounts available to the Issuer for such purpose have been used or shall be used on such Notes Payment Date to meet these items (a) to (f) (inclusive) of the Revenue Priority of Payments, including any drawings from the Reserve Account in respect of a Permitted Cash Advance Drawing Amount. In addition, the Issuer shall on each Notes Payment Date make the required Reserve Account Cash Advance Drawing (if any) from the Reserve Account if and to the extent there is a credit balance on the Reserve Account. If on a Notes Payment Date the Permitted Cash Advance Drawing Amount is higher than zero, the Issuer shall, prior to any drawing under the Cash Advance Facility, first draw an amount equal to the Reserve Account Cash Advance Drawing. If and to the extent insufficient moneys are available on the Reserve Account for such purpose, it shall draw the remaining amount of the Permitted Cash Advance Drawing Amount under the Cash Advance Facility Agreement from the Cash Advance Facility Provider or from the Issuer Collection Account (see further section 5.5 (*Liquidity Support*)).

The Reserve Account shall be replenished with an amount up to Reserve Account Cash Advance Drawing on the preceding Notes Payment Date in accordance with and subject to item (d) of the Revenue Priority of Payments.

Moreover, if and to the extent that the Available Revenue Funds on any Notes Calculation Date exceeds the amounts required to meet items ranking higher than item (h) in the Revenue Priority of Payments, the excess amount will be used to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

On the Notes Payment Date on which all amounts of interest and principal due in respect of the Class A Notes have been or will be paid, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Available Revenue Funds and be available, subject to the Revenue Priority of Payments, for redemption of the Class E Notes on each Notes Payment Date.

Construction Deposit Account

The Issuer will maintain with the Issuer Account Bank a Construction Deposit Account. On the Closing Date an

amount corresponding to the Aggregate Construction Deposits in relation to the Mortgage Receivables purchased by the Issuer on the Closing Date will be credited to the Construction Deposit Account. On a Notes Payment Date on which New Mortgage Receivables and/or Further Advance Receivables will be purchased by the Issuer an amount corresponding to the Aggregate Construction Deposits in relation to the Mortgage Receivables purchased by the Issuer on such Notes Payment Date will be credited to the Construction Deposit Account. Payments may be made from the Construction Deposit Account on a Notes 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 Deposit by the Seller to the relevant Borrowers. Besides this, the Construction Deposit Account will be debited on each Notes Payment Date with the amount Borrowers have set off against the Mortgage Receivables in connection with the Construction Deposits and as a result in respect of which the Issuer has no further obligation to pay such part of the Initial Purchase Price. Such amount will be credited to the Issuer Collection Account and will form part of the Available Principal Funds. The Issuer Account Bank will agree to pay a guaranteed rate of interest determined by reference to Euribor for three month deposits in euro minus a margin on the balance standing to the credit of the Construction Deposit Account from time to time. The Issuer shall pay the interest accrued on the Construction Deposit Account to the Seller. The amount of the Aggregate Construction Deposits as per the Cut-Off Date is EUR 3,170,164.00.

Financial Cash Collateral Account

The Issuer will also maintain with the Issuer Account Bank the Financial Cash Collateral Account to which, to the extent the Seller opts to transfer cash denominated in euro as collateral subject to and in accordance with the Financial Collateral Agreement up to the Delivery Amount, will be credited. See below under *Financial Collateral Agreement*. The Issuer Account Bank will agree to pay a guaranteed rate of interest determined by reference to EONIA minus a margin on the balance standing to the credit of the Financial Cash Collateral Account from time to time.

The Issuer may on each Notes Payment Date debit from any of the Financial Collateral Accounts an amount equal to the sum of the Set-Off Amount and the Other Claim Indemnity Amount which the Seller is due to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Notes Payment Date and credit such amount to the Issuer Collection Account, subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date. The Set-Off Amount and the Other Claims Indemnity Amount will be accounted for as Realised Loss unless, and to the extent, that such amounts are received from the Seller or otherwise by the Issuer (disregarding any amounts debited by the Issuer from the Financial Collateral Account).

The Servicer will calculate and the Administrator will include the amounts to be calculated under the Financial Collateral Agreement in the Investor Report on a quarterly basis.

To the extent that the Posted Collateral Value on any Notes Payment Date exceeds the Financial Collateral Required Amount, such excess shall be retransferred by the Issuer to the Seller in the form of equivalent collateral in the value of the Return Amount.

Financial Collateral Agreement

On or about the Closing Date, the Issuer will enter into the Financial Collateral Agreement with the Seller and the Security Trustee. Pursuant to the Financial Collateral Agreement, the Seller undertakes to transfer to the Issuer on the Closing Date and on any Notes Payment Date thereafter to the relevant Financial Collateral Account collateral which, at the sole discretion of the Seller, may consist of Eligible Collateral in an amount of and having a value equal to the Delivery Amount. As on the Closing Date (i) the rating of the Seller will be below the Requisite Credit Rating and (ii) the Financial Collateral Required Amount will be higher than zero as a result of the Potential Set-Off Amount on such date, the Seller shall transfer to the Issuer on the Closing Date an amount equal to the Delivery Amount to the Financial Cash Collateral Account.

Rating Issuer Account Bank

If at any time the rating of the Issuer Account Bank falls below the Requisite Credit Rating or any such rating is withdrawn by any of the Credit Rating Agencies, the Issuer will be required within the Relevant Remedy Period (a) to transfer the balance of the relevant Issuer Accounts to another bank having at least the Requisite Credit Rating, (b) to obtain a third party with at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank or, (c) to find another solution so that the then current ratings of the Class A Notes and the Class B Notes are not adversely affected as a result thereof.

5.7 ADMINISTRATION AGREEMENT

In the Administration Agreement, the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, (a) the application of amounts received by the Issuer to the Issuer Accounts and the production of reports in relation thereto, (b) procuring that, if required, drawings are made by the Issuer under the Cash Advance Facility Agreement, whether or not from the Issuer Collection Account, (c) procuring that, if required, drawings are made by the Issuer from the Reserve Account and the Financial Collateral Accounts, (d) procuring that all payments to be made by the Issuer under the other Transaction Documents are made, (e) procuring that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (f) the maintaining of all required ledgers in connection with the above, (g) all administrative actions in relation thereto, (h) procuring that all calculations to be made pursuant to the Conditions are made and (i) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

The Administration Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Issuer Administrator to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Issuer Administrator or the Issuer Administrator being declared bankrupt or granted a suspension of payments. In addition, the Administration Agreement may be terminated by the Issuer Administrator upon the expiry of not less than twelve months' notice, subject to (*inter alia*) (i) written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld, (ii) the appointment of a substitute administrator and (iii) subject to Credit Rating Agency Confirmation. A termination of the Administration Agreement by either the Issuer and the Security Trustee or the Issuer Administrator will only become effective if a substitute administrator is appointed.

Market Abuse Directive

The Directive 2003/6/EC of 28 January 2003 on insider dealing and market manipulation (the "**Market Abuse Directive**") and the Dutch legislation implementing this Directive (the Market Abuse Directive and the Dutch implementing legislation together referred to as the "**MAD Regulations**") *inter alia* impose on the Issuer the obligations to disclose inside information and to maintain a list of persons that act on behalf of or for the account of the Issuer and who, on a regular basis, have access to inside information in respect of the Issuer.

The Issuer Administrator has accepted the tasks of maintaining the list of insiders and to organise the assessment and disclosure of inside information, if any, on behalf of the Issuer. The Issuer Administrator shall have the right to consult with the Servicer and any legal counsel, accountant, banker, broker, securities company or other company other than the Credit Rating Agencies and the Security Trustee in order to analyse whether the information can be considered to be inside information which must be disclosed in accordance with the MAD Regulations. If disclosure is required, the Issuer Administrator shall procure the publication of such information in accordance with the MAD Regulations. Notwithstanding the delegation of compliance with the MAD Regulations to the Issuer Administrator, the Issuer shall ultimately remain legally responsible and liable for such compliance.

6. PORTFOLIO INFORMATION

6.1 STRATIFICATION TABLES

1. Key Characteristics

Principal Balance	€	853,903,758.19
Net Principal Balance	€	853,903,758.19
Construction Deposits	€	3,170,164.00
Current Balance - fixed rate loans	€	579,972,025.80
Current Balance - floating rate loans	€	273,931,732.39
Number of borrowers		1,494
Number of loans		3,400
Average principal balance (per borrower)	€	571,555.39
Weighted average current interest rate (%)		3.88
Weighted average current interest rate - fixed rate loans (%)		4.61
Weighted average current interest rate - floating rate loans (%)		2.33
Weighted average maturity (in years)		21.53
Weighted average remaining time to reset (in years)		3.31
Weighted average seasoning (in years)		7.49
Weighted average CLTOFV (%)		100.50

2. Redemption Type

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Interest only	€	608,253,941.41	71.23%	2,313	68.03%	3.82%	22.14	96.22%
Annuity	€	11,017,376.22	1.29%	94	2.76%	4.50%	23.29	107.99%
Investment	€	101,913,851.62	11.94%	321	9.44%	3.91%	20.90	115.57%
Life	€	107,426,018.41	12.58%	536	15.76%	4.16%	19.14	109.46%
Linear	€	25,292,570.53	2.96%	136	4.00%	3.63%	18.94	101.35%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

3. Outstanding Loan Amount

From (>) Until (<=)		Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
<= 100,000	€	9,320,375.72	1.09%	171	11.45%	4.25%	12.83	44.55%
100,000 - 200,000	€	29,728,644.08	3.48%	200	13.39%	4.11%	17.10	65.86%
200,000 - 300,000	€	56,135,722.61	6.57%	229	15.33%	4.25%	19.77	92.64%
300,000 - 400,000	€	53,392,457.45	6.25%	153	10.24%	4.17%	20.40	96.31%
400,000 - 500,000	€	62,790,962.82	7.35%	141	9.44%	4.29%	20.65	106.68%
500,000 - 600,000	€	57,340,941.21	6.72%	106	7.10%	4.13%	21.10	100.49%
600,000 - 700,000	€	49,439,433.39	5.79%	77	5.15%	4.02%	20.15	104.11%
700,000 - 800,000	€	53,253,047.15	6.24%	72	4.82%	4.02%	20.72	108.62%
800,000 - 900,000	€	58,887,882.08	6.90%	70	4.69%	4.10%	21.47	110.94%
900,000 - 1,000,000	€	28,267,272.81	3.31%	30	2.01%	3.71%	20.47	106.94%
1,000,000 - 1,200,000	€	81,076,195.67	9.49%	74	4.95%	3.86%	21.65	100.78%
1,200,000 - 1,400,000	€	72,805,521.78	8.53%	57	3.82%	3.83%	22.99	102.96%
1,400,000 - 1,600,000	€	51,928,527.28	6.08%	35	2.34%	3.58%	23.69	106.65%
1,600,000 - 1,800,000	€	25,639,011.00	3.00%	15	1.00%	3.82%	21.85	105.58%
1,800,000 - 2,000,000	€	26,376,287.50	3.09%	14	0.94%	3.54%	22.02	95.34%
2,000,000 - 2,200,000	€	32,813,277.67	3.84%	16	1.07%	3.59%	23.66	96.02%
2,200,000 - 2,400,000	€	11,247,389.00	1.32%	5	0.33%	3.68%	25.42	89.95%
2,400,000 - 2,600,000	€	12,493,292.00	1.46%	5	0.33%	2.83%	24.69	97.72%
2,600,000 - 2,800,000	€	10,588,553.85	1.24%	4	0.27%	2.82%	24.64	116.12%
2,800,000 - 3,000,000	€	5,925,000.00	0.69%	2	0.13%	3.96%	22.52	109.66%
> 3,000,000	€	64,453,963.12	7.55%	18	1.20%	3.22%	23.50	100.27%
Total	€	853,903,758.19	100.00%	1,494	100.00%	3.88%	21.53	100.50%

4. Origination Year

From (>=) Until (<)		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
< 2002	€	118,659,398.29	13.90%	732	21.53%	4.10%	14.54	88.16%
2002 - 2003	€	53,649,856.98	6.28%	229	6.74%	3.91%	18.88	108.34%
2003 - 2004	€	62,834,281.70	7.36%	259	7.62%	3.97%	19.59	101.16%
2004 - 2005	€	76,636,133.98	8.97%	303	8.91%	3.64%	20.38	103.50%
2005 - 2006	€	105,240,107.15	12.32%	404	11.88%	3.68%	21.71	104.54%
2006 - 2007	€	109,605,399.55	12.84%	438	12.88%	4.17%	22.54	104.31%
2007 - 2008	€	78,916,655.56	9.24%	324	9.53%	4.25%	23.49	101.23%
2008 - 2009	€	62,439,939.91	7.31%	205	6.03%	4.76%	24.17	100.65%
2009 - 2010	€	48,208,809.92	5.65%	126	3.71%	2.67%	24.67	103.87%
2010 - 2011	€	18,570,213.19	2.17%	80	2.35%	3.47%	24.54	97.58%
2011 - 2012	€	76,328,047.46	8.94%	175	5.15%	3.53%	25.59	97.10%
2012 - 2013	€	34,384,987.11	4.03%	95	2.79%	3.49%	26.13	99.73%
2013 - 2014	€	8,429,927.39	0.99%	30	0.88%	3.47%	28.98	105.15%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

5. Seasoning

From (=>) Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
< 1 year	€ 30,030,145.09	3.52%	88	2.59%	3.38%	26.67	103.45%
1 year - 2 years	€ 42,525,055.83	4.98%	116	3.41%	3.60%	26.16	95.54%
2 years - 3 years	€ 59,960,847.61	7.02%	148	4.35%	3.46%	25.08	98.32%
3 years - 4 years	€ 33,338,614.86	3.90%	106	3.12%	2.89%	24.49	100.12%
4 years - 5 years	€ 70,469,834.78	8.25%	188	5.53%	4.24%	24.42	102.31%
5 years - 6 years	€ 52,769,704.30	6.18%	227	6.68%	4.45%	24.01	102.87%
6 years - 7 years	€ 103,004,876.58	12.06%	428	12.59%	4.14%	22.70	102.54%
7 years - 8 years	€ 110,806,532.68	12.98%	423	12.44%	3.86%	22.25	102.93%
8 years - 9 years	€ 85,669,078.04	10.03%	340	10.00%	3.73%	20.81	104.77%
9 years - 10 years	€ 71,800,157.70	8.41%	275	8.09%	3.86%	19.95	104.68%
=> 10 years	€ 193,528,910.72	22.66%	1,061	31.21%	3.99%	16.27	94.64%
Total	€ 853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

6. Legal Maturity

From (=>) Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
2013 - 2014	€ 878,740.45	0.10%	10	0.29%	3.94%	0.13	59.07%
2014 - 2015	€ 2,719,346.82	0.32%	22	0.65%	3.22%	1.14	82.80%
2015 - 2016	€ 2,810,960.97	0.33%	33	0.97%	3.86%	2.29	84.10%
2016 - 2017	€ 1,884,365.24	0.22%	19	0.56%	4.13%	3.13	85.00%
2017 - 2018	€ 1,740,693.66	0.20%	30	0.88%	4.14%	4.13	53.42%
2018 - 2019	€ 4,294,652.98	0.50%	27	0.79%	4.41%	5.19	86.99%
2019 - 2020	€ 7,252,192.98	0.85%	34	1.00%	3.51%	6.28	90.78%
2020 - 2025	€ 18,775,752.89	2.20%	139	4.09%	4.12%	8.99	70.69%
2025 - 2030	€ 64,057,711.80	7.50%	383	11.26%	3.77%	15.02	89.13%
2030 - 2035	€ 259,223,843.51	30.36%	1,069	31.44%	3.92%	19.56	103.44%
2035 - 2040	€ 383,767,019.61	44.94%	1,385	40.74%	3.96%	23.68	103.25%
2040 - 2045	€ 106,498,477.28	12.47%	249	7.32%	3.52%	28.26	98.98%
Total	€ 853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

7. Remaining Tenor

From (=>) Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
< 1 year	€ 2,019,165.20	0.24%	15	0.44%	3.39%	0.56	79.49%
1 year - 2 years	€ 1,894,483.04	0.22%	22	0.65%	4.45%	1.40	78.83%
2 years - 3 years	€ 3,279,675.86	0.38%	33	0.97%	3.89%	2.46	85.68%
3 years - 4 years	€ 1,872,291.18	0.22%	28	0.82%	4.08%	3.53	67.73%
4 years - 5 years	€ 1,464,542.71	0.17%	23	0.68%	4.21%	4.54	67.36%
5 years - 6 years	€ 4,629,103.35	0.54%	26	0.76%	4.25%	5.35	86.97%
6 years - 7 years	€ 8,068,915.78	0.94%	38	1.12%	3.65%	6.43	83.04%
7 years - 8 years	€ 6,161,907.42	0.72%	26	0.76%	3.73%	7.38	72.51%
8 years - 9 years	€ 2,426,973.42	0.28%	27	0.79%	4.37%	8.38	60.38%
9 years - 10 years	€ 1,344,157.62	0.16%	15	0.44%	4.16%	9.46	83.75%
10 years - 11 years	€ 3,223,795.67	0.38%	32	0.94%	4.19%	10.61	67.83%
11 years - 12 years	€ 6,775,317.97	0.79%	44	1.29%	4.22%	11.49	85.69%
12 years - 13 years	€ 4,766,347.20	0.56%	50	1.47%	3.77%	12.56	75.26%
13 years - 14 years	€ 6,350,924.70	0.74%	51	1.50%	3.90%	13.58	76.29%
14 years - 15 years	€ 10,632,309.34	1.25%	74	2.18%	3.58%	14.41	88.63%
15 years - 16 years	€ 16,413,421.48	1.92%	106	3.12%	3.81%	15.42	89.59%
16 years - 17 years	€ 26,962,734.11	3.16%	110	3.24%	3.84%	16.39	95.62%
17 years - 18 years	€ 37,071,615.37	4.34%	150	4.41%	3.87%	17.48	97.34%
18 years - 19 years	€ 44,702,569.40	5.24%	192	5.65%	4.16%	18.52	103.22%
19 years - 20 years	€ 55,895,879.92	6.55%	243	7.15%	3.77%	19.41	105.34%
20 years - 21 years	€ 72,124,465.86	8.45%	275	8.09%	4.03%	20.46	105.57%
21 years - 22 years	€ 73,975,410.25	8.66%	305	8.97%	3.89%	21.48	106.55%
22 years - 23 years	€ 114,709,623.95	13.43%	418	12.29%	3.74%	22.45	103.21%
23 years - 24 years	€ 95,040,600.50	11.13%	386	11.35%	4.10%	23.45	103.77%
24 years - 25 years	€ 55,995,048.28	6.56%	221	6.50%	4.33%	24.36	101.04%
25 years - 26 years	€ 60,281,064.49	7.06%	171	5.03%	4.46%	25.36	101.18%
26 years - 27 years	€ 33,820,676.46	3.96%	91	2.68%	2.66%	26.30	100.01%
27 years - 28 years	€ 42,332,037.27	4.96%	84	2.47%	3.51%	27.66	97.76%
28 years - 29 years	€ 40,333,435.69	4.72%	93	2.74%	3.51%	28.42	95.44%
29 years - 30 years	€ 18,940,264.70	2.22%	47	1.38%	3.43%	29.56	111.17%
> 30 years	€ 395,000.00	0.05%	4	0.12%	3.32%	30.00	116.80%
Total	€ 853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

