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NOT FOR DISTRIBUTION TO ANY PERSON THAT IS NOT A QUALIFIED INVESTOR WITHIN THE MEANING OF DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 3 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

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

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED INTO THE UNITED STATES OR TO ANY U.S. PERSON. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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

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

This prospectus is obtained by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Cartesian Residential Mortgages 1 S.A., Ember VRM S.à r.l., The Royal Bank of Scotland plc nor any person who controls them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from any of Cartesian Residential Mortgages 1 S.A., Ember VRM S.à r.l. or The Royal Bank of Scotland plc.

Cartesian Residential Mortgages 1 S.A. as Issuer

(*incorporated as a public limited liability company ("société anonyme"), existing and organised under the laws of the Grand Duchy of Luxembourg ("**Luxembourg**"), with registered office at 6, rue Eugène Ruppert L-2453 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B181.978, being subject, as an unregulated securitisation undertaking, to the Luxembourg Act dated 22 March 2004 on securitisation, as amended (the "**Securitisation Act**")*)

	Class A	**Class B**	**Class C**	**Class D**	**Class E**	**Class S**
Principal Amount	EUR 412,659,000	EUR 11,790,000	EUR 11,790,000	EUR 11,790,000	EUR 23,581,000	EUR 10,848,000
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Interest until First Optional Redemption Date	Euribor for three month deposit, plus a margin of 1.10 per cent. per annum	Euribor for three month deposit, plus a margin of 1.90 per cent. per annum	Euribor for three month deposit, plus a margin of 2.60 per cent. per annum	Euribor for three month deposit, plus a margin of 5.25 per cent. per annum	Class E Notes Interest Amount	N/A
Interest from First Optional Redemption Date	Euribor for three month deposit, plus a margin of 2.20 per cent. per annum	Euribor for three month deposit, plus a margin of 1.90 per cent. per annum	Euribor for three month deposit, plus a margin of 2.60 per cent. per annum	Euribor for three month deposit, plus a margin of 5.25 per cent. per annum	Class E Notes Interest Amount	N/A
Expected ratings Fitch and S&P	AAAsf / AAA (sf)	AA-sf/ AA (sf)	Asf/ A+ (sf)	N/A	N/A	N/A
First Notes Payment Date	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014
First Optional Redemption Date	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	N/A
Acceleration Start Date	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	N/A	N/A
Final Maturity Date	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044

Ember VRM S.à r.l. as Seller

(incorporated as a private limited liability company ("*société à responsabilité limitée*"), existing and organised under the laws of Luxembourg, with registered office at 11-13, Boulevard de la Foire, L-1528 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 176.837 and having at the date hereof a share capital of EUR 13,500)

Issue Date	The Issuer will issue the Notes in the classes set out above on 20 March 2014 (or such later date as may be agreed between the Seller, the Issuer and the Arranger) (the "**Issue Date**").
Underlying Assets	The Issuer will make payments on the Notes in accordance with the applicable Priority of Payments from, *inter alia*, payments of principal and interest received from a portfolio comprising of mortgage loans originated by the relevant Originator and secured over residential properties located in the Netherlands. Legal title to the