8. Original Loan to Original Foreclosure Value

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€ -	-	-	-	-	-	-
Total	€ -	-	-	-	-	-	-

9. Current Loan to Original Foreclosure Value

From (>) Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
< 10%	€ 502,756.95	0.06%	19	1.27%	4.60%	13.21	7.46%
10 - 20%	€ 3,029,162.12	0.35%	44	2.95%	4.53%	14.23	15.06%
20 - 30%	€ 9,885,106.78	1.16%	63	4.22%	4.43%	16.92	26.43%
30 - 40%	€ 13,890,322.46	1.63%	75	5.02%	4.20%	17.56	35.78%
40 - 50%	€ 21,113,559.70	2.47%	81	5.42%	3.79%	19.16	45.22%
50 - 60%	€ 37,899,607.46	4.44%	90	6.02%	3.89%	20.97	54.82%
60 - 70%	€ 49,284,604.24	5.77%	109	7.30%	3.62%	20.24	65.72%
70 - 80%	€ 68,373,765.17	8.01%	124	8.30%	3.43%	21.37	75.39%
80 - 90%	€ 78,494,320.39	9.19%	97	6.49%	3.32%	21.74	85.17%
90 - 100%	€ 85,751,308.96	10.04%	90	6.02%	3.74%	21.98	95.88%
100 - 110%	€ 88,243,159.54	10.33%	94	6.29%	3.85%	21.96	103.67%
110 - 120%	€ 74,120,263.56	8.68%	80	5.35%	3.68%	22.91	115.56%
120 - 130%	€ 271,290,480.93	31.77%	451	30.19%	4.22%	22.06	125.11%
130 - 140%	€ 45,085,041.59	5.28%	65	4.35%	4.17%	20.11	133.46%
140 - 150%	€ 6,940,298.34	0.81%	12	0.80%	4.01%	21.64	144.67%
Total	€ 853,903,758.19	100.00%	1,494	100.00%	3.88%	21.53	100.50%

10. Current Loan to Indexed Foreclosure Value

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€ -	-	-	-	-	-	-
Total	€ -	-	-	-	-	-	-

11. Original Loan to Original Market Value

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€ -	-	-	-	-	-	-
Total	€ -	-	-	-	-	-	-

12. Current Loan to Original Market Value

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€ -	-	-	-	-	-	-
Total	€ -	-	-	-	-	-	-

13. Current Loan to Indexed Market Value

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€ -	-	-	-	-	-	-
Total	€ -	-	-	-	-	-	-

14. Loan part Coupon (interest rate bucket)

From (>) Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
0.5% - 1.0%	€ 11,923,275.85	1.40%	13	0.38%	0.85%	21.11	91.58%
1.0% - 1.5%	€ 56,327,368.40	6.60%	126	3.71%	1.23%	21.78	95.04%
1.5% - 2.0%	€ 35,599,278.15	4.17%	99	2.91%	1.71%	21.91	99.63%
2.0% - 2.5%	€ 70,474,034.56	8.25%	161	4.74%	2.25%	23.07	100.58%
2.5% - 3.0%	€ 41,132,935.93	4.82%	159	4.68%	2.69%	21.73	92.06%
3.0% - 3.5%	€ 61,516,208.99	7.20%	313	9.21%	3.18%	20.76	97.96%
3.5% - 4.0%	€ 97,937,740.68	11.47%	511	15.03%	3.71%	21.69	93.48%
4.0% - 4.5%	€ 115,423,818.16	13.52%	495	14.56%	4.24%	20.51	101.41%
4.5% - 5.0%	€ 166,435,700.12	19.49%	626	18.41%	4.73%	21.68	105.03%
5.0% - 5.5%	€ 124,623,769.16	14.59%	526	15.47%	5.22%	21.72	104.11%
5.5% - 6.0%	€ 61,616,633.46	7.22%	313	9.21%	5.68%	21.32	106.67%
6.0% - 6.5%	€ 10,318,729.51	1.21%	54	1.59%	6.10%	19.49	94.25%
6.5% - 7.0%	€ 574,265.22	0.07%	4	0.12%	6.58%	17.33	106.51%
Total	€ 853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

15. Remaining Interest Rate Fixed Period

From (=>) Until (<)		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
< 1 year	€	300,600,052.56	35.20%	971	28.56%	2.63%	21.50	98.44%
1 year - 2 years	€	63,575,329.51	7.45%	315	9.26%	4.28%	20.14	99.93%
2 years - 3 years	€	143,860,770.07	16.85%	583	17.15%	4.07%	20.48	102.46%
3 years - 4 years	€	81,496,297.34	9.54%	378	11.12%	4.68%	21.39	101.64%
4 years - 5 years	€	69,495,992.08	8.14%	326	9.59%	4.79%	21.74	102.11%
5 years - 6 years	€	40,258,036.19	4.71%	170	5.00%	5.37%	22.68	102.84%
6 years - 7 years	€	14,088,432.73	1.65%	68	2.00%	4.99%	21.31	103.98%
7 years - 8 years	€	46,467,442.33	5.44%	161	4.74%	4.55%	22.20	103.06%
8 years - 9 years	€	35,266,932.41	4.13%	141	4.15%	4.64%	22.97	97.11%
9 years - 10 years	€	12,836,075.45	1.50%	54	1.59%	4.35%	25.60	103.82%
10 years - 11 years	€	10,568,326.85	1.24%	26	0.76%	5.33%	23.78	101.74%
11 years - 12 years	€	1,023,814.86	0.12%	5	0.15%	5.85%	23.77	80.54%
12 years - 13 years	€	3,771,737.91	0.44%	12	0.35%	4.76%	24.07	95.65%
13 years - 14 years	€	9,652,727.04	1.13%	43	1.26%	4.63%	22.62	105.33%
14 years - 15 years	€	6,713,905.65	0.79%	42	1.24%	5.05%	21.80	91.87%
15 years - 16 years	€	5,111,965.66	0.60%	44	1.29%	5.15%	20.98	98.15%
16 years - 17 years	€	215,355.22	0.03%	4	0.12%	5.95%	20.19	88.96%
17 years - 18 years	€	2,996,229.36	0.35%	10	0.29%	5.12%	25.59	100.79%
18 years - 19 years	€	2,975,560.49	0.35%	28	0.82%	5.03%	23.54	97.15%
19 years - 20 years	€	1,532,694.44	0.18%	10	0.29%	4.95%	26.29	113.14%
21 years - 22 years	€	1,042,700.00	0.12%	6	0.18%	4.92%	21.53	121.54%
22 years - 23 years	€	120,000.00	0.01%	2	0.06%	4.45%	22.80	98.75%
25 years - 26 years	€	233,380.04	0.03%	1	0.03%	4.90%	25.59	98.67%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

16. Interest Payment Type

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Fixed rate loans	€	579,972,025.80	67.92%	2,611	76.79%	4.61%	21.39	100.68%
Floating rate loans	€	273,931,732.39	32.08%	789	23.21%	2.33%	21.83	100.10%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

17. Property Description

Description		Collateral Value	% of Total	Nr of Properties	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Apartment	€	138,129,490.47	14.21%	226	14.60%	-	-	-
Farm House	€	5,917,596.70	0.61%	14	0.90%	-	-	-
Partially Commercial Use	€	12,889,318.24	1.33%	17	1.10%	-	-	-
Shop / house	€	2,842,802.77	0.29%	6	0.39%	-	-	-
Single family house	€	691,656,604.69	71.15%	1,089	70.35%	-	-	-
Single family house with garage	€	120,649,697.81	12.41%	196	12.66%	-	-	-
Total	€	972,085,510.68	100.00%	1,548	100.00%	-	-	-

18. Geographical Distribution (by province)

Description		Collateral Value	% of Total	Nr of Properties	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Drenthe	€	6,490,941.97	0.67%	16	1.03%	-	-	-
Flevoland	€	6,010,396.28	0.62%	18	1.16%	-	-	-
Friesland	€	9,901,679.67	1.02%	14	0.90%	-	-	-
Gelderland	€	76,771,670.16	7.90%	125	8.07%	-	-	-
Groningen	€	6,421,016.00	0.66%	14	0.90%	-	-	-
Limburg	€	21,366,956.55	2.20%	44	2.84%	-	-	-
No data	€	950,000.00	0.10%	1	0.06%	-	-	-
Noord Brabant	€	155,317,789.15	15.98%	304	19.64%	-	-	-
Noord Holland	€	276,498,424.08	28.44%	337	21.77%	-	-	-
Overijssel	€	14,205,631.56	1.46%	33	2.13%	-	-	-
Utrecht	€	185,510,639.62	19.08%	317	20.48%	-	-	-
Zeeland	€	5,535,770.33	0.57%	16	1.03%	-	-	-
Zuid Holland	€	207,104,395.31	21.31%	309	19.96%	-	-	-
Total	€	972,085,510.68	100.00%	1,548	100.00%	-	-	-

19. Geographical Distribution (by economic region)

Description	Collateral Value	% of Total	Nr of Properties	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
NL111 Oost-Groningen	€ 1,220,016.00	0.13%	3	0.19%	-	-	-
NL113 Overig Groningen	€ 5,201,000.00	0.54%	11	0.71%	-	-	-
NL121 Noord-Friesland	€ 6,710,679.67	0.69%	9	0.58%	-	-	-
NL122 Zuidwest-Friesland	€ 2,250,000.00	0.23%	2	0.13%	-	-	-
NL123 Zuidoost-Friesland	€ 941,000.00	0.10%	3	0.19%	-	-	-
NL131 Noord-Drenthe	€ 3,300,875.71	0.34%	8	0.52%	-	-	-
NL132 Zuidoost-Drenthe	€ 1,047,000.00	0.11%	4	0.26%	-	-	-
NL133 Zuidwest-Drenthe	€ 2,143,066.26	0.22%	4	0.26%	-	-	-
NL211 Noord-Overijssel	€ 6,678,443.74	0.69%	11	0.71%	-	-	-
NL212 Zuidwest-Overijssel	€ 3,715,167.58	0.38%	10	0.65%	-	-	-
NL213 Twente	€ 3,812,220.24	0.39%	12	0.78%	-	-	-
NL221 Veluwe	€ 26,060,622.95	2.68%	37	2.39%	-	-	-
NL224 Zuidwest-Gelderland	€ 14,292,974.55	1.47%	32	2.07%	-	-	-
NL225 Achterhoek	€ 7,997,750.00	0.82%	11	0.71%	-	-	-
NL226 Arnhem/Nijmegen	€ 28,132,322.66	2.89%	44	2.84%	-	-	-
NL230 Flevoland	€ 6,010,396.28	0.62%	18	1.16%	-	-	-
NL310 Utrecht	€ 178,582,823.62	18.37%	317	20.48%	-	-	-
NL321 Kop van Noord-Holland	€ 6,327,395.00	0.65%	10	0.65%	-	-	-
NL322 Alkmaar en omgeving	€ 10,342,734.46	1.06%	17	1.10%	-	-	-
NL323 IJmond	€ 4,639,373.39	0.48%	9	0.58%	-	-	-
NL324 Agglomeratie Haarlem	€ 51,298,812.16	5.28%	45	2.91%	-	-	-
NL325 Zaanstreek	€ 652,545.60	0.07%	3	0.19%	-	-	-
NL326 Groot-Amsterdam	€ 121,213,903.58	12.47%	168	10.85%	-	-	-
NL327 Het Gooi en Vechtstreek	€ 90,256,659.89	9.28%	90	5.81%	-	-	-
NL331 Agglomeratie Leiden en Bollenstreek	€ 39,998,163.08	4.11%	52	3.36%	-	-	-
NL332 Agglomeratie 's-Gravenhage	€ 103,287,123.24	10.63%	132	8.53%	-	-	-
NL333 Delft en Westland	€ 3,268,844.94	0.34%	7	0.45%	-	-	-
NL334 Oost-Zuid-Holland	€ 12,772,177.73	1.31%	21	1.36%	-	-	-
NL335 Groot-Rijnmond	€ 39,864,687.31	4.10%	76	4.91%	-	-	-
NL336 Zuidoost-Zuid-Holland	€ 6,896,215.01	0.71%	17	1.10%	-	-	-
NL341 Zeeuwisch-Vlaanderen	€ 171,937.32	0.02%	1	0.06%	-	-	-
NL342 Overig Zeeland	€ 5,363,833.01	0.55%	15	0.97%	-	-	-
NL411 West-Noord-Brabant	€ 26,044,964.11	2.68%	39	2.52%	-	-	-
NL412 Midden-Noord-Brabant	€ 29,150,386.05	3.00%	45	2.91%	-	-	-
NL413 Noordoost-Noord-Brabant	€ 65,303,119.13	6.72%	166	10.72%	-	-	-
NL414 Zuidoost-Noord-Brabant	€ 34,819,319.86	3.58%	54	3.49%	-	-	-
NL421 Noord-Limburg	€ 5,426,703.53	0.56%	10	0.65%	-	-	-
NL422 Midden-Limburg	€ 3,956,549.46	0.41%	8	0.52%	-	-	-
NL423 Zuid-Limburg	€ 11,983,703.56	1.23%	26	1.68%	-	-	-
No data	€ 950,000.00	0.10%	1	0.06%	-	-	-
Total	€ 972,085,510.68	100.00%	1,548	100.00%	-	-	-

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

From (>) Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
0%	€ 828,851,730.31	97.07%	1,469	98.33%	3.88%	21.42	100.34%
>0% - 10%	€ 17,970,855.14	2.10%	17	1.14%	3.85%	25.63	105.85%
10% - 20%	€ 162,100.55	0.02%	1	0.07%	4.53%	20.80	15.08%
20% - 30%	€ 5,536,039.10	0.65%	5	0.33%	4.15%	23.91	111.57%
30% - 40%	€ 83,033.09	0.01%	1	0.07%	4.46%	10.29	25.95%
60% - 70%	€ 1,300,000.00	0.15%	1	0.07%	1.41%	26.00	92.86%
Total	€ 853,903,758.19	100.00%	1,494	100.00%	3.88%	21.53	100.50%

21. Occupancy

Description	Collateral Value	% of Total	Nr of Properties	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Owner occupied	€ 961,613,711.69	98.92%	1,528	98.71%	-	-	-
Non owner occupied	€ 10,471,798.99	1.08%	20	1.29%	-	-	-
Total	€ 972,085,510.68	100.00%	1,548	100.00%	-	-	-

22. Employment Status Borrower

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Non seller employed	€ 853,903,758.19	100.00%	1,494	100.00%	3.88%	21.53	100.50%
Seller employed	€ -	0.00%	-	0.00%	0.00%	-	0.00%
Total	€ 853,903,758.19	100.00%	1,494	100.00%	3.88%	21.53	100.50%

23. Loan to Income

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€ -	-	-	-	-	-	-
Total	€ -	-	-	-	-	-	-

24. Debt Service to Income

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€ -	-	-	-	-	-	-
Total	€ -	-	-	-	-	-	-

25a. Loan Payment Frequency (interest)

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Annually	€	206,000.00	0.02%	2	0.06%	3.95%	22.50	120.59%
Quarterly	€	55,164,054.02	6.46%	183	5.38%	3.15%	19.75	89.58%
Monthly	€	798,534,704.17	93.52%	3,215	94.56%	3.93%	21.66	101.25%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

25b. Loan Payment Frequency (principal)

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Annually	€	8,899,630.00	1.04%	28	0.82%	3.32%	18.94	107.30%
Quarterly	€	56,824,986.17	6.65%	190	5.59%	3.20%	19.56	90.26%
Monthly	€	788,189,142.02	92.30%	3,182	93.59%	3.94%	21.71	101.16%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

26. Guarantee Type (NHG / Non NHG)

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Non NHG	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

27. Originator

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
C&E Bankiers	€	269,237,101.00	31.53%	1,188	34.94%	3.80%	19.46	84.51%
Van Lanschot Bankiers	€	584,666,657.19	68.47%	2,212	65.06%	3.92%	22.49	107.86%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

28. Servicer

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Van Lanschot Bankiers	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

29. Capital Insurance Provider

Description		Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOFV
Data not recorded in source systems	€	107,426,018.41	12.58%	536	15.76%	4.16%	19.14	109.46%
Not applicable	€	746,477,739.78	87.42%	2,864	84.24%	3.84%	21.88	99.21%
Total	€	853,903,758.19	100.00%	3,400	100.00%	3.88%	21.53	100.50%

6.2 DESCRIPTION OF MORTGAGE LOANS

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one Loan Part, (*leningdelen*) the aggregate of such Loan Parts) 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. 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:

- (a) Investment Mortgage Loans ("*beleggingshypotheken*");
- (b) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*"), including "*VrijVermogenshypotheek*";
- (c) Annuity Mortgage Loans ("*annuïteitenhypotheken*");
- (d) Life Mortgage Loans ("*levenhypotheken*");
- (e) Linear Mortgage Loans ("*lineaire hypotheken*"); and
- (f) Mortgage Loans which combine any of the above mentioned types of mortgage loans.

Mortgage Loan Type	Description
Investment mortgage loans:	<p>The Investment Mortgage Loans provided by Van Lanschot consist of two different types: mortgage loans provided under (i) the <i>Beurshypotheek</i> and (ii) the <i>Vermogenshypotheek</i>.</p> <p>(A) <i>Beurshypotheek</i></p> <p>This is the predecessor product of the <i>Vermogenshypotheek</i>, which is discussed below. It was a product which focused on clients with some prior stock market knowledge. The starting value for the securities deposit had to be €25,000. This product had typically less additions than the current Investment Mortgage Loan and started from an expected rate of return of 7 per cent. to calculate the expected required return on the securities deposit. Every year the level of the securities deposit is compared to the required level at that time. This product is no longer offered by Van Lanschot to borrowers.</p> <p>(B) <i>VermogensHypotheek</i></p> <p>The <i>Vermogenshypotheek</i> is an investment mortgage loan with a pledged portfolio of investments attached to it. Contrary to its predecessor the <i>Beurshypotheek</i>. The Investment Mortgage Loan allows either a one-off securities deposit at the start of the loan, or periodic securities deposit, or a combination of both. The type of investment will depend both on the client's risk profile and tenor, which is at least 15 years. The securities deposit will increase in value during the tenor of the mortgage loan both through additional payments, if an one-off unique deposit at the start of the loan is not opted for, and capital increases which enable the Borrower to partly or, more ideally, fully redeem the mortgage loan at maturity with the accrued capital. Every year the level of the securities deposit is compared to the required level at that time.</p>

The Borrower can choose out of two different investment products:

(i) Van Lanschot Global Index Funds

The investments (both periodical payments or a combination of an upfront amount and periodic payments) are managed by Kempen Capital Management. The asset allocation of the funds is fixed upon the actual market vision of Van Lanschot and Kempen Capital Management. The funds invest in a wide diversification of index funds over various investment categories. Van Lanschot Global Index Funds is a (semi) open-end investment company. Four different investment products ("subfunds") exist within this category.

- The *Van Lanschot Global Index Fund Defensief* invests globally in index funds, adopts a defensive risk profile and is well suited for risk averse clients, who envisage a modest return and follow the stock markets to a limited extent. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 20 per cent. and a maximum of 40 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 60 per cent. and a maximum of 80 per cent. The expected rate of return, which is used for mortgage calculation purposes, is at 4 per cent.
- The *Van Lanschot Global Index Fund Neutraal* invests globally in index funds, adopts a neutral risk profile and aims towards investors, who are conscious of the risks, accept a negative return in a given year and show interest in the behaviour of the stock markets. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 40 per cent. and a maximum of 60 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 40 per cent. and a maximum of 60 per cent. The expected rate of return, which is used for mortgage calculation purposes, is at 5 per cent.
- The *Van Lanschot Global Index Fund Groei-gericht* invests globally in index funds and adopts a risk profile with a growth focus and is appropriate for risk aware clients who accept a considerable value decline of their investment in a given year and who actively track the performance of the stock markets. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 60 per cent. and a maximum of 80 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 20 per cent. and a maximum of 40 per cent. The expected rate of return, which is used for mortgage calculation purposes,

is at 6 per cent.

- The *Van Lanschot Global Index Fund Offensief* invests globally in index funds and adopts an offensive risk profile, therefore it is only appropriate for experienced investors who accept a quasi-unlimited value decline of their investment in a given year and follow the market on a day-to-day basis. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 80 per cent. and a maximum of 100 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 0 per cent. and a maximum of 20 per cent. The expected rate of return, which is used for mortgage calculation purposes, is at 7 per cent.

(ii) **Index Guaranteed Contract ("*Index Garantie Contract*")**

Some of the investment portfolios contain index guaranteed contracts between Van Lanschot and the Borrower (the "**Index Guaranteed Contracts**"). An Index Guaranteed Contract constitutes a claim ("*vordering op naam*") on Van Lanschot whereby the amount payable upon maturity depends on an underlying value such as an index. The final payment will be related to the performance of the underlying value, but the relevant amount will be at least equal to a guaranteed value equal to 100 per cent. of the nominal value of the Index Guaranteed Contract or less, at the option of the investor.

This contract is also limited to borrowers who choose to pay an upfront amount that will be invested in a guaranteed contract. The latter will guarantee 80 per cent. to 100 per cent. of the borrower's initial sum while at the same time offering the upside of market value increases.

No withdrawals can be made from the pledged securities deposit. The only exception is when at the end of each 5-year period, the value creation exceeds the required return forecasts, set out by the start of the mortgage loan, by at least 10 per cent. The amount by which the value of the securities deposit exceeds the forecast can be drawn with a minimum of € 5,000 or multiples of this amount. When the value of the securities deposit would be lower than the forecasted value on each 5-year period, Van Lanschot has the right to demand for additional securities deposit payments by the debtor.

The combination *Index Guaranteed Contract* and *Vermogenshy-potheek* is no longer offered by Van Lanschot to borrowers.

Interest-only Mortgage Loan

During the tenor of the mortgage loan, no principal payments are required and the original balance stays outstanding; only interest is due.

Free Investment Mortgage Loan (no longer offered)

This is a type of interest-only mortgage loan, designed to stimulate capital deposits with Van Lanschot. Hence the Borrower is free to invest and dispose

of its investments as and when he desires and it does not require the Borrower to accrue capital to the deposit. Contrary to a standard interest-only loan, an investment portfolio or savings is attached to it, however this capital is not pledged as security for the mortgage loan to Van Lanschot.

The capital on the investment deposit can be used to redeem principal at the end of the mortgage loan but there is no obligation to do so. The Borrower could opt to leave the management of the capital to Van Lanschot Asset Management specialists, to control the mortgage deposit himself or could chose a manager other than Van Lanschot.

Annuity Mortgage Loan

The Borrower pays every month a fixed amount that includes both a principal part and an interest part. If the interest rate is fixed, the monthly obligation is also fixed during the tenor of the mortgage loan. The composition of this obligation, however, will change because the outstanding principal balance decreases. Therefore, the Borrower will pay less interest and more principal as time goes by. Consequently, the Borrower benefits more from tax deductibility advantage at the early stage of the mortgage loan.

Life Mortgage Loan

Under the Life Mortgage Loans rather than redeeming principal periodically, the Borrower will make periodic payments to an Insurance Company under its Life Insurance Policy. The premium consists of a risk part (premium for life insurance) and a savings part. At maturity (or if earlier upon the death of the insured), the mortgage loan is redeemed with the savings part of the life insurance. The fiscal treatment depends on the type of capital insurance.

Three policies exist:

- (i) Policy without profit sharing: only the base rate over the saved capital and this saved capital will be paid out;
- (ii) Policy with profit sharing: the final payment exists of the saved capital including the base rate and profit sharing part; and
- (iii) Policy based on universal life and unit linked.

The rights of the relevant Borrowers under the Life Insurance Policies will be pledged to Van Lanschot. The Borrower can use an existing Life Insurance Policy or the Borrower can take on a new Life Insurance Policy through Van Lanschot Chabot B.V., which will act as an intermediary insurance provider. Van Lanschot will be acknowledged by the relevant Insurance Company as soon as insurance premiums are no longer paid.

With unit-linked products, the Borrower decides himself how the paid premiums are invested. The Borrower will therefore assess the risk-return characteristics of the investment. The insurance is linked to units that are shares in an investment fund. The relevant Insurance Company manages this fund. The Borrower decides when he wants to consume a part or the full value of the insurance, which provides maximum flexibility.

Linear Mortgage Loan

A linear mortgage loan requires a fixed monthly principal repayment. The mortgage balance therefore declines continuously which results in rapidly decreasing monthly interest payments.

Margin Structure

The interest rate due by the client consists of the following main constituents:

- Base rate;
- Margin Plus ("*Topopslag*");
- Repayment margin ("*Aflossingsopslag*");
- Repayment period margin ("*Betaalperiodeopslag*");
- Agreement discount ("*Arrangementskorting*"); and
- Personal discount ("*Persoonlijke korting*").

The complete margin structure is built into the ASK ("*Aanvraag Systeem Kredieten*") system and will be applied automatically to the individual mortgage loan. The personal discount, however, can be put in for a particular contract by the account manager but has to be approved by the Product Manager Private Banking. Since 1 January 2013 it is not allowed to give a personal discount anymore. With every renewal the Margin Discount described below is offered standard.

Base rate

The interest rate determined in this phase already includes a margin, which could be modified later on.

Figure 6: Interest Rate offered and no longer offered

Interest rates (offered)	Interest rates (no longer offered)
Fixed interest rates: <ul style="list-style-type: none"> • 1 year fixed • 2 years fixed • 3 years fixed • 5 years fixed • 7 years fixed • 10 years fixed • 15 years fixed • 20 years fixed 	<ul style="list-style-type: none"> • 5 years Comfort Rate ("<i>ComfortRente</i>") • 10 years Comfort Rate ("<i>ComfortRente</i>") • 15 years Comfort Rate ("<i>ComfortRente</i>") • Standard Floating ("<i>Standaard Variabel</i>") • Guarantee Rate 5 and 10 years + 1 per cent • Guarantee Rate 5 and 10 years + 2 per cent
Variabel interest rate: <ul style="list-style-type: none"> • 5 years Guarantee Rate + 1 per cent. • 5 years Guarantee Rate + 2 per cent. • 10 years Guarantee Rate + 1 per cent. • 10 years Guarantee Rate + 2 per cent. • Floating KroonRente ("<i>Variabele Kroonrente</i>") 	

The Start Rate is used for new mortgage loans and continuations. This rate is based upon the Van Lanschot Base Rate included all margins and discounts. It can be altered into every other interest rate of Van Lanschot at the end of the defined tenor. These tenors include a 1, 2 or 3-year facility after which the mortgage loan can be continued, but with a newly offered interest rate. A variable rate cannot be combined with a savings mortgage loan.

The Floating KroonRente is based on a tenor of 60 months (or, in certain cases, on a tenor of 12 months). It is a floating rate based on 3 month Euribor. The Floating KroonRente comes with a fixed margin. Early repayments are allowed for a maximum of 10 per cent. per annum. To switch to another rate, a conversion premium of EUR 250 is due.

The Standard Floating rate has a tenor equal to the economic life of the mortgage loan. This rate is also based on the Van Lanschot Base Rate. It is a floating rate and can therefore not be combined with a savings mortgage loan. This interest rate is no longer offered by Van Lanschot since April 2011.

The Guarantee Rate is a floating rate based on the Van Lanschot Base Rate with a cap, which is put at 1 per cent. or 2 per cent. above the floating rate at the time the offer is made. The Euribor Guarantee Rate is a floating rate based on 3 month euribor with a cap that is based on 3 months Euribor. Because these guarantee rates are floating rates, they cannot be combined with a savings mortgage loan. An early repayment penalty is due depending on the tenor of the mortgage loan: 3 months interest penalty for a 5 years tenor and 6 months interest

penalty for a 10 years tenor. The Guarantee Rate based on the Van Lanschot Base Rate is no longer offered by Van Lanschot since September 2009.

The Comfort Rate is a floating rate based on the Van Lanschot Base Rate and cannot be combined with a savings mortgage loan. As long as the Comfort Rate stays within a specified range, the client pays this rate. When the Comfort Rate falls out of this range, then the rate is adjusted with the amount by which the upper limit is exceeded. This interest rate is no longer offered since September 2009.

- 5 years Comfort Rate limits = reference rate +/- 1.00 per cent.
- 10 years Comfort Rate limits = reference rate +/- 1.75 per cent.
- 15 years Comfort Rate limits = reference rate +/- 2.00 per cent.

The rate to be paid can therefore fluctuate but the reference rate stays the same. Dependent on the start of the mortgage loan, conversion and/or early repayment will be penalised differently.

Van Lanschot also offers fixed rate mortgage loans with a tenor of 1, 2, 3, 5, 7, 10, 15 and 20 years. Early repayment or conversion to another interest rate schedule is possible. The client pays a penalty based on the net market value. This rate can be combined with all repayment profiles.

At the end of an interest rate period of a mortgage loan, new interest rates (fixed and/or floating) for different interest rate periods will be offered.

For floating rate mortgage loans, the interest rates will be reviewed every 3 months.

Margin Plus ("Topopslag")

When the financing is above 90 per cent. of the Advance Rate for Total Securities ("*Bevoorschottingswaarde Totale Zekerheden*", "BTZ"), additional margins will be applied to the interest rate due. A mortgage loan in the Netherlands can be offered for a maximum amount of 105 per cent. of the foreclosure value. For a foreign mortgage loan, this amount is generally limited to 75 per cent. of the foreclosure value.

Repayment margin ("Aflossingsopslag")

Some repayment structures have an additional margin attached to it. These have to be put in per agreement.

- Investment mortgage loan ("*VermogensHypotheek*") + 0.20 per cent.
- Savings mortgage loan ("*Spaarhypotheek*") + 0.20 per cent.
- Repayment Period Margin ("*Betaalperiodeopslag*")
An additional margin could be added for quarterly, semi-annually or annually payment scheme afterwards.
- Margin Discount ("*Vermogenskorting*")
Debtors holding assets with Van Lanschot such as credit amount in accounts, deposits or securities deposits, can receive a discount on the margin with indicative levels as detailed below. A quarterly check will evaluate whether the discount rate is still applicable.
- Personal Discount ("*Persoonlijke Korting*")
A Personal Discount cannot be offered anymore by Van Lanschot account managers since 1 May 2013. Clients with an existing Personal Discount continue to have the Personal Discount until an interest conversion or continuation.

Figure 7: Deposit Mortgage Tariff Discounts

Assets held by Van Lanschot (% of Mortgage Amount)	Tariff (Introduction Tariff - x,x bps)
< 25%	0.0
25% - 49%	0.1
50% - 75%	0.2
> 75%	0.3

6.3 ORIGINATION AND SERVICING

Mortgage Application and Approval, Servicing, Arrears and Foreclosure Management Processes

General overview

The Van Lanschot Risk Management Committee sets the risk management strategy, policy assumptions and credit limits. Responsibility for preparing policy and supervising its implementation has been delegated to the risk management department.

The risk management department (RM) is divided in three sub-divisions:

Risk Assessment Division

The Risk Assessment Division and its risk managers are responsible for the credit applications, credit reviews as well as general credit management. Furthermore, this division also provides advice to all private bankers as well as to the loan/mortgage specialists called credit bankers. All risk managers have a proven track record within the Van Lanschot organisation and have significant expertise in analysing, evaluating and monitoring (mortgage) loans.

Recovery Division

The Recovery Division is responsible for the management and recovery of non-performing loans. The activities are divided in (i) special monitoring of borrowers with a less favourable financial position and (ii) control & administration of defaulted loans. Van Lanschot will take provisions for defaulted loans if repayment of the loan is doubtful as defined in applicable IFRS rules.

Financial risk management

The financial risk management department is responsible for the development, validation and monitoring of the models used for measurement of Credit Risk Management, Credit Portfolio Management and Credit Policy. The activities are divided in retail modelling, non-retail modelling, economic capital modelling, introducing risk based pricing, risk management reporting and initiating/coordinating Van Lanschot's credit policy.

Mortgage application and approval process

The application process

Under the authority of the private banker the credit banker writes the loan application. The credit banker is responsible for the entire application process, so both the content as well as the duration. The credit banker uses the ASK program as a workflow program which supports the financing administration from application to repayment of mortgage loans. ASK registers all securities and relevant documents related to the mortgage loan: valuation reports, income tax declarations and annual figures. The credit banker ensures that all relevant items of the application are sent to risk management and he checks the pricing with product management. After approval by risk management, the credit banker is responsible for sending the offer directly to the client or to the private banker. Once the client has accepted the offer, all relevant information will be entered into the back office systems. Every change in the offer that is requested by the client or the private banker or credit banker has to be approved again by risk management. When the mortgage loan is paid out, the approved application and all signed documents are documented and kept in the back office systems.

Required Documentation

The private banker and credit banker are responsible for the upfront delivery of the necessary documents so risk management can form a well based judgement (primary documents). The ASK program registers the presence of is capable of storing these documents, such as valuation reports, income tax declarations, AFIN planning documents, annual reports etc. (the actual electronic filing is done in another application ("VLD")). In case one or more primary documents are not available at the time risk management is asked to take a decision, risk management gives a conditional approval so the credit banker or private banker can make a conditional offer to the client. The mortgage loan can only be paid out after explicit final approval of risk management and only when the necessary conditions have been met.

Mortgage loan criteria

Qualified Borrowers

Employees of a Dutch employer and with a Dutch permanent employment contract can be accepted as a borrower. Employees with a temporary contract are in principle not accepted as borrowers. But exceptions may be made when the likelihood of re-employment is considered high, dependent on characteristics such as education, position, prior professional experience, etc. A mortgage loan can also be granted based on the income of a double income family, when the borrowers are within the target client base of Van Lanschot and both incomes are expected to be in place during the entire duration of the mortgage loan. Self-employed clients such as lawyers, doctors and independent accountants can be accepted as a borrower when the respective company has existed for at least three years and future income can be determined with a high degree of certainty.

Income and capital criteria

All relevant information is reported by the credit banker in an extensive report. Particularly the overall financial position and the stability and amount of income combined with the wealth of the borrower, determines the limits of the mortgage offer. Van Lanschot uses the financial planning program called "AFIN" to assess the income and capital flow. The Available Income for Consumption ("*Consumptief Beschikbaar Inkomen*" or "CBI"), which is the outcome of AFIN planning, can then be checked against benchmark figures set by Van Lanschot and is ideally discussed with the borrower. The CBI includes for example clothing, food, holidays, education and leisure expenses. The credit banker report will also incorporate an extensive analysis of the quality of income in general and particularly in respect of foreign borrowers, (starting) self-employed professionals, manager / shareholders. When doubts exist about the stability of the income and/or the proposed financing is largely based on growth forecasts, the application will be rejected or, to cover these income risks, additional security in the form of (liquid) wealth should be pledged to the bank.

Since august 2011 the CBI-norm has been replaced by the NIBUD-norm of the renewed Code of Conduct in respect of Mortgage Loans "*Gedragscode Hypothecaire Financieringen*". This code forces additional criteria upon the loan capacity and will also be checked by risk management. These NIBUD criteria are for example:

- for the payments of the mortgage loan a 30 years annuity is the standard, without regarding the real redemption of the mortgage loan;
- the rate is 10 years State + 1% (for mortgage loans shorter than 10 years) or the real rate (for mortgage loans longer than 10 years);
- for the mortgage loans shorter than 10 years the rate is reviewed every quarter by the CHF ("*Contact-organ Hypothecaire Financiers*").