	resulting Mortgage Receivables has been sold and assigned by the relevant Originators to the Seller on 13 December 2013 and has been sold and assigned by the Seller to the Issuer on 19 December 2013. See Section 6.2 (Description of Mortgage Loans) 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, *inter alia*, the Mortgage Receivables and the Issuer Rights (see Section 4.7 (Security)).
Denomination	The Notes will be issued with minimum denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000.
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 A Notes, the Class B Notes, the Class C Notes and the Class D Notes will carry a floating rate of interest as set out above, payable quarterly in arrears on each Notes Payment Date. The Class E Notes will receive the Class E Notes Interest Amount, if any, payable quarterly in arrears on each Notes Payment Date. The Class S Notes will not carry any interest. See further Section 4.1 (*Terms and Conditions*) and Condition 4 (*Interest*).
Redemption Provisions	Unless previously redeemed in full, payments of principal on the Notes, other than the Class S 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 the application of the Available Principal Funds. On each Notes Payment Date, the Class S 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 S Redemption Funds. On the First Optional Redemption Date and each Optional Redemption Date thereafter and in certain other circumstances the Issuer will have the option to redeem all of the Notes, other than the Class S Notes, in accordance with the Conditions The Notes will mature on the Final Maturity Date (to the extent not previously redeemed). See further Condition 6 (*Redemption*).
Subscription and Sale	The Lead Manager has pursuant to the Senior Subscription Agreement agreed to subscribe for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on the Issue Date, subject to certain conditions precedent being satisfied. Furthermore, the Seller has pursuant to the Class E-S Notes Purchase Agreement agreed to purchase on the Issue Date, subject to certain conditions precedent being satisfied, the Class E Notes and the Class S Notes.
Credit Rating Agencies	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.
Ratings	Credit ratings will be assigned by Fitch and S&P to the Class A Notes, the Class B Notes and the Class C Notes, as set out above on or before the Issue Date. The credit ratings assigned by Fitch and S&P address the likelihood of (a) timely payment of interest due to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders on each Notes Payment Date and (b) full payment of principal due to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders by a date that is not later than the Final Maturity Date. **The assignment of ratings to the Class A Notes, the Class B Notes and the Class C Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Class of 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 any of the Class A Notes, the Class B Notes and the Class C Notes.**
Listing	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The Notes are expected to be listed on or about the Issue Date. 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 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.
Eurosystem Eligibility	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear 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. The Subordinated Notes are not intended to be held in a manner which will allow Eurosystem eligibility.
Limited recourse obligations	The Notes will be limited recourse obligations of the Issuer and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Issuer will have limited sources of funds available to it. See Section 2 (*Risk Factors*).
Subordination	The right of payment of principal on each Class of Notes, other than the Class A Notes, is subordinated to the right of payment of principal under each other Class of Notes in reverse alphabetical order. (*Redemption of the Class S Notes*). See Section 5 (*Credit Structure*).
Retention and Information Undertaking	Ember VRM S.à r.l., in its capacity as Seller, has undertaken to the Issuer, the Security Trustee and the Lead Manager that, for as long as the Notes are outstanding, it shall retain, on an ongoing basis, a material net economic interest in the securitisation transaction which shall in any event not be less than 5%, in accordance with Article 405 of the CRR and Article 51 of the AIFMR. As at the Issue Date, such interest is retained in accordance with item 1(d) of Article 405 of the CRR and Article 51 of the AIFMR by the Seller holding (part of) the Class E Notes. In addition, the Seller shall provide Noteholders with all relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR Regulatory Requirements and the AIFMR Regulatory Requirements, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and to ensure that the Noteholders have readily available access to all materially relevant data (see Section 8 (General) for more details). See Section 2 (*Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*) and Section 4.4 (*Regulatory and Industry Compliance*) for more details.

Investing in any of the Notes involves certain risks. For a discussion of some of the risks involved with an investment in the Notes, see Section *Risk Factors* herein.

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

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 19 March 2014.

Arranger
The Royal Bank of Scotland plc

Lead Manager
The Royal Bank of Scotland plc

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: all paragraphs relating to retention and disclosure requirements under the CRR, paragraph *Portfolio Information* in Section 1.6 (*Overvie*w), Section 3.4. (*Seller / Originators*), 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*), Section 6.4 (*Dutch residential mortgage market*) and Section 6.5 (*NHG Guarantee Programme*). 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 and sections, as applicable, 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 Arranger, the Lead Manager, the Issuer Adviser or the Originators.

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 4.3 (*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 and the Mortgage Receivables. 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 Arranger or the Lead Manager (nor any of their respective affiliates) to any person to subscribe for or to purchase any Notes.

The Stabilising Manager, or any duly appointed person acting for the Stabilising Manager, may over-allot or effect transactions with a view to supporting the market price of the Notes, provided that the aggregate principal amount of the Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Class, at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the Issue Date and sixty (60) days after the date of the allotment of the Notes. Stabilisation transactions shall be conducted in accordance with all applicable laws and regulations as amended from time to time.

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.

Neither the Arranger, nor the Lead Manager (nor any of their respective affiliates) 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 U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons as defined in Regulation S, except in certain transactions permitted by U.S. tax regulations and the Securities Act (see Section 4.3 (*Subscription and Sale*) below).

Neither the Arranger nor the Lead Manager (nor any of their respective affiliates) has separately verified the information set out in this Prospectus. To the fullest extent permitted by law, none of the Arranger or Lead Manager (nor any of their respective affiliates) makes any representation, express or implied, or 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 Arranger and the Lead Manager (including their respective affiliates) disclaim any and all liability whether arising in tort or contract or otherwise in connection with this Prospectus or any such information or statements.

ABN AMRO Bank N.V. has been engaged by the Issuer solely as Paying Agent and Reference Agent. The Paying Agent and Reference Agent activities relate to performing certain payment services on behalf of the Issuer towards the Noteholders and to determine the interest rate in respect of the Notes.

ABN AMRO Bank N.V. is acting for the Issuer and for no one else and will not regard any other person as its client in relation to the transaction described in this prospectus and will not be responsible for anyone other than the Issuer for providing the protections afforded to its clients nor for providing advice in relation to the issue of the Notes nor any other transaction or arrangement referred to in this Prospectus.

No representation or warranty, express or implied, is made or given by or on behalf of ABN AMRO Bank N.V. or any of its affiliates, directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, is, or may be relied upon as, a promise or representation by ABN AMRO Bank N.V. or any other person as to the past or future.