The amount of the annuity payment compared to the total income accounted for in AFIN needs to be smaller than the income used in NIBUD. When there are multiple borrowers NIBUD is based on the borrower with the highest income.

If the income criteria are not met, the credit application is rejected. When additional capital is available to the client that can be used to supplement his income, the application can be accepted and a special condition ("*zorgplichtclausule*") has to be mentioned in the mortgage loan agreement, sometimes in combination with additional collateral (liquid assets or stocks).

Maximum LTV at start (since 1-1-2013):

- 105% of the market value with regard to mortgage loans up to EUR 2 million;
- 100% of the market value with regard to mortgage loans higher than EUR 2 million with an additional condition, i.c. pledge of securities of 25% of the part of the loan above EUR 2 million.

No redemption required: up to 50% of the market value.

Other mortgage loan criteria:

- the maximum duration of a mortgage loan is 30 years;
- all mortgage loans are offered in euros. Other currencies are not allowed, although some exceptions could be accepted under specified approval guidelines;

- for a second ranking mortgage loan the same underwriting conditions as for first ranking mortgage loans apply.

The foreclosure value is determined by reducing the property value with the prior charged amount.

Collateral

The property has to be situated in the Netherlands (excluding the Netherlands Antilles). When the collateral is a house it has to be the primary residence of the borrower and occupied by the borrower. However, temporary renting e.g. for a few months when the owner is for instance temporary abroad could be allowed. Some property types we consider as normal collateral are villas, bungalows, country houses, family houses and apartments.

A full valuation of the property should be carried out conform the requirements of the Dutch Central Bank (“*De Nederlandsche Bank*” or “**DNB**”). Valuation reports are only accepted from quality appraisers and valuation agents.

A new valuation report is in principle also necessary for the application of a new or additional mortgage loan or for the conversion of an existing mortgage loan into an interest only mortgage loan. No new valuation report is required when the original value is sufficient for the approval of the interest only mortgage loan and the market did not exhibit a general drop in value for such properties.

Client solvency

Bureau Krediet Registratie (“BKR”)

The Bureau for Credit Registration is consulted to check the solvency of the borrower. Van Lanschot is complying with all existing rules related to the BKR, which implies that with every application the borrower is fully checked. The liabilities which become apparent after consultation of the BKR system will be reflected in the credit evaluation. When the BKR system exhibits a delinquency or some other form of credit irregularity, in general, Van Lanschot will not take the application in consideration.

Compulsory insurance

The property has to be sufficiently insured during the duration of the mortgage loan against fire and storm damage, based on the reconstruction value. The client also has to hold an additional life insurance for the part of the mortgage amount exceeding 70% of the market value.

Arrears management

When a client is not meeting its mortgage payments, his current account with Van Lanschot will be debited for those delinquent amounts, even if the client exceeds his predefined current account limit. All arrears in current account (‘overdrafts’) are calculated and signalled on a daily basis and reported to private and business bankers on a weekly basis. If the overdraft is more than € 250,-, a reminder letter is automatically generated by the system and sent out to the client.

Within the process of sending letters a distinction is made between overdrafts of more than € 5,000,- and overdrafts less than € 5,000,-. When an overdraft is less than € 5,000,- (but more than € 250,-) a first reminder letter is sent after 60 days. In case no payment is received after the first letter has been sent, a second, more firm letter is sent after 90 days. If still no payment is received and the amount in arrears stays below the threshold of € 5,000,-, no more automatic letters are generated and the situation is flagged with the account manager. In some cases, the client will be handed over to the Recovery Division.

When the overdraft exceeds the threshold of € 5,000,-, the overdraft is said to be material and a first ‘material overdraft’ reminder letter is sent 35 days after the overdraft has become material. In case no payment is received after the first letter, a second, and if necessary a third, more firm ‘material overdraft’ reminder letters are sent 55 and 75 days, respectively, after the overdraft has become material.

Private banking recovery division

If the client does not respond within two weeks after the third 'material overdraft' reminder letter has been sent, the client is said to be in default and is handed over to the Recovery Division. The experience of the employees of the Recovery Division averages around 7 years, with many of its members having additional private banking or credit experience. No performance incentives are given.

The risk manager of the recovery team will contact the account manager and/or the client and assess the client's position with Van Lanschot, both in terms of value and relationship.

If the Recovery Division considers the situation to be curable, based on its assessment of the payment problems (e.g. divorce, temporary income decline, temporary unemployment, etc.), the income expectations and some more general features (e.g. age, experience, education, etc.), it will direct the account manager to work out a tailor-made rectification plan with the client and to vigorously track its implementation. In more complex situations it is also possible that the client will be serviced by the risk manager from the Recovery Division.

When the Recovery Division does not believe the situation to be curable, it will initiate a foreclosure process. This process of selling the security such as a life insurance policy and a securities deposit and the property is done preferably through a voluntary sale, which is possible in the majority of these cases. However, if the client does not want to sell the property on a voluntary basis, or the voluntary sale takes too long, the sale will be forced and will normally lead to a public auction.

If the property is sold and there is no other security, but there still is a remaining debt, the client is handed over to a debt collection agency for further collection.

6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a range of mortgage loan products¹ and a high degree of competition between mortgage lenders. The latter has recently been questioned by consumer organisations. In their view margins have become too high due to government interference. Banks who received government support were restricted in the sense that they are not allowed to be a price leader. The Dutch competition authority concluded in 2011 that this was not the case.² Due to new complaints by consumer organisations, and the argument that the approach chosen in the research was not sufficient, a new evaluation is currently conducted. Historic practices, culture and most importantly tax legislation (especially those pertaining to the deductibility of mortgage interest) have also shaped the Dutch residential mortgage market in quite a unique way.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a period of between 5 and 10 years. The historically low mortgage loan interest rates in the last decade provided an incentive for households to refinance their mortgage loans with a long-term fixed interest rate (up to as much as 30 years, which gives people almost life-long certainty).³ Dutch mortgage borrowers are therefore relatively well-insulated against interest rate fluctuations.⁴

Even though Dutch house prices have declined since 2008, the principal amount outstanding of Dutch mortgage loans has continued to increase until the second quarter of 2011. Since then the aggregate outstanding mortgage debt of Dutch households is stabilising (Chart 1)⁵. The Dutch mortgage market is still supported by a gradual increase in the levels of owner-occupation and an environment of low mortgage loan interest rates.

In the period prior to the credit crisis increased competition and deregulation of the Dutch financial markets resulted in the development of tailor-made mortgage loans consisting of different loan parts and features, including mortgage loans involving investment risks for borrowers. The relatively risky mortgage loan products have since the start of the credit crisis in 2007 lost their attraction and are nowadays no longer provided.⁶

Tax deductibility and regulation

The mortgage loan products that were and still are offered by lenders reflect the tax deductibility of mortgage loan interest (which was deductible in full until 2001, see next paragraph) and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high loan to foreclosure values and the extensive use of interest-only mortgage loans (which need only be redeemed at maturity). For borrowers who want to redeem their mortgage loan without losing tax deductibility, alternative products such as 'bank saving mortgage loans' were introduced. The main feature of a bank savings mortgage loan is that the borrower opens a deposit account which accrues interest at the same interest rate that the borrower pays on the associated mortgage loan. At maturity, the bank savings are used to redeem the mortgage loan.

As from January 2001, mortgage loan interest tax deductibility is restricted in three ways. Firstly, deductibility applies only to mortgage loans on the borrower's primary residence (and not to secondary homes such as holiday homes). Secondly, deductibility is only allowed for a period of up to 30 years. Lastly, the top tax rate has been reduced from 60% to 52%. However, these tax changes did not have a significant impact on the rate of mortgage loan origination, mainly because of the ongoing decrease of mortgage interest rates at that time.

On top of the limitations that came into force in 2001, tax deductibility of mortgage loan interest payments has been further restricted as from 1 January 2004 for borrowers that relocate to a new house and refinance their mortgage loan. Under the new tax regulation (*Bijleenregeling*), tax deductibility in respect of interest on the mortgage loan pertaining to the new house is available only for that part of the mortgage loan that equals the purchase price of the new house less the realised net profit on the old house.

¹ Due to new regulation households who opt for a new mortgage loan are since January 2013 restricted in their choice if they want to make use of tax deductibility. See paragraph "Recent changes in regulation" below.

² NMA, Sectorstudie Hypotheekmarkt, 30 May 2011.

³ Dutch Central Bank, statistiek, statistieken DNB, financiële markten, rentes, T1.2.2 (31 October 2012).

⁴ Maarten van der Molen en Hans Stegeman, 2011, De ongekende stabiliteit van de Nederlandse woningmarkt, 7 May 2011.

⁵ Dutch Central Bank, statistiek, statistieken DNB, huishoudens T11.1 (31 October 2012).

⁶ Boonstra and Treur (2012) "Reactie op: Hollands hoge hypotheekrentes" ESB, 12 October 2012.

Since 1 August 2011, the requirements for mortgage lending have been tightened by the Financial Markets Authority (*AFM*) leading to a revised Code of Conduct for Mortgage Lending (*Gedragcode Hypothecaire Financieringen*), to limit the risks of over-crediting. Under those tightened requirements, the principal amount of a mortgage loan may not exceed 104% of the market value of the mortgaged property plus transfer tax. In addition, only a maximum of 50% of the market value of the mortgaged property may be financed by way of an interest-only mortgage loan. In addition, the revised Code of Conduct provides less leeway for exceptions using the 'explain' clause.⁷ Consequence is that banks are less willing to deviate from the rules set by the revised Code of Conduct. This will make it more difficult for especially first-time buyers to raise financing as they used to be overrepresented as borrowers of mortgage loans subject to an explain clause. In practice, expected income rises of first-time buyers were frequently included, which lead to additional borrowing capacity.⁸

Recent changes in regulation

Mortgage loans taken out for houses purchased after 1 January 2013 have to be repaid in full in 30 years and at least on an annuity basis in order to be eligible for mortgage interest relief (the linear option is also possible). Household with a pre-1 January 2013 mortgage loan that purchase a house after 1 January 2013 are permitted to keep the existing (more favourable) mortgage loan after it has moved to another house (while keeping the favourable tax relief). However, any such mortgage loan will again be tested against the Code of Conduct for Mortgage Lending (*GHF*), with the most important condition being that no more than 50% of the mortgage loan may be repaid on an interest-only basis. Finally, an increasing rate of deemed income a property generates (*huurwaardeforfait*) implies a reducing net tax benefit as a result of interest deductions.

The coalition agreement for the new government as presented on 29 October 2012, includes measures pursuant to which, as from 2014, the maximum interest deductibility for mortgage loans for tax purposes will decrease annually at a rate of 0.5 per cent. from the income tax rate of 52 per cent. down to 38 per cent. Furthermore, the maximum loan-to-value (mortgage loan versus the market value of the house) will be gradually lowered to 100%. The transfer tax that was already temporarily lowered from 6% to 2% on 1 July 2011 with effect from 15 June 2011, will remain at 2%.⁹ In addition, interest paid on any outstanding debt from a mortgage loan remaining after the sale of a home can be deducted for up to ten (10) years. This measure will be in place from 2013 up to and including 2017. It is likely that the impact on the house price level will be negative¹⁰, but the extent is uncertain and depends amongst other things on the overall confidence level and the real disposable income development.

In February 2013 the Dutch cabinet came with additional measures for the housing market. Most important feature for the owner-occupied sector is that a second mortgage loan may be used to pay part of the redemption of the annuity mortgage loan. As a consequence, the monthly expenses of the mortgage loan are lower. However, the total costs will increase as after 30-years the mortgage is not fully repaid. There are a few restrictions on the second mortgage: 1) it is not eligible for tax deductibility and 2) it may not exceed 50% of the original market value of the house.

Foreclosures

The number of arrears and involuntary sales of residential property by public auction ("forced sale") in the Netherlands is traditionally very low compared to international standards.¹¹ Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in the event of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very good employment conditions and a continuing reduction of mortgage interest rates. In the years before 2001, the total number of foreclosures was therefore limited compared to the number of owner-occupied houses.¹²

The relatively prolonged economic downturn from 2001 to 2005 led to a significant rise in the amount of mortgage loan payment arrears and correspondingly forced house sales (Chart 5). The number of foreclosures in the Netherlands reported by the Land Registry (*Kadaster*) rose from 695 in 2002 to about 2,000 forced sales from 2005 onwards. This increase was mainly the result of a structural change in the Dutch mortgage loan market

⁷ Under the "explain" clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct

⁸ M.T. van der Molen, 2012, Aanschaffen woning is makkelijker, January 2012.

⁹ Rijksoverheid, 2012, Stabiliteitsprogramma Nederland, april 2012 actualisatie..

¹⁰ CPB, 2012, Analyse economische effecten financieel kader Regeerakkoord, 29 October 2012.

¹¹ Comparison of S&P 90+ day delinquency data,

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

during the nineties: instead of selling single income mortgage loans only, lenders were allowed to issue double income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry (*Kadaster*) recorded 2,488 forced sales in 2012. In the fourth quarter of 2012 the number of foreclosures amounted to 669, compared to 891 in the same period in 2011 (Chart 5). Research confirms that the number of households in payment difficulties in the Netherlands is low from an international perspective and that problems mainly have 'external' causes such as divorce or unemployment as opposed to excessively high mortgage debt.¹³

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

Chart 1: Total mortgage debt

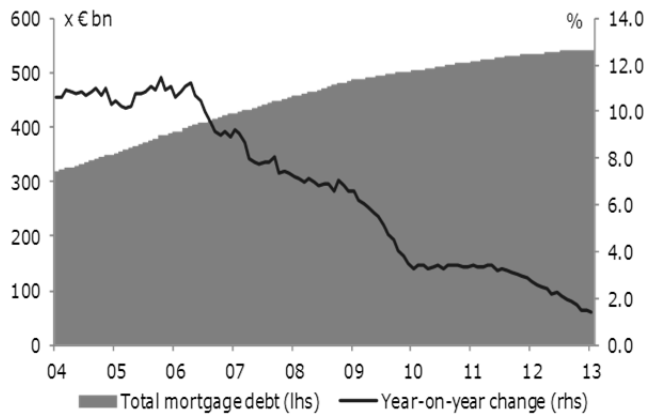


Chart 2: Dutch property price development

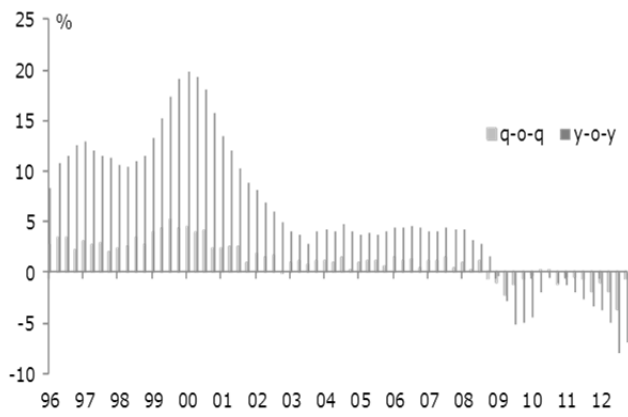


Chart 3: Development house price index



Chart 4: Number of house sale transactions

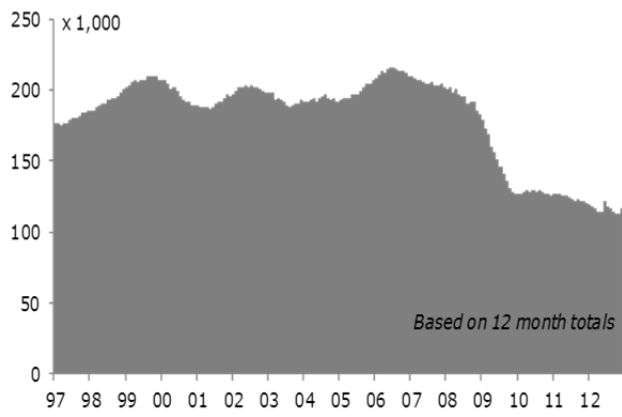
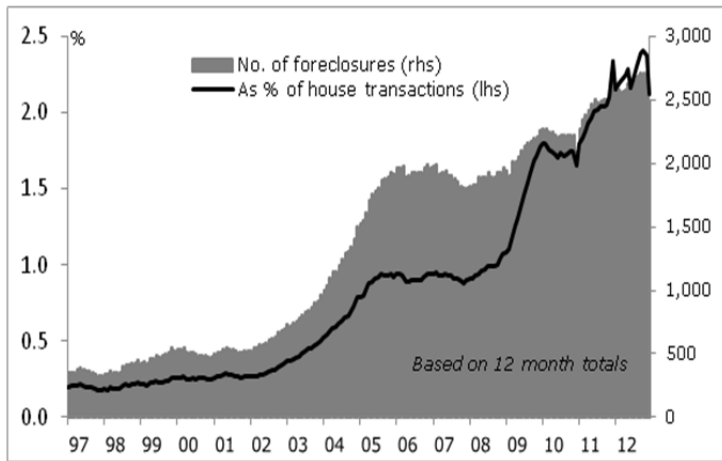


Chart 5: Number of foreclosures



Source: Land Registry, Statistics Netherlands

7. PORTFOLIO DOCUMENTATION

7.1 PURCHASE, REPURCHASE AND SALE

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Mortgage Receivables and will accept the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of a registered Deed of Assignment and Pledge as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. The assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except upon the occurrence of any Assignment Notification Event. Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the Seller. The Issuer will be entitled to all principal proceeds in respect of the Mortgage Receivables and to all interest (including Prepayment Penalties and penalty interest) in respect of the Mortgage Receivables as of the Cut-Off Date. The Seller will pay or procure payment to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables. With respect to the purchase and assignment of New Mortgage Receivables and Further Advance Receivables, reference is made to section 7.4 (*Portfolio Conditions*) below.

Purchase Price

The purchase price for the Mortgage Receivables shall consist of the Initial Purchase Price which shall be payable on the Closing Date or, in case of New Mortgage Receivables and Further Advance Receivables on the relevant Notes Payment Date, and the Deferred Purchase Price. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be EUR 853,903,758.19, which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Cut-Off Date. An amount equal to EUR 3,170,164.00, being the Aggregate Construction Deposits at Closing, will be withheld by the Issuer and will be deposited on the Construction Deposit Account. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

Repurchase

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable on the Mortgage Collection Payment Date immediately following:

- (i) the expiration of the relevant cure period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect; or
- (ii) a Mortgage Calculation Period in which the Seller agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on or before the Notes Payment Date immediately succeeding such Mortgage Calculation Period; or
- (iii) the date on which the Seller agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase such Mortgage Receivable; or
- (iv) a Mortgage Calculation Period in which the Seller agrees with a Borrower under a Floating Rate Mortgage Loan to switch to a fixed rate of interest as a result of which the relevant Mortgage Loan becomes a Fixed Rate Mortgage Loan or, as the case may be, the Seller agrees with a Borrower under a Fixed Rate Mortgage Loan to switch to a floating rate of interest as a result of which the relevant Mortgage Loan becomes a Floating Rate Mortgage Loan.

In addition, in the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable in the event that on any Notes Payment Date, items (xvii), (xviii), (xix) and (xx) of the Replenishment Conditions would not be met, in the circumstances as further described in section 7.4 (*Portfolio Conditions*) under *Fixed Floating Repurchase* below.

The purchase price for the Mortgage Receivable in such events will be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such sale and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Mortgage Receivable.

Seller Clean-Up Call Option

If on any Notes Payment Date the aggregate Principal Amount Outstanding of the Notes (and in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is equal to or less than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables. If the Seller exercises the Seller Clean-Up Call Option, the Issuer shall redeem all (but not some only) of the Notes, other than the Class E Notes, at their Principal Amount Outstanding, subject to, in respect of the Subordinated Notes, Condition 9(a).

Seller Call Option

On each Optional Redemption Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables. If the Seller exercises the Seller Call Option, the Issuer shall redeem all (but not some only) of the Notes, other than the Class E Notes, at their Principal Amount Outstanding, subject to, in respect of the Subordinated Notes, Condition 9(a).

Repurchase in case of exercise of Regulatory Call Option

In the event of the occurrence of a Regulatory Change, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables. If the Seller exercises the Regulatory Call Option, the Issuer shall redeem all (but not some only) of the Notes, other than the Class E Notes, at their Principal Amount Outstanding, subject to, in respect of the Subordinated Notes, Condition 9(a).

Sale of Mortgage Receivables

Under the terms of the Trust Deed, the Issuer will have the right and shall use its reasonable efforts to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes in full, subject to, in respect of the Subordinated Notes, Condition 9(a). In addition, under the terms of the Trust Deed, the Issuer will also have the right to sell and assign all, but not some, of the Mortgage Receivables, if the Issuer exercises the Tax Call Option in accordance with Condition 6.

Right of first refusal and right to match

If the Issuer decides to offer for sale the Mortgage Receivables on an Optional Redemption Date or exercises the Tax Call Option, the Issuer will notify the Seller of such decision by written notice at least sixty-seven (67) calendar days prior to the scheduled date of redemption and will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of fourteen (14) calendar days after receipt of such notice inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such period of fourteen (14) calendar days, if the Seller has not indicated that it wishes to repurchase the Mortgage Receivables and if the Issuer finds a third party that is willing to purchase the Mortgage Receivables, the Issuer will notify the Seller of the terms of such third party's offer by written notice at least thirty-nine (39) calendar days prior to the scheduled date of such sale. After having received the written notice as set forth in the foregoing sentence, the Seller will have the right, but not the obligation, to repurchase the Mortgage Receivables on terms equal to such third party's offer to purchase the Mortgage Receivables on the scheduled date of such sale, provided that the Seller shall within a period of seven (7) calendar days after receipt of such notice inform the Issuer that it wishes to repurchase the Mortgage Receivables on the scheduled date of such sale.

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Issuer has the obligation to sell all Mortgage Receivables if the Seller exercises the Seller Clean-Up Call Option, the Seller Call Option or the Regulatory Call Option.

The purchase price of each Mortgage Receivable (i) in the event that Seller is obliged to repurchase any Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement or (ii) in the event it exercises the Regulatory Call Option, will be equal to 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 reassignment of the Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such

sale and re-assignment.

The purchase price of each Mortgage Receivable in the event of the Seller Clean-Up Call Option, the Seller Call Option, the Tax Call Option or redemption on an Optional Redemption Date, shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the foreclosure value of all other collateral and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

Assignment Notification Events

if – *inter alia* –:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is a party and such failure is not remedied within 10 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within 20 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 Transaction 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 emergency regulations ("*noodregeling*") as referred to in Chapter 3 of Wft as amended from time to time, or for bankruptcy ("*faillissement*") or for any analogous insolvency proceedings under any 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 have been instituted or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") or its assets are placed under administration ("*onder bewind gesteld*"); or
- (f) the Seller has given materially incorrect information or 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 other Transaction Documents; or
- (g) in respect of S&P, the rating of the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller or, in respect of Fitch, the issuer default rating of the Seller, falls below a 'BBB-' rating or such rating is withdrawn by either Fitch or S&P; or
- (h) a Pledge Notification Event has occurred;

(any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) one of these events, an "**Assignment Notification Event**") then the Seller shall, unless the Security Trustee delivers an Assignment Notification Stop Instruction:

- (i) notify the Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or

the Security Trustee of the assignment of the Mortgage Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself;

- (ii) notify the relevant Insurance Company of the assignment of the Beneficiary Rights relating to the Mortgage Receivables and use its best efforts to obtain the co-operation from the relevant Insurance Companies and all other parties (a) (i) to waive its rights as first beneficiary under the relevant Life Insurance Policies (to the extent such rights have not been waived), (ii) to appoint as first beneficiary under the relevant Life Insurance Policies (to the extent such appointment is not already effective) (x) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event and (b) with respect to Life Insurance Policies whereby the initial appointment of the first beneficiary has remained in force as a result of the instructions of such beneficiary to the relevant Insurance Company to make any payments under the relevant Life Insurance Policy to the Seller, to convert the instruction given to the Insurance Companies to pay the insurance proceeds under the relevant Life Insurance Policy in favour of the Seller towards repayment of the Mortgage Receivables into such instruction in favour of (x) the Issuer under the dissolving condition of the occurrence of a Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event, the Security Trustee; and
- (iii) if so requested by the Security Trustee and/or the Issuer, make the appropriate entries in the relevant public registers ("*Dienst van het Kadaster en de Openbare Registers*") relating to the assignment of the Mortgage Receivables, also on behalf of the Mortgage Receivables, also on behalf of the Issuer, or, at its option, the Issuer or the Security Trustee shall be entitled to make such entries itself, for which entries the Seller shall grant an irrevocable power of attorney to the Issuer and the Security Trustee.

(such actions together the "**Assignment Actions**").

Upon the occurrence of an Assignment Notification Event, the Security Trustee shall, after having notified the Credit Rating Agencies, be entitled to deliver an Assignment Notification Stop Instruction to the Seller.

Set-off by Borrowers

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

To secure the payment obligations of the Seller in this respect, the Issuer will enter into the Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller shall have an obligation to transfer on the Closing Date and on any Notes Payment Date thereafter Eligible Collateral to the relevant Financial Collateral Account in an amount of and having a value equal to the Delivery Amount, which includes the excess of the Potential Set-Off Amount over 6 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date until such time as the Class A Notes and the Class B Notes have been redeemed in full. As on the Closing Date (i) the rating of the Seller will be below the Requisite Credit Rating and (ii) the Financial Collateral Required Amount will be higher than zero as a result of the Potential Set-Off Amount on such date, the Seller shall transfer to the Issuer on the Closing Date an amount equal to the Delivery Amount to the Financial Cash Collateral Account. (see further section 5 (*Credit Structure*) above).

7.2 REPRESENTATIONS AND WARRANTIES

The Seller will represent and warrant on the Closing Date with respect to the Mortgage Loans, the Mortgage Receivables resulting therefrom and the Beneficiary Rights relating thereto, *inter alia*:

- (a) each of the Mortgage Receivables and the Beneficiary Rights relating thereto is duly and 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 or, in case of any New Mortgage Receivables and Further Advance Receivables, the relevant Notes Payment Date;
- (b) it has full right and title ("*titel*") to the Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Mortgage Receivables or the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned or pledged;
- (c) it has the power of disposition ("*is beschikkingsbevoegd*") to sell and assign the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (d) the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no option rights to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto have been granted in favour of any third party with regard to the Mortgage Receivables or the Beneficiary Rights relating thereto;
- (e) neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the Mortgage Receivables contain any explicit provision on the issue whether the mortgage right or rights of pledge follow the receivable upon its assignment;
- (f) each Mortgage Receivable is secured by a Mortgage on at least one Mortgaged Asset located in the Netherlands and is governed by Netherlands law;
- (g) each Mortgaged Asset concerned was valued (i) by an independent qualified valuer when application for a Mortgage Loan was made and such valuation was not older than 12 months on the date of such mortgage application by a Borrower and was made on the basis that the Mortgaged Asset is fully built or (ii) on the basis of and assessment by the Netherlands tax authorities on the basis of the Dutch Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"), in each case in accordance with the Code of Conduct. No revaluation of the Mortgaged Assets has been made for the purpose of this transaction. In respect of any property to be constructed or in construction at the time of application for a Mortgage Loan a valuation will be based on the construction costs of the property involved;
- (h) each Mortgage Receivable, Mortgage and Borrower Pledge, if any, constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (i) all mortgage rights and all rights of pledge securing the Mortgage Loans (i) constitute valid mortgage rights ("*hypothekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledge governed by Dutch law and, to the extent relating to the Mortgages, have been entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), and (ii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, together with interest, penalties, costs and insurance premium, together up to an amount equal to at least 140 per cent. of the Outstanding Principal Amount of the Mortgage Loan upon origination;
- (j) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, subject to the general terms and conditions and materially in the forms of mortgage deeds as attached to the Mortgage Receivables Purchase Agreement;
- (k) the particulars of each Mortgage Loan as set forth in the list of Mortgage Receivables as attached to the Mortgage Receivables Purchase Agreement or, in case of any New Mortgage Receivables and Further Advance Receivables, the particulars of each New Mortgage Loan and Further Advance as set forth in

the list of New Mortgage Receivables and Further Advance Receivables as attached to the relevant Deed of Assignment and Pledge, are correct and complete in all material respects;

- (l) each of the Mortgage Loans meets the Mortgage Eligibility Criteria;
- (m) each of the Mortgage Loans and, if offered by the Seller, the Life Insurance Policies connected thereto, has been granted in accordance with (i) all applicable legal requirements and the Code of Conduct prevailing at the time of origination in all material respects, and (ii) the Seller's standard underwriting criteria and procedures and such underwriting criteria and procedures are in a form as may be expected from a reasonably prudent lender of residential mortgage loans in the Netherlands at the time of origination;
- (n) other than the Construction Deposits, the principal sum in respect of each Mortgage Loan has been fully disbursed to the relevant Borrower, whether or not through the civil law notary and no amounts are held in deposit with respect to premiums and interest payments ("*geen rente- en premiedepots*");
- (o) each of the Mortgaged Assets had, at the time the relevant Mortgage Loan was advanced, the benefit of a buildings insurance ("*opstalverzekering*") for at least the full reinstatement value ("*herbouwwaarde*");
- (p) in respect of the Life Mortgage Receivables, the Seller has the benefit of a valid right of pledge on the rights under the Life Insurance Policies and either (i) the Seller has the benefit of the appointment as beneficiary under such Life Insurance Policies upon the terms of the relevant Mortgage Loans and the relevant Life Insurance Policies, which appointment has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company has been given a Borrower Insurance Proceeds Instruction;
- (q) in respect of each of the Investment Mortgage Receivables the Seller has the benefit of a valid Borrower Investment Pledge;
- (r) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables and the Beneficiary Rights;
- (s) the notarial mortgage deeds relating to the Mortgages are kept by a civil-law-notary in the Netherlands, while the Loan Files, which include authentic copies of the notarial mortgage deeds, are kept by the Seller;
- (t) to the best of its knowledge, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (u) the Aggregate Construction Deposits were on the Cut-Off Date equal to the amount of EUR 3,170,164.00;
- (v) the Construction Deposit in respect of each Mortgage Loan does not exceed EUR 901,892.00;
- (w) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-Off Date is equal to EUR 853,903,758.19;
- (x) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same Mortgage is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (y) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts ("*leningdelen*");
- (z) on the Cut-Off Date or, in respect of the purchase of New Mortgage Receivables and Further Advance Receivables, the first day of the month in which the relevant Notes Payment Date falls, no amounts due and payable under any of the Mortgage Loans higher than one monthly payment instalment were in arrears;
- (aa) with respect to each of the Mortgage Receivables secured by a mortgage right on a long lease ("*erfpacht*"), the mortgage conditions provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates for whatever reason;

- (bb) there is no connection between any of the Mortgage Loans and the Index Guaranteed Contracts, other than the Borrower Investment Pledge and the claims of any Borrower under Index Guaranteed Contracts are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis;
- (cc) with respect to the Life Mortgage Loans (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 is granted on the rights under such policy in favour of the Seller and the relevant Beneficiary Rights, (ii) the Mortgage Loan and the Life Insurance Policy are not offered as one product or under one name, (iii) the Borrowers are free to enter into a Life Insurance Policy with any insurance company and (iv) none of the relevant Life Insurance Companies is a group entity (within the meaning of article 2:24b of the Dutch Civil Code) of the Seller;
- (dd) there is no connection between any of the Investment Mortgage Loans and any Investment Portfolio, other than the Borrower Investment Pledge;
- (ee) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the Seller and, other than in respect of any Index Guaranteed Contracts included in the Investment Portfolio, the securities are purchased on behalf of the relevant Borrower by:
 - (i) an investment firm ("*beleggingsonderneming*") in the meaning ascribed thereto in the Wft, being either a broker ("*bemiddelaar*") or an asset manager ("*vermogensbeheerder*"), which is by law obliged to administer the securities in the name of the relevant Borrower through a bank (see the next paragraph) or a separate securities giro ("*effectengiro*"); or
 - (ii) a bank, which is by law obliged to (x) administer the securities through a separate depository vehicle and/or (y) only administer securities the transfer of which is subject to the Wge;
- (ff) it has accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans;
- (gg) in the Mortgage Conditions no further drawings and/or further credits have been agreed or anticipated, other than any Construction Deposits;
- (hh) under each of the Mortgage Receivables interest and, if applicable, principal due in respect of a period of at least one (interest) payment has been received by the Seller;
- (ii) with respect to each of the Mortgage Receivables to which a Life Insurance Policy with any of the Insurance Companies is connected, the Seller has the benefit of a Borrower Insurance Pledge granted by the relevant Borrower and such right of pledge has been notified to the relevant Insurance Company, which, to the extent required has been recorded on the relevant Life Insurance Policy;
- (jj) it can be determined in the administration of the Seller which Beneficiary Rights belong to which Mortgage Receivables;
- (kk) on the Cut-Off Date, the aggregate amount standing to the credit of the current accounts and of the deposits held by Borrowers, excluding the Aggregate Construction Deposits, is equal to an amount of EUR 56,085,160.00;
- (ll) to the best of the Seller's knowledge, none of the Mortgaged Assets are bought to let, other than Mortgaged Assets bought for family members;
- (mm) the Mortgage Conditions do not violate any applicable laws, rules or regulations;
- (nn) the Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, originated in and after August 2011 did not at origination exceed 106 per cent. (or such lower percentage as required upon its creation by law or the Code of Conduct of

the Original Market Value of the relevant Mortgaged Assets, which Outstanding Principal Amount may, where applicable, be supplemented by the transfer tax payable under the Dutch Legal Transactions (Taxation) Act upon its creation;

- (oo) payments made under the Mortgage Receivables are not subject to withholding tax;
- (pp) on the Cut-Off Date, the Outstanding Principal Amount of the Fixed Rate Mortgage Receivables is EUR 579,972,025.80 and the Outstanding Principal Amount of the Floating Rate Mortgage Receivables is EUR 273,931,732.39;
- (qq) on the Cut-Off Date, the weighted average interest rate of the Fixed Rate Mortgage Receivables was at least 3.75 per cent. and the weighted average Margin of the Floating Rate Mortgage Receivables was at least 1.50 per cent.;

7.3 MORTGAGE LOAN CRITERIA

Each of the Mortgage Loans will meet the following criteria (the "**Mortgage Loan Criteria**") on the Cut-Off Date:

- (i) the Mortgage Loans are either:
 - a) Life Mortgage Loans ("*levenhypotheken*");
 - b) Investment Mortgage Loans ("*beleggingshypotheken*");
 - c) Linear Mortgage Loans ("*lineaire hypotheken*");
 - d) Annuity Mortgage Loans ("*annuïteitenhypotheken*");
 - e) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*");
 - f) Mortgage Loans which combine any of the above mentioned types of mortgage loans;
- (ii) the Borrower is a private individual and a resident of the Netherlands;
- (iii) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same property, first and sequentially lower ranking mortgage rights;
- (iv) each Mortgaged Asset, other than the Other Mortgaged Assets, is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- (v) the Mortgaged Asset, other than the Other Mortgaged Asset, is used primarily for residential purposes;
- (vi) each Mortgaged Asset, other than the Other Mortgaged Asset, is located in the Netherlands;
- (vii) no Mortgage Loan will have a legal maturity beyond September 2048;
- (viii) the interest rate of each Mortgage Loan is fixed, subject to an interest reset from time to time, floating or a combination thereof;
- (ix) payments on each Mortgage Receivable are required to be made by direct debit;
- (x) only with respect to the Mortgage Receivables to be purchased on the Closing Date, the Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured by the same Mortgaged Assets did not exceed 150 per cent. of the most recent Foreclosure Value of the relevant Mortgaged Assets, other than the Other Mortgaged Assets, of the relevant Mortgage Loan or the Mortgage Loans;
- (xi) only with respect to the Mortgage Receivables to be purchased on the Closing Date, the Outstanding Principal Amount of each Loan Part of which a Mortgage Loan comprises does not exceed EUR 4,000,000;
- (xii) each Mortgage Loan was originated by the Seller or CenE Bankiers;
- (xiii) each Mortgage Receivable is denominated in euro;
- (xiv) the Borrower does not have more than three Mortgaged Assets, other than any Other Mortgaged Assets;
- (xv) the Mortgage Loan has not been granted on the basis of a self-certified income statement of the relevant Borrower;
- (xvi) none of the Mortgage Receivables are secured by a Mortgaged Asset which is land, other than any Other Mortgaged Assets; and
- (xvii) the Borrower is not an employee of the Seller.

The same criteria apply to New Mortgage Receivables and Further Advance Receivables on the first day of the calendar month in which the relevant Notes Payment Date falls.

7.4 PORTFOLIO CONDITIONS

Replenishment

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall on each Notes Payment Date up to (but excluding) the First Optional Redemption Date use the Replenishment Available Amount, subject to the satisfaction of the Replenishment Conditions, to purchase and accept the assignment of New Mortgage Receivables and Further Advance Receivables from the Seller, if and to the extent offered by the Seller.

In addition, the Mortgage Receivables Purchase Agreement will provide that the Issuer shall on the First Optional Redemption Date and on each Notes Payment Date thereafter use the Fixed Floating Replenishment Available Amount, subject to the satisfaction of the Replenishment Conditions, to purchase and accept the assignment of New Mortgage Receivables and Further Advance Receivables from the Seller, if and to the extent offered by the Seller.

The purchase price payable by the Issuer as consideration for any New Mortgage Receivables and Further Advance Receivables shall be equal to the Initial Purchase Price in respect thereof and the relevant part of the Deferred Purchase Price at the date of completion of the sale and purchase thereof. The Issuer will be entitled to all principal proceeds in respect of the New Mortgage Receivables and the Further Advance Receivables and to all interest (including Prepayment Penalties and penalty interest) in respect of the New Mortgage Receivables and the Further Advance Receivables as of the first day of the calendar month of the relevant Notes Payment Date.

Replenishment Conditions

The purchase by the Issuer of New Mortgage Receivables and Further Advance Receivables will be subject to a number of conditions (the "**Replenishment Conditions**") which include, *inter alia*, the conditions that on the relevant date of completion of the sale and purchase of the New Mortgage Receivables and the Further Advance Receivables:

- (i) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the New Mortgage Receivables and Further Advance Receivables sold and relating to the Seller (with certain exceptions to reflect that the New Mortgage Receivables and Further Advance Receivables are sold and may have been originated after the Closing Date);
- (ii) no Assignment Notification Event has occurred and is continuing;
- (iii) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (iv) the Credit Rating Agencies have not notified the Issuer that the purchase of the relevant New Mortgage Receivables and Further Advance Receivables will adversely affect the then current ratings assigned to the Class A Notes and/or the Class B Notes;
- (v) no Enforcement Notice has been served in accordance with Condition 10;
- (vi) the weighted average interest rate of the Fixed Rate Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date is at least 3.75 per cent.;
- (vii) the weighted average Margin of the Floating Rate Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date is at least 1.50 per cent.;
- (viii) the aggregate Outstanding Principal Amount of all Floating Rate Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date is higher than or equal to the Principal Amount Outstanding of the Class A1 Notes on such date; and
- (ix) the aggregate Outstanding Principal Amount of all Fixed Rate Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date is higher than or equal to the Principal Amount Outstanding of the Class A2 Notes on such date;
- (x) the weighted average Current Loan to Original Foreclosure Value Ratio of all Mortgage Loans, including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, does not exceed 104 per cent.;
- (xi) the aggregate Outstanding Principal Amount of all Mortgage Receivables, including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, which have a Current Loan to Original Foreclosure Value Ratio below 80 per cent. does not fall below 20 per cent. of the

- aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
- (xii) the aggregate Outstanding Principal Amount of all Mortgage Receivables, including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, which have a Current Loan to Original Foreclosure Value Ratio below 100 per cent. does not fall below 40 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
 - (xiii) the aggregate Outstanding Principal Amount of all Mortgage Receivables, including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, which have a Current Loan to Original Foreclosure Value Ratio below 125 per cent. does not fall below 70 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
 - (xiv) the weighted average seasoning of the Mortgage Receivables, including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, is at least 90 months;
 - (xv) the aggregate Outstanding Principal Amount of the Interest-only Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date does not exceed 75 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
 - (xvi) the aggregate Outstanding Principal Amount of the Life Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date does not exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
 - (xvii) the Aggregate Construction Deposits do not exceed an amount equal to 1.4 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on such date;
 - (xviii) prior to the First Optional Redemption Date, the Available Principal Funds are sufficient to pay the purchase price for the relevant New Mortgage Receivables and Further Advance Receivables and from the First Optional Redemption Date, the Fixed Floating Replenishment Available Amount is sufficient to pay the purchase price for the relevant New Mortgage Receivables and Further Advance Receivables;
 - (xix) there is no debit balance on the Class A Principal Deficiency Ledger;
 - (xx) no drawing under the Cash Advance Facility Agreement is outstanding;
 - (xxi) from the earlier of (i) the Notes Payment Date on which the amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level for the first time or (ii) the Notes Payment Date falling in September 2014, the amount standing to the balance of the Reserve Account is at least equal to the Reserve Account Target Level;
 - (xxii) the aggregate Outstanding Principal Amount of the Mortgage Receivables in respect of which one or more payments are in arrears for a period exceeding 90 days does not exceed 1.5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables;
 - (xxiii) the cumulative Realised Loss does not exceed 0.4 per cent. of the Outstanding Principal Amount of all Mortgage Receivables on such date;
 - (xxiv) the Outstanding Principal Amount of each New Mortgage Receivable or Further Advance Receivable, or of all New Mortgage Receivables or Further Advance Receivables secured by the same Mortgaged Assets, to be purchased on such date does not exceed 125 per cent. of the most recent Foreclosure Value of the relevant Mortgaged Assets, other than any Other Mortgaged Assets, securing the relevant New Mortgage Receivable and the Further Advance Receivable;
 - (xxv) the aggregate Outstanding Principal Amount of the Mortgage Receivables to which a Construction Deposit is related including the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date does not exceed 5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
 - (xxvi) the aggregate Original Foreclosure Value of Mortgaged Assets located in Drenthe, Friesland, Groningen, Overijssel and Zeeland, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date does not exceed 30 per cent. of the aggregate Original Foreclosure Value of all Mortgaged Assets, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date;
 - (xxvii) the number of Mortgage Receivables (for the purpose of which each Mortgage Receivable, Further

- Advance Receivable and New Mortgage Receivable is calculated as one Mortgage Receivable), including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, with an Outstanding Principal Amount below EUR 500,000 does not fall below 22 per cent. of the total number of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
- (xxviii) the number of Mortgage Receivables (for the purpose of which each Mortgage Receivable, Further Advance Receivable and New Mortgage Receivable is calculated as one Mortgage Receivable), including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, with an Outstanding Principal Amount below EUR 750,000 does not fall below 38 per cent. of the total number of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date; and
 - (xxix) the number of Mortgage Receivables (for the purpose of which each Mortgage Receivable, Further Advance Receivable and New Mortgage Receivable is calculated as one Mortgage Receivable), including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, with an Outstanding Principal Amount below EUR 1,000,000 does not fall below 48 per cent. of the total number of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
 - (xxx) the aggregate amount of Other Claims does not exceed an amount equal to 6 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on such date;
 - (xxxi) the aggregate Original Foreclosure Value of the Mortgaged Assets that are partially used for commercial purposes, other than any Other Mortgaged Assets, including Mortgaged Assets that are partially used for commercial purposes securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date does not exceed 2 per cent. of the aggregate Original Foreclosure Value of all Mortgaged Assets, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date;
 - (xxxii) the number of Mortgaged Assets with an Original Foreclosure Value which is higher than EUR 2,000,000, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date, does not exceed 4 per cent. of the total number of Mortgaged Assets, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date;
 - (xxxiii) the number of Mortgaged Assets with an Original Foreclosure Value which is higher than EUR 500,000, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date, does not exceed 43 per cent. of the total number of Mortgaged Assets, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date;
 - (xxxiv) the Outstanding Principal Amount of each Loan Part of which the New Mortgage Receivable or Further Advance Receivable to be purchased on such date comprises does not exceed EUR 3,000,000;
 - (xxxv) the aggregate Outstanding Principal Amount of all Mortgage Receivables, including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, which have a contractual payment frequency of less than four times per year does not exceed 1 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date;
 - (xxxvi) the aggregate Original Foreclosure Value of Mortgaged Assets not occupied by the Borrowers, other than any Other Mortgaged Assets, including Mortgaged Assets not occupied by the Borrowers securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date does not exceed 2.5 per cent. of the aggregate Original Foreclosure Value of all Mortgaged Assets, other than any Other Mortgaged Assets, including Mortgaged Assets securing the New Mortgage Receivables and the Further Advance Receivables to be purchased on such date; and
 - (xxxvii) the aggregate Outstanding Principal Amount of all Mortgage Receivables, including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date, which have a contractual payment frequency of four times per year, does not exceed 8 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables including the New Mortgage Receivables and Further Advance Receivables to be purchased on such date.

Each of the Replenishment Conditions may be amended, supplemented or removed by the Issuer with the prior approval of the Security Trustee and subject to a Credit Rating Agency Confirmation being available with respect

to each Credit Rating Agency.

Fixed Floating Repurchase

Prior to notification to the Borrowers of the assignment of the Mortgage Receivables, the Seller has undertaken in the Mortgage Receivables Purchase Agreement to determine and set the interest rates on the Mortgage Receivables in accordance with the Mortgage Conditions, irrespective whether it sets the interest rates for itself or on behalf of the Issuer and to use its best efforts to set the interest rates at a level which at such time is not materially below or above the then current market rates at such time as offered by the Reference Mortgage Lenders for loans which are comparable in all material respects to the Mortgage Loans.

In addition, the Seller and the Servicer will, subject to the Mortgage Conditions and applicable law and regulations, including, without limitation, principles of reasonableness and fairness, ensure that the weighted average interest rate of the Fixed Rate Mortgage Receivables shall be at least 3.75 per cent. and that the weighted average Margin of the Floating Rate Mortgage Receivables shall be at least 1.50 per cent.

In the event that on any Notes Payment Date items (vi), (vii), (viii) and (ix) of the Replenishment Conditions would not be met, the Seller shall on such Notes Payment Date repurchase and the Issuer will sell and reassign such Mortgage Receivables and the Beneficiary Rights relating thereto,

- in the event of item (vi), having low fixed interest rates at such time;
- in the event of item (vii), having low Margins at such time;
- in the event of item (viii), which qualify as Fixed Rate Mortgage Receivables; and
- in the event of item (ix), which qualify as Floating Rate Mortgage Receivables,

(the "**Fixed Floating Repurchase**") as selected by the Seller, taking into account all relevant Replenishment Conditions, such that, following the Fixed Floating Repurchase and taking into account any New Mortgage Receivables and/or Further Advance Receivables to be purchased on such Notes Purchase Date, items (vi), (vii), (viii) and (ix) of the Replenishment Conditions will be met on such Notes Payment Date,

For the avoidance of doubt, on the Notes Payment Date on which the Seller repurchases Mortgage Receivables as a result of a Fixed Floating Repurchase, items (vi), (vii), (viii) and (ix) of the Replenishment Conditions must be met on such Notes Purchase Date directly after the completion of such repurchase and, provided that also the other Replenishment Conditions are met on such Notes Payment Date, the Issuer shall use the Replenishment Available Amount or, as the case may be, the Fixed Floating Replenishment Available Amount, to purchase and accept the assignment of New Mortgage Receivables and Further Advance Receivables from the Seller, if and to the extent offered by the Seller, on such Notes Payment Date.

7.5 SERVICING AGREEMENT

Servicing Agreement

In the Servicing Agreement the Servicer will (i) agree to provide management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral (see further *Origination and Servicing* above) and the making of all calculations required to be made pursuant to the Financial Collateral Agreement and (ii) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities. The Servicer will be obliged to manage the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer being declared bankrupt or granted a suspension of payments or (only in respect of the Servicer) the Servicer no longer holds a licence as intermediary ("*bemiddelaar*") or offeror of credit ("*aanbieder*") under the Wft. In addition the Servicing Agreement may be terminated by the Servicer upon the expiry of not less than six months' notice, subject to written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld and subject to Credit Rating Agency Confirmation. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed.

8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on or about 26 July 2013.
2. Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List (the "**Official List**") and trading on its regulated market. The estimated expenses relating to the admission to trading of the Class A Notes on the regulated market of the Irish Stock Exchange are approximately EUR 2,000.
3. The Class A1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 095621368 and ISIN XS0956213689.
4. The Class A2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 095621384 and ISIN XS0956213846.
5. The Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 095621414 and ISIN XS0956214141.
6. The Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 095621392 and ISIN XS0956213929.
7. The Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 095621406 and ISIN XS0956214067.
8. The Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 095621449 and ISIN XS0956214497.
9. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 11 June 2013.
10. There are no legal, arbitration or governmental proceedings and neither is the Issuer nor the Shareholder is aware of any such proceedings which may have, or have had, significant effects on the Issuer's or, as the case may be, the Shareholder's financial position or profitability nor, so far as the Issuer and/or the Shareholder is aware, are any such proceedings pending or threatened against the Issuer and the Shareholder, respectively, in the previous twelve months.
11. As long as any of the Notes are outstanding, copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours and will be available either in physical or in electronic form, as the case may be:
 - (i) the Deed of Incorporation of the Issuer, including its Articles of Association;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Deed of Assignment and Pledge;
 - (iv) the Notes Purchase Agreement;
 - (v) the Paying Agency Agreement;
 - (vi) the Trust Deed;
 - (vii) the Parallel Debt Agreement;
 - (viii) the Issuer Rights Pledge Agreement;
 - (ix) the Issuer Mortgage Receivables Pledge Agreement;
 - (x) the Servicing Agreement;
 - (xi) the Administration Agreement;
 - (xii) the Issuer Account Agreement;
 - (xiii) the Financial Collateral Agreement;
 - (xiv) the Master Definitions Agreement;
 - (xv) the Cash Advance Facility Agreement; and

(xvi) the Management Agreements.

12. A copy of the Prospectus (in print) will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent and in electronic form on www.dutchsecuritisation.nl.
13. The Issuer has not yet commenced operations and as of the date of this Prospectus no financial statements have been produced. As long as the Notes are listed on the Irish Stock Exchange the most recent audited annual financial statements of the Issuer will be made available, free of charge from the specified office of the Security Trustee.
14. The Issuer will provide the following post-issuance transaction information on the transaction: (i) a quarterly report on the performance of the Mortgage Receivables, including the arrears and the losses, and an Investor Report (available on each Notes Payment Date) on the Notes admitted to trading in each case to be obtained at: www.dutchsecuritisation.nl, (ii) the Issuer confirms that the transaction information under item (i) will remain available until redemption in full of the Notes on www.dutchsecuritisation.nl. The Investor Report will contain a glossary of the defined terms used in such report.
15. The Issuer Administrator on behalf of the Issuer will make available loan-by-loan information (i) on the Mortgage Receivables prior to the issue date which information can be obtained upon request from the Issuer Administrator and (ii) after the issue date, on a quarterly basis, which information can be obtained at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html> within one month after the relevant Notes Payment Date.
16. Any websites mentioned in this Prospectus do not form part of this Prospectus.
17. The Issuer Administrator on behalf of the Issuer will make available to investors from the issue date until redemption in full of the Notes a cash flow model of the transaction described in this Prospectus via Bloomberg.
18. The accountants at KPMG Accountants N.V. are registered accountants ("*registeraccountants*") and are a member of the Netherlands Institute for Registered Accountants ("*NIVRA*").
19. Important Information and responsibility statements:

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts such responsibility accordingly. Any information from third parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Seller is also responsible for the information contained in the following sections of this Prospectus: paragraph '*Retention and disclosure requirements under the CRD*' in section 1.4 (*Notes*), paragraph '*Portfolio Information*' in section 1.6 (*Overview*), section 3.4. (*Originators*), section 3.5 (*Service*), section 4.4 (*Regulatory and industry compliance*), section 6.1 (*Stratification Tables*), section 6.2 (*Description of Mortgage Loans*), section 6.3 (*Origination and servicing*) and section 6.4 (*Dutch residential mortgage market*). To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

GLOSSARY OF DEFINED TERMS

The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the standard published by the Dutch Securitisation Association (See section 4.4 (Regulatory and Industry Compliance) (the RMBS Standard). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '*' in front of the relevant defined term;
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term and/or moving it to a separate list in the Prospectus.

1 DEFINITIONS

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

"Administration Agreement" means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;

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

+ **"Aggregate Construction Deposits"** means the aggregate of the Construction Deposits in relation to all Mortgage Loans;

* **"All Moneys Mortgage"** means any mortgage right ("*hypothekrecht*") which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ("*kredietrelatie*") of the Borrower and the Seller;

* **"All Moneys Pledge"** means any right of pledge ("*pandrecht*") which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ("*kredietrelatie*") of the Borrower and the Seller;

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

"Annuity Mortgage Loan" means a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity;

+ **"Assignment Actions"** means any of the actions specified as such in section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

+ **"Assignment Notification Event"** means any of the events specified as such in section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

+ **"Assignment Notification Stop Instruction"** means a written notice from the Security Trustee, after having notified the Credit Rating Agencies and subject to a Credit Rating Agency Confirmation in respect of each or, as the case may be, the relevant Credit Rating Agency Confirmation being available, to the Seller (copied to the Issuer) instructing the Seller not to undertake the Assignment Actions or to take any actions other than the Assignment Actions;

+ "**Available Class E Redemption Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);

"**Available Principal Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);

+ "**Available Principal Redemption Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);

"**Available Revenue Funds**" has the meaning ascribed thereto in section 5.1 (*Available Revenue Funds*) of this Prospectus;

+ "**Available Revenue Redemption Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);

+ "**Bank Regulations**" means the international, European or Dutch banking regulations, rules and instructions;

+ "**Basel II**" means the capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" published on 26 June 2004 by the Basel Committee on Banking Supervision;

+ "**Basel III**" means the new rules amending the existing Basel II on bank capital requirements proposed by the Basel Committee on Banking Supervision;

+ "**Basel Accord**" means the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision;

* "**Basic Terms Change**" means, in respect of Notes of one or more Class or Classes, as the case may be, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any day for payment of interest or principal in respect of the relevant Notes, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest, if any, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, (vi) in this definition of a Basic Terms Change, (vii) of the quorum or majority required to pass an Extraordinary Resolution or (viii) of Schedule 1 to the Trust Deed;

"**Beneficiary Rights**" means all claims which the Seller has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the Seller has been appointed by the Borrower as beneficiary ("*begunstigde*") in connection with the relevant Mortgage Receivable;

"**BKR**" means National Credit Register ("*Bureau Krediet Registratie*");

+ "**BNG Bank**" means N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands;

"**Borrower**" means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

"**Borrower Insurance Pledge**" means a right of pledge ("*pandrecht*") created in favour of the Seller on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;

"**Borrower Insurance Proceeds Instruction**" means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;

"**Borrower Investment Account**" means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;

+ "**Borrower Investment Pledge**" means a rights of pledge ("*pandrecht*") on the rights of the relevant Borrower in connection with the Borrower Investment Account in relation to Investment Mortgage Loans to the extent the rights of the Borrower qualify as future claims, such as options ("*opties*");

* **"Borrower Pledge"** means a right of pledge ("*pandrecht*") securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge and a Borrower Investment Pledge;

* **"Business Day"** means (i) when used in the definition of Notes Payment Date and in Condition 4(e) (*Euribor*), a TARGET 2 Settlement Day, provided that such day is also a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam, London and Dublin and (ii) in any other case, a day on which banks are generally open for business in Amsterdam;

"Cash Advance Facility Agreement" means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;

* **"Cash Advance Facility Maximum Amount"** means (a) as long as any Class A Notes are outstanding, (y) an amount equal to 1.50 per cent. of the Principal Amount Outstanding of the Notes, other than the Class E Notes, as at the Closing Date or (z) any other amount agreed with the Credit Rating Agencies and the Cash Advance Facility Provider and (b) on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full, zero;

"Cash Advance Facility Provider" means BNG Bank;

"Cash Advance Facility Stand-by Drawing" means the drawing by the Issuer of the entire undrawn portion under the Cash Advance Facility Agreement if a Cash Advance Stand-by Drawing Event occurs;

"Cash Advance Facility Stand-by Drawing Event" means any of the events specified as such in section 5.5 (*Liquidity support*) of this Prospectus;

* **"Cash Advance Facility Stand-by Ledger"** means a ledger created for the purpose of recording any Cash Advance Facility Stand-by Drawing in accordance with the Administration Agreement;

+ **"CenE Bankiers"** means CenE Bankiers, previously CenE Bankiers N.V., forming part of Van Lanschot as a result of a legal merger in October 2005;

+ **"Class A1 Fraction"** means the quotient of (a) the aggregate Principal Amount Outstanding of the Class A1 Notes on the close of business of the first day of the relevant Interest Period and (b) the Principal Amount Outstanding of all Class A Notes on the close of business of the first day of the relevant Interest Period;

"Class A1 Notes" means the EUR 175,000,000 Class A1 mortgage-backed notes 2013 due 2050;

+ **"Class A2 Fraction"** means the quotient of (a) the aggregate Principal Amount Outstanding of the Class A2 Notes on the close of business of the first day of the relevant Interest Period and (b) the Principal Amount Outstanding of all Class A Notes on the close of business of the first day of the relevant Interest Period;

"Class A2 Notes" means the EUR 370,000,000 Class A2 mortgage-backed notes 2013 due 2050;

"Class A Notes" means any Class A1 Notes and/or Class A2 Notes;

"Class B Notes" means the EUR 81,500,000 Class B mortgage-backed notes 2013 due 2050;

"Class C Notes" means the EUR 112,000,000 Class C mortgage-backed notes 2013 due 2050;

"Class D Notes" means the EUR 115,500,000 Class D mortgage-backed notes 2013 due 2050;

"Class E Notes" means the EUR 8,600,000 Class E notes 2013 due 2050;

+ **"Class E Redemption Amount"** means the principal amount redeemable in respect of each integral multiple of a Class E Note as described in Condition 6(g) (*Redemption*);

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

"**Closing Date**" means 1 August 2013 or such later date as may be agreed between the Issuer and Van Lanschot;

* "**Code of Conduct**" means the Mortgage Code of Conduct (*Gedragscode Hypothecaire Financieringen*) introduced in January 2007 by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*) or as applicable the Mortgage Code of Conduct dated January 2013;

+ "**Common Safekeeper**" means, in respect of the Class A Notes, Clearstream, Luxembourg and in respect of the Subordinated Notes, Deutsche Bank AG, acting through its London branch;

"**Conditions**" means the terms and conditions of the Notes set out in Schedule 5 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;

"**Construction Deposit**" means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

"**Construction Deposit Account**" means the bank account of the Issuer designated as such in the Issuer Account Agreement;

"**Coupons**" means the interest coupons appertaining to the Notes;

"**CPR**" means Constant Prepayment Rate;

+ "**CRA Regulation**" means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 462/2013 of 21 May 2013;

"**CRD**" means directive 2006/48/EC of the European Parliament and of the Council, as amended by directive 2009/111/EC;

"**Credit Rating Agency**" means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes Fitch and S&P;

"**Credit Rating Agency Confirmation**" means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

- (a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "**confirmation**");
- (b) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an "**indication**"); or
- (c) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:
 - (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or
 - (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such

Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency;

* **"Current Loan to Original Foreclosure Value Ratio"** means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Foreclosure Value, other than in respect of any Other Mortgaged Assets;

"Cut-Off Date" means 31 May 2013;

"Deed of Assignment and Pledge" means a deed of assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement;

"Deferred Purchase Price" means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;

"Deferred Purchase Price Instalment" means, after application of the relevant available amounts in accordance with the relevant Priority of Payments, any amount remaining after all items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;

"Definitive Notes" means Notes in definitive bearer form in respect of any Class of Notes;

+ **"Delivery Amount"** means an amount equal to positive difference between the Financial Collateral Required Amount and the Posted Collateral Value;

+ **"DGS"** means the deposit guarantee scheme (*depositogarantiestelsel*) within the meaning of the Wft;

* **"Directors"** means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;

"DNB" means the Dutch central bank (*De Nederlandsche Bank N.V.*);

"DSA" means the Dutch Securitisation Association;

+ **"Eligible Collateral"** means (i) euro denominated cash, (ii) Dutch government bonds with a maturity of more than one year which have been assigned an 'AAA' rating by each of the Credit Rating Agencies, (iii) Dutch government bonds with a maturity of less than one year which have been assigned a rating of 'AA-' or 'F-1+' by Fitch and 'AA-' or 'A-1+' by S&P and (iv) any other collateral which is agreed by the Issuer, the Security Trustee and the Seller jointly to be eligible and which in any case will be securities within the meaning of the Wge and have been assigned a rating in case of a maturity of more than one year of 'AAA' by each of the Credit Rating Agencies or in case of a maturity of less than one year which have been assigned a rating of 'AA-' or 'F-1+' by Fitch and 'AA-' or 'A-1+' by S&P;

+ **"Enforcement Available Amount"** means amounts corresponding to the sum of:

(a) amounts recovered ("*verhaald*") in accordance with article 3:255 of the Dutch Civil Code by the Security Trustee under any of the Pledge Agreements to which the Security Trustee is a party on the Pledged Assets, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; and, without double counting,

(b) any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor under the Mortgage Receivables Purchase Agreement in connection with the trustee indemnification;

in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors pursuant to the Trust Deed and (ii) any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;

"Enforcement Date" means the date of an Enforcement Notice;

"Enforcement Notice" means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 (*Events of Default*);

"EONIA" means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;

"EUR" or **"euro"** means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;

"Euribor" has the meaning ascribed to it in Condition 4 (*Interest*);

"Euroclear" means Euroclear Bank SA/NV as operator of the Euroclear System;

"Euroclear Netherlands" means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.;

"Eurosysteem Eligible Collateral" means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;

"Events of Default" means any of the events specified as such in Condition 10 (*Events of Default*);

+ **"Excess Available Principal Funds"** means on any Notes Payment Date after the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full, any remaining part of the Available Principal Funds received, to be received or held by the Issuer;

"Exchange Date" means the date not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;

* **"Extraordinary Resolution"** means a resolution passed at a Meeting or Meetings duly convened and held by the Noteholders of one or more Class or Classes, as the case may be, by a majority of not less than two-thirds of the validly cast votes, except that in case of an Extraordinary Resolution approving a Basic Terms Change the majority required shall be at least seventy-five (75) per cent. of the validly cast votes;

"Final Maturity Date" means the Notes Payment Date falling in September 2050;

+ **"Financial Cash Collateral Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

+ **"Financial Collateral Accounts"** means Financial Cash Collateral Account and the account with respect to securities to be opened with the Seller under the Financial Collateral Agreement or such other account in the name of the Issuer approved by the Security Trustee;

+ **"Financial Collateral Agreement"** means the financial collateral agreement entered into by the Seller, the Issuer and the Security Trustee dated the Signing Date;

+ **"Financial Collateral Required Amount"** means, on the Closing Date and on any Notes Payment Date thereafter, the sum of the Potential Set-Off Required Amount and the Other Claims Collateral Required Amount;

"First Optional Redemption Date" means the Notes Payment Date falling in September 2018;

"Fitch" means Fitch Ratings Ltd., and includes any successor to its rating business;

+ **"Fixed Floating Replenishment Available Amount"** means, on the First Optional Redemption Date and any Notes Payment Date thereafter, an amount equal to item (iii) of the Floating Rate Available Principal Funds and of the Fixed Rate Available Principal Funds, to the extent received pursuant to a Fixed Floating Repurchase;

+ **"Fixed Floating Repurchase"** has the meaning ascribed to it in section 7.4 (*Portfolio Conditions*) under *Fixed Floating Repurchase*;

- + "**Fixed Rate Available Principal Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);
- + "**Fixed Rate Available Principal Redemption Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);
- + "**Fixed Rate Mortgage Loan**" means a Mortgage Loan which is not a Floating Rate Mortgage Loan;
- + "**Fixed Rate Mortgage Receivable**" means a Mortgage Receivable resulting from a Fixed Rate Mortgage Loan;
- + "**Floating Rate Available Principal Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);
- + "**Floating Rate Available Principal Redemption Funds**" has the meaning ascribed thereto in Condition 6(i) (*Redemption*);
- + "**Floating Rate Mortgage Loan**" means a Mortgage Loan which bears a floating rate of interest (i.e. a rate of interest which may be reset each month), listed as such, at Closing, in the list of loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any New Mortgage Receivables or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, at any Notes Payment Date, in Annex I to the relevant Deed of Assignment and Pledge and including any Mortgage Loan which after the relevant interest reset date bears a floating rate of interest, but excluding any of the aforementioned Mortgage Loans which after the relevant interest reset date becomes a Fixed Rate Mortgage Loan;
- + "**Floating Rate Mortgage Receivable**" means a Mortgage Receivable resulting from a Floating Rate Mortgage Loan;
- "**Foreclosure Value**" means the foreclosure value of the Mortgaged Asset;
- "**Further Advance**" means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;
- "**Further Advance Receivable**" means the Mortgage Receivable resulting from a Further Advance;
- "**Global Note**" means any Temporary Global Note or Permanent Global Note;
- + "**ICSDs**" means International Central Securities Depositories;
- + "**Index Guaranteed Contract**" means a contract between the Seller and the Borrower that constitutes a claim ("*vordering op naam*") on the Seller whereby the amount payable upon maturity depends on an underlying value such as an index;
- * "**Indexed Foreclosure Value**" means, in case of a sale of the Mortgage Receivables by the Issuer in accordance with the Trust Deed on any date, if the Foreclosure Value was assessed within one year prior to such date, such Foreclosure Value or, if the Foreclosure Value was assessed more than one year prior to such date, the value calculated by indexing the Original Foreclosure Value with a property price index (weighted average of houses and apartment prices), as provided by the NVM for the province where the property is located;
- "**Initial Purchase Price**" means, in respect of any Mortgage Receivable, its Outstanding Principal Amount on (i) the Cut-Off Date or (ii) in case of a New Mortgage Receivable, the first day of the month wherein the relevant New Mortgage Receivable is purchased or (iii) in case of a Further Advance Receivable, the first day of the month wherein the relevant Further Advance Receivable is purchased;
- "**Insurance Company**" means any insurance company established in the Netherlands;
- "**Insurance Policy**" means a Life Insurance Policy;

+ **"Interest Amount"** means, in respect of an Interest Period, the amount of interest payable on each of the Class A Notes;

"Interest-only Mortgage Loan" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;

"Interest-only Mortgage Receivable" means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;

"Interest Period" means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in December 2013 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;

"Interest Rate" means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4 (*Interest*);

"Investment Mortgage Loan" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;

"Investment Mortgage Receivable" means the Mortgage Receivable resulting from an Investment Mortgage Loan;

+ **"Investor Report"** means the investor report which will be published quarterly by the Issuer Administrator on www.dutchsecuritisation.nl and which report will comply with the standard created by the DSA;

"Issuer" means Courtine RMBS 2013-I B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law and established in Amsterdam, the Netherlands;

"Issuer Account Agreement" means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;

"Issuer Account Bank" means BNG Bank;

* **"Issuer Accounts"** means any of the Issuer Transaction Accounts and the Financial Cash Collateral Account;

"Issuer Administrator" means ATC Financial Services B.V.;

"Issuer Collection Account" means the bank account of the Issuer designated as such in the Issuer Account Agreement;

+ **"Issuer Director"** means ATC Management B.V.;

"Issuer Management Agreement" means the issuer management agreement between the Issuer, the Issuer Director and the Security Trustee dated the Signing Date;

"Issuer Mortgage Receivables Pledge Agreement" means the mortgage receivables pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) dated the Signing Date;

"Issuer Rights" means any and all rights of the Issuer under and in connection with the Mortgage Receivables Purchase Agreement, the Issuer Account Agreement including the balance on the Issuer Transaction Accounts, the Servicing Agreement, the Financial Collateral Agreement, the Administration Agreement and the Cash Advance Facility Agreement;

"Issuer Rights Pledge Agreement" means the pledge agreement between, among others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;

+ "**Issuer Services**" means the services to be provided by the Issuer Administrator to the Issuer and the Security Trustee, as set out in the Administration Agreement;

"**Issuer Transaction Account**" means any of the Issuer Collection Account, the Reserve Account and the Construction Deposit Account;

+ "**Joint Security Right Arrangements**" has the meaning ascribed thereto in section 2 (*Risk Factors*);

"**Land Registry**" means the Dutch land registry ("*het Kadaster*");

+ "**Lead Manager**" means Van Lanschot;

"**Life Insurance Policy**" means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

"**Life Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company;

"**Life Mortgage Receivable**" means the Mortgage Receivable resulting from a Life Mortgage Loan;

"**Linear Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;

"**Linear Mortgage Receivable**" means the Mortgage Receivable resulting from a Linear Mortgage Loan;

"**Listing Agent**" means Investec Capital & Investments (Ireland) Limited;

+ "**Loan Files**" means the file or files relating to each Mortgage Loan containing, *inter alia*, (i) all material correspondence relating to that Mortgage Loan; and (ii) a certified copy of the Mortgage Deed;

"**Loan Parts**" means one or more of the loan parts ("*leningdelen*") of which a Mortgage Loan consists;

+ "**Local Business Day**" has the meaning ascribed thereto in Condition 5(c) (*Payment*);

"**Management Agreement**" means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

+ "**Margin**" means, in respect of a Floating Rate Mortgage Loan on any date, a margin equal to the then current interest rate applicable to such Floating Rate Mortgage Loan minus the rate of Euribor for three (3) month deposits applicable to the Senior Class A1 Notes on such date;

"**Market Value**" means (i) the market value ("*marktwaarde*") of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset plus the purchase price of the relevant building lot;

"**Master Definitions Agreement**" means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

"**Mortgage**" means a mortgage right ("*hypotheekrecht*") securing the relevant Mortgage Receivables;

* "**Mortgage Calculation Date**" means the tenth Business Day of each month or, in case such day is not a Business Day, the next succeeding Business Day;

"Mortgage Calculation Period" means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of August 2013;

* **"Mortgage Collection Payment Date"** means the 13th calendar day of each calendar month or if this is not a Business Day, the next succeeding Business Day;

"Mortgage Conditions" means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;

+ **"Mortgage Loan Amendment"** an amendment by the Seller and the relevant Borrower of the terms of the relevant Mortgage Loan, or part of such relevant Mortgage Loan, as a result of which such relevant Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement;

"Mortgage Loan Criteria" means the criteria relating to the Mortgage Loans set forth as such in *Eligibility Criteria* in section 7 (*Portfolio Information*) of this Prospectus;

"Mortgage Loan Services" means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;

"Mortgage Loans" means the mortgage loans granted by the relevant Originator to the relevant borrowers which may consist of one or more loan parts ("*leningdelen*") as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any New Mortgage Receivables or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant New Mortgage Loans and/or Further Advances, to the extent not retransferred or otherwise disposed of by the Issuer;

"Mortgage Receivable" means any and all rights of the Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Seller (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

"Mortgage Receivables Purchase Agreement" means the mortgage receivables purchase agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

"Mortgaged Asset" means (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementrecht*") or (iii) a long lease ("*erfpachtsrecht*") situated in the Netherlands on which a Mortgage is vested;

+ **"Most Senior Class"** means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes in the Post-Enforcement Priority of Payments;

"Net Foreclosure Proceeds" means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including any fire insurance policy and Insurance Policy, (iv) the proceeds of any guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;

"New Mortgage Loan" means a mortgage loan granted by the Seller to the relevant borrower, which may consist of one or more loan parts ("*leningdelen*") as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

"New Mortgage Receivable" means the Mortgage Receivable resulting from a New Mortgage Loan;

"Noteholders" means the persons who for the time being are the holders of the Notes;

"Notes" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;

"Notes Calculation Date" means, in relation to a Notes Payment Date, the fourth Business Day prior to such Notes Payment Date;

"Notes Calculation Period" means, in relation to a Notes Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Cut-Off Date and ends on and includes the last day of November 2013;

"Notes Payment Date" means the 26th day of March, June, September and December of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;

"Notes Purchase Agreement" means the notes purchase agreement between the Seller, the Sole Lead Arranger, the Lead Manager and the Issuer dated the Closing Date;

"NVM" means the Dutch Association of Real Estate Brokers and Immovable Property Experts ("*Nederlandse Vereniging van Makelaars en vastgoeddeskundigen*");

"Optional Redemption Date" means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;

"Original Foreclosure Value" means the Foreclosure Value as assessed by the relevant Originator at the time of granting the Mortgage Loan;

"Original Market Value" means the Market Value as assessed by the Originator at the time of granting the Mortgage Loan;

"Originator" means the Seller and CenE Bankiers (which merged into Van Lanschot in October 2005);

"Other Claim" means any claim of the Seller against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

+ **"Other Claims Collateral Required Amount"** shall, on the Closing Date and on any Notes Payment Date thereafter, and prior to an Assignment Notification Event, calculated as at the relevant Notes Payment Date, be equal to (a) if and as long as the unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than the Requisite Credit Rating by any of the Credit Rating Agencies, the amount by which the aggregate outstanding principal amount of the Other Claims at close of business on the last day of the immediately preceding Notes Calculation Period (or, in respect of the Closing Date, on the Cut-Off Date) exceeds 6 per cent. of the aggregate of the Outstanding Principal Amount of the Mortgage Receivables on such date, and (b) zero, if and as long as the unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least the Requisite Credit Rating by any of the Credit Rating Agencies, and (c) zero in case the Class A Notes and the Class B Notes have been redeemed in full;

+ **"Other Claims Indemnity Amount"** means, on any Notes Payment Date, the amount equal to the total claim of the Issuer vis-à-vis the Seller under or in connection with the Mortgage Receivables Purchase Agreement which is due and payable but not received by the Issuer to the extent it is a claim for the payment of moneys ("*geldvordering*");

+ **"Other Mortgaged Assets"** means, in respect of any Mortgage Loans which are secured by more than one Mortgaged Asset in or outside the Netherlands, any additional Mortgaged Assets which are located outside the Netherlands or which are not (to be) occupied by the relevant Borrower;

"Outstanding Principal Amount" means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (b) in respect of such Mortgage Receivable, zero;

"Parallel Debt" has the meaning ascribed thereto in section 4.7 (*Security*) of this Prospectus;

"Parallel Debt Agreement" means the parallel debt agreement between, amongst others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;

"Paying Agency Agreement" means the paying agency agreement between the Issuer, the Paying Agent, the Reference Agent and the Security Trustee dated the Signing Date;

"Paying Agent" means Deutsche Bank AG, acting through its London branch;

"Permanent Global Note" means a permanent global note in respect of a Class of Notes;

+ **"Permitted Cash Advance Drawing Amount"** means, on any Notes Payment Date, an amount equal to the shortfall if and to the extent that, without taking into account any drawing under the Cash Advance Facility Agreement or from the Reserve Account, there is a shortfall in the Available Revenue Funds to meet items (a) to (e) (inclusive);

"Pledge Agreements" means the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement;

+ **"Pledged Assets"** means the Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights;

* **"Pledge Notification Event"** means any of the events specified in Clause 5.1 of the Issuer Rights Pledge Agreement;

"Post-Enforcement Priority of Payments" means the priority of payments set out as such in section 5 (*Credit Structure*) of this Prospectus;

+ **"Posted Collateral"** means, on the relevant Notes Payment Date, the aggregate Eligible Collateral that has been transferred by the Seller to or received by the Issuer pursuant to the Financial Collateral Agreement, together with all proceeds of such Eligible Collateral and standing on the Financial Collateral Accounts jointly;

+ **"Posted Collateral Value"** means, on any day, the sum of (i) the balance standing to the credit of the Financial Cash Collateral Account with accrued interest and (ii) the market value at close of business on the immediately preceding business day of the Posted Collateral comprising of securities;

+ **"Potential Set-Off Amount"** shall, on any Notes Payment Date, be equal to:

- (a) prior to the notification of the Borrowers of the assignment of the Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of:
 - a. the higher of (i) (x) the aggregate amount standing to the credit of each current-account or deposit and the aggregate amount of any Index Guaranteed Contracts held by the Borrower of the relevant Mortgage Receivable(s) with the Seller on the last day of the immediately preceding Notes Calculation Period minus (y), subject to a Credit Rating Agency Confirmation being available from S&P in respect of the limitation of this amount due to the amount claimable under the DGS, the amount claimable under the DGS by such Borrower and (ii) zero; and
 - b. the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period, and
- (b) after the notification of the Borrowers of the assignment of the Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of:
 - a. the higher of (i) (x) the aggregate amount standing to the credit of each current-account or deposit and the aggregate amount of any Index Guaranteed Contracts held by such Borrower with the Seller on the last day of the immediately preceding Notes Calculation Period minus (y), subject to a Credit Rating Agency Confirmation being available from S&P in respect of the limitation of this amount due to the amount claimable under the DGS, the amount claimable

- under the DGS by such Borrower and (ii) zero;
- b. the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period; and
- c. the higher of (i) (x) the aggregate amount standing to the credit of each current-account or deposit and the aggregate amount of any Index Guaranteed Contracts held by such Borrower with the Seller on the date the relevant Borrower is notified of the assignment of the Mortgage Receivable(s) to the Issuer minus (y), subject to a Credit Rating Agency Confirmation being available from S&P in respect of the limitation of this amount due to the amount claimable under the DGS, the amount claimable under the DGS by such Borrower and (ii) zero;

+ "**Potential Set-Off Required Amount**" means, on the Closing Date and on any Notes Payment Date thereafter, an amount calculated as at the relevant Notes Calculation Date (or, in respect of the Closing Date, on the Cut-Off Date), equal to (a) if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than the Requisite Credit Rating by any of the Credit Rating Agencies, the higher of (x) an amount equal to the positive difference between (i) the Potential Set-Off Amount on the last day of the immediately preceding Notes Calculation Period (or, in respect of the Closing Date, on the Cut-Off Date) and (ii) an amount equal to 6 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date and (y) zero, and (b) zero, if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least the Requisite Credit Rating by any of the Credit Rating Agencies or in case the Class A Notes and the Class B Notes have been redeemed in full;

"**Prepayment Penalties**" means any prepayment penalties ("*boeterente*") to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;

"**Principal Amount Outstanding**" has the meaning ascribed to it in Condition 6(i) (*Redemption*);

"**Principal Deficiency**" means the debit balance, if any, of the relevant Principal Deficiency Ledger;

* "**Principal Deficiency Ledger**" means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes, other than the Class E Notes;

"**Principal Shortfall**" means an amount equal to the balance of the Principal Deficiency Ledger of the relevant Class divided by the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date;

"**Priority of Payments**" means any of the Revenue Priority of Payments, the Redemption Priority of Payments and the Post-Enforcement Priority of Payments;

"**Professional Market Party**" means a professional market party ("*professionele marktpartij*") as defined in the Wft;

"**Prospectus**" means this prospectus dated 31 July 2013 relating to the issue of the Notes;

"**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;

"**Realised Loss**" has the meaning ascribed thereto in section 5 (*Credit Structure*) of this Prospectus;

* "**Redemption Amount**" means the principal amount redeemable in respect of each integral multiple of a Note, other than a Class E Note, as described in Condition 6(g) (*Redemption*);

"**Redemption Priority of Payments**" means the priority of payments set out as such in section 5 (*Credit Structure*) in this Prospectus;

"**Reference Agent**" means Deutsche Bank AG, acting through its London branch;

+ "**Reference Mortgage Lenders**" means five (5) leading mortgage lenders in the Dutch mortgage market selected by the Servicer in good faith;

"**Regulation S**" means Regulation S of the Securities Act;

+ "**Regulatory Call Option**" means, upon the occurrence of a Regulatory Change, the option (but not the obligation) of the Seller to repurchase the Mortgage Receivables;

+ "**Regulatory Change**" means a change published on or after the Closing Date in the Basel Accord or in Bank Regulations applicable to Van Lanschot (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 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 authority) which has the effect of adversely affecting the rate of return on capital of Van Lanschot or increasing the cost or reducing the benefit to Van Lanschot with respect to the transaction contemplated by the Notes;

+ "**Relevant Class**" has the meaning ascribed thereto in Condition 10 (*Events of Default*);

"**Relevant Remedy Period**" means (a) in case of a loss of the Requisite Credit Rating by S&P, the later of (i) sixty (60) calendar days of any such event and (ii) if, on or before the 60th calendar day following the relevant event, the responsible party has submitted a written proposal for a remedy to S&P and S&P has confirmed in writing to the responsible party, the Issuer and/or the Security Trustee that the implementation of that proposal will not cause it to downgrade the Class A Notes, ninety (90) calendar days following such event and/or (b) in case of a loss of the Requisite Credit Rating by Fitch, fourteen (14) calendar days;

+ "**Replenishment Available Amount**" means, at any Notes Payment Date up to, but excluding the First Optional Redemption Date, the Available Principal Funds;

+ "**Replenishment Conditions**" means the conditions specified as such in section 7.4 (*Portfolio Conditions*) in this Prospectus;

"**Requisite Credit Rating**" means the rating of (i) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of at least 'A' (or 'A+' if the unsecured, unsubordinated and unguaranteed debt obligations do not have a short-term rating of at least 'A-1') by S&P and (ii) 'F-1' (short-term issuer default rating) and 'A' (long-term issuer default rating) by Fitch;

"**Reserve Account**" means the bank account of the Issuer designated as such in the Issuer Account Agreement;

+ "**Reserve Account Cash Advance Drawing**" means, on any Notes Payment Date on which the Permitted Cash Advance Drawing Amount is higher than zero, an amount equal to the lower of (i) the Permitted Cash Advance Drawing Amount and (ii) the balance standing to the credit of the Reserve Account on such date;

* "**Reserve Account Target Level**" means an amount equal to (a) on the Closing Date, EUR 8,600,000, (b) as long as any Class A Notes are outstanding, on any Notes Calculation Date after the Closing Date, 1.50 per cent. of the Principal Amount Outstanding of the Notes, other than the Class E Notes, as at the Closing Date and (c) zero, on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full;

+ "**Return Amount**" means on any Notes Payment Date an amount equal to the excess, if any, by which the Posted Collateral Value exceeds the Financial Collateral Required Amount;

"**Revenue Priority of Payments**" means the priority of payments set out as such in section *Credit Structure* of this Prospectus;

"**RMBS Standard**" means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;

"**S&P**" means Standard & Poor's Credit Market Services Europe Limited, and includes any successor to its rating business;

"**Secured Creditors**" means (i) the Directors, (ii) the Servicer, (iii) the Issuer Administrator, (iv) the Paying Agent, (v) the Reference Agent, (vi) the Cash Advance Facility Provider, (vii) the Issuer Account Bank, (viii) the Noteholders and (ix) the Seller;

"**Securities Act**" means the United States Securities Act of 1933 (as amended);

"**Security**" means any and all security interest created pursuant to the Pledge Agreements;

"**Security Trustee**" means Stichting Security Trustee Courtine RMBS 2013-I, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ "**Security Trustee Director**" means ANT Securitisation Services B.V.;

"**Security Trustee Management Agreement**" means the security trustee management agreement between the Security Trustee, the Security Trustee Director and the Issuer dated the Signing Date;

"**Seller**" means Van Lanschot;

+ "**Seller Call Option**" means, on any Optional Redemption Date, the option (but not the obligation) of the Seller to repurchase the Mortgage Receivables;

* "**Seller Clean-Up Call Option**" means, on any Notes Payment Date, the option (but not the obligation) of the Seller to repurchase the Mortgage Receivables, if on any Notes Payment Date the aggregate Principal Amount Outstanding of the Notes (and in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is equal to or less than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date;

"**Seller Collection Account**" means the bank account maintained by the Seller with the Seller Collection Account Bank to which payments made by the relevant Borrowers under or in connection with the Mortgage Loans will be paid;

"**Seller Collection Account Bank**" means Van Lanschot;

+ "**Seller Collection Account Rating**" means 'F2' (short term) or 'BBB+' (long term) by Fitch and 'BBB' (long term) (or 'BBB+' (long term) if it has no short term rating of at least 'A-2') by S&P;

"**Servicer**" means Van Lanschot;

"**Servicing Agreement**" means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;

+ "**Set-Off Amount**" means, in respect of any Mortgage Receivable on any Notes Payment Date, an amount equal to the full amount due but unpaid in respect of such Mortgage Receivable during the Notes Calculation Period immediately preceding such Notes Payment Date if and to the extent the Issuer, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount on the relevant Notes Payment Date, has not received such amount during the Notes Calculation Period immediately preceding such Notes Payment Date;

"**Shareholder**" means Stichting Holding Courtine RMBS 2013-I, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ "**Shareholder Director**" means ATC Management B.V.;

"**Shareholder Management Agreement**" means the shareholder management agreement between the Shareholder, the Shareholder Director and the Security Trustee dated the Signing Date;

"Signing Date" means (i) in respect of the Transaction Documents, other than the initial Deed of Assignment and Pledge and any further Deeds of Assignment and Pledge with respect to any New Mortgage Receivables and Further Advance Receivables, 31 July 2013, (ii) in respect of the initial Deed of Assignment and Pledge, 1 August 2013, or in the case of both (i) and (ii) such later date as may be agreed between the Issuer and Van Lanschot;

* **"Sole Lead Arranger"** means Van Lanschot;

+ **"Solvency II"** means the European Parliament legislative resolution of 22 April 2009 on the amended proposal for a directive of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance;

+ **"Subclass"** means in respect of a Class of Notes a sub-class thereof;

+ **"Subordinated Notes"** means the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;

"TARGET 2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

"TARGET 2 Settlement Day" means any day on which TARGET 2 is open for the settlement of payments in euro;

+ **"Tax Call Option"** means the option of the Issuer, in accordance with Conditions 6(h), to redeem all (but not some only) of the Notes on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to, in respect of the Subordinated Notes, Condition 9(a);

"Temporary Global Note" means a temporary global note in respect of a Class of Notes;

"Transaction Documents" means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Deeds of Assignment and Pledge, the Deposit Agreement, the Administration Agreement, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Servicing Agreement, the Financial Collateral Agreement, the Pledge Agreements, the Notes Purchase Agreement, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements and the Trust Deed;

+ **"Trigger Event"** means the event specified as such in section 5.2 (*Priority of Payments*) of this Prospectus;

"Trust Deed" means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Closing Date;

+ **"Van Lanschot"** means F. van Lanschot Bankiers N.V.;

"Wft" means the Dutch Financial Supervision Act ("*Wet op het financieel toezicht*") and its subordinate and implementing decrees and regulations as amended from time to time;

+ **"Wge"** means the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*"); and

"WOZ" means the Valuation of Immovable Property Act ("*Wet waardering onroerende zaken*").

2. INTERPRETATION

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

2.2 Any reference in this Prospectus to:

an "Act" or a "statute" or "treaty" shall be construed as a reference to such Act, statute or treaty as the same may have been, or may from time to time be, amended or, in the case of an Act or a statute, re-enacted;

"**this Agreement**" or an "**Agreement**" or "**this Deed**" or a "**deed**" or a "**Deed**" or a "**Transaction Document**" or any of the Transaction Documents (however referred to or defined) shall be construed as a reference to such document or agreement as the same may be amended, supplemented, restated, novated or otherwise modified from time to time;

a "**Class**" of Notes shall be construed as a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as applicable;

a "**Class A**", "**Class B**", "**Class C**", "**Class D**" or "**Class E**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Shortfall, Redemption Amount, Temporary Global Note or Permanent Global Note shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger, Principal Shortfall or a Redemption pertaining to, as applicable, the relevant Class of Notes;

"**encumbrance**" includes any mortgage, charge or pledge or other limited right ("*beperkt recht*") securing any obligation of any person, or any other arrangement having a similar effect;

"**Euroclear**" and/or "**Clearstream, Luxembourg**" includes any additional or alternative clearing system approved by the Issuer, the Security Trustee and the Paying Agent and permitted to hold the Temporary Global Notes and the Permanent Global Notes, provided that such alternative clearing system must be authorised to hold the Temporary Global Notes and the Permanent Global Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations;

the "**records of Euroclear and Clearstream, Luxembourg**" are to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interests in the Notes;

"**foreclosure**" includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

A "**month**" shall be construed as a reference to a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "months" and "monthly" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case

may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a "**preliminary suspension of payments**", "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments ("*voorlopige surseance van betaling*") as meant in the Dutch Bankruptcy Act ("*Faillissementswet*") or any emergency regulation ("*noodregeling*") on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme ("*schuldsanering natuurlijke personen*");

"**principal**" shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "*pro resto hoofdsom*" and, where applicable, shall include premium;

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**successor**" of any party shall be construed so as to include an assignee or successor in title (including after a novation) of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under a Transaction Document or to which, under such laws, such rights and obligations have been transferred;

any "**Transaction Party**" or "**party**" or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and transferees and any subsequent successors and transferees in accordance with their respective interests; and

"**tax**" includes any present or future tax, levy, impost, duty or other charge of a similar nature (including, without limitation, any penalty payable in connection with any failure to pay or any delay in paying any of the same).

2.3 In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

2.4 Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

3 DSA DEFINITIONS NOT USED

NA "**Annuity Mortgage Receivable**";
NA "**Arrears**";
NA "**Beneficiary Waiver Agreement**";
NA "**Defaulted Mortgage Loan**";
NA "**Principal Paying Agent**";

REGISTERED OFFICES

THE ISSUER

Courtine RMBS 2013-I B.V.
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

SELLER, SERVICER, SOLE LEAD ARRANGER AND LEAD MANAGER

F. van Lanschot Bankiers N.V.
Hooge Steenweg 27-31
5211 JN 's-Hertogenbosch
The Netherlands

SECURITY TRUSTEE

Stichting Security Trustee Courtine RMBS 2013-I
Claude Debussylaan 24
1082 MD Amsterdam
The Netherlands

ISSUER ADMINISTRATOR

ATC Financial Services B.V.
Frederik Roeskestraat 123 1hg
1076 EE Amsterdam
The Netherlands

CASH ADVANCE FACILITY PROVIDER AND ISSUER ACCOUNT BANK

N.V. Bank Nederlandse Gemeenten
Koninginnegracht 2
2514 AA
's-Gravenhage
the Netherlands

PAYING AGENT AND REFERENCE AGENT

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LISTING AGENT

Investec Capital & Investments (Ireland) Limited
The Harcourt Building
Harcourt Street, Dublin 2
Ireland

LEGAL AND TAX ADVISERS TO THE SELLER AND THE ISSUER

NautaDutilh N.V.
Strawinskylaan 1999
1077 XV Amsterdam
the Netherlands

AUDITORS

KPMG ACCOUNTANTS N.V.
Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

COMMON SAFEKEEPER

In respect of the Class A Notes:

Clearstream, Luxembourg
42 Avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg

In respect of the Subordinated Notes:

Deutsche Bank AG
10 Bishops Square
E1 6AO London
United Kingdom

Euroclear Bank SA/NV

1 Boulevard du Roi Albert II
1210 Brussels
Belgium