Neither ABN AMRO Bank N.V. nor any of its directors, officers or employees or any other person, accepts any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by either itself or on its behalf in connection with the Issuer, the issue of the Notes or the Notes. Accordingly, ABN AMRO Bank N.V. disclaims any and all liability, whether arising in tort or contract or otherwise in respect of this Prospectus and/or any such statement.

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1. TRANSACTION OVERVIEW

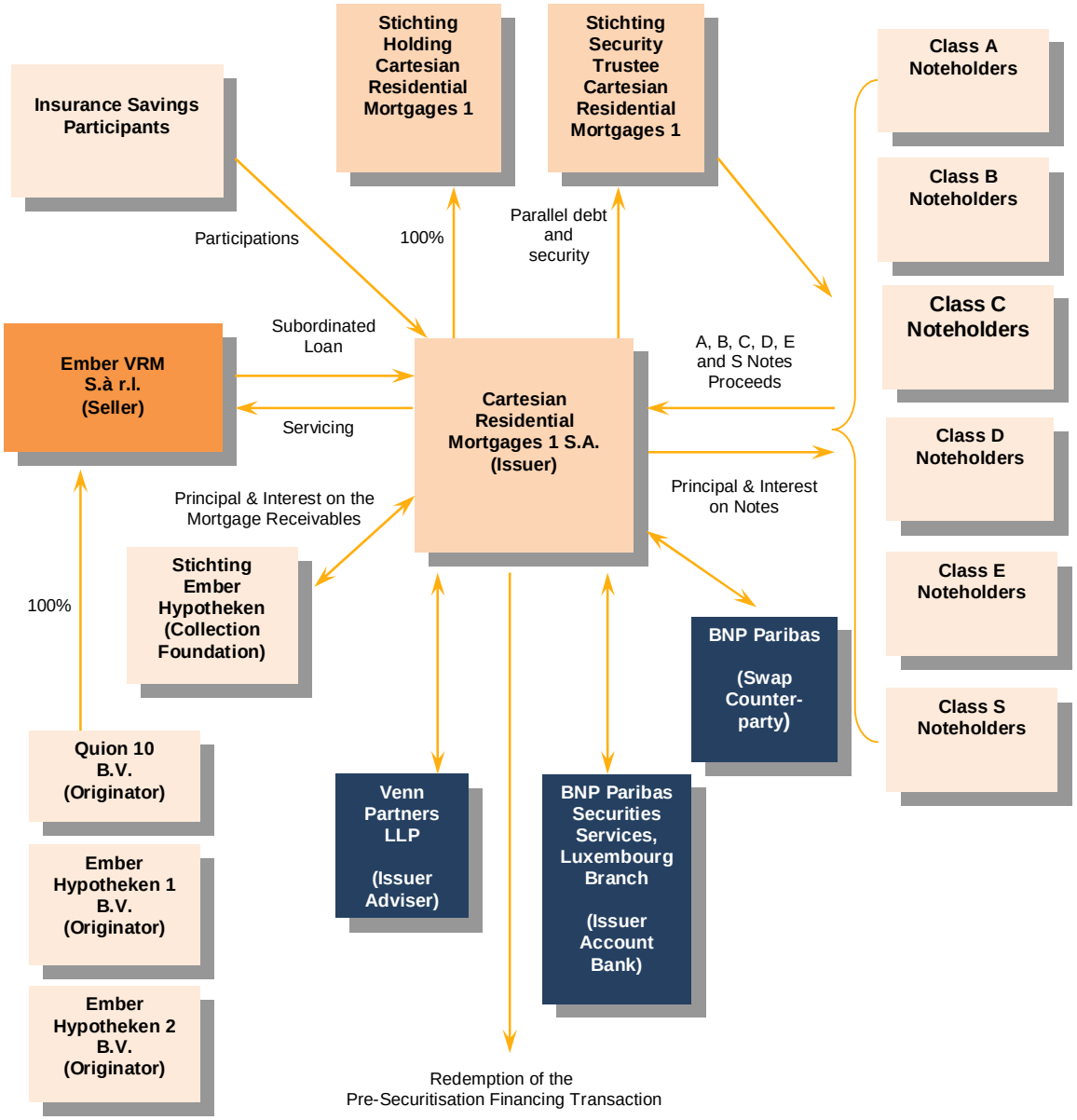
This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including any supplement thereto.

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 in particular relating to the cash flows. 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 mitigants in respect of these risks, there remains, amongst other things, a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural, legal and tax risks relating to the Mortgage Receivables and the Mortgaged Assets (see Section 2 (*Risk Factors*)).

1.3 PRINCIPAL PARTIES

Issuer: Cartesian Residential Mortgages 1 S.A., a public limited liability company ("*société anonyme*"), existing and organised under the laws of the Grand Duchy of Luxembourg, with registered office at 6, rue Eugène Ruppert L-2453 Luxembourg, Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B181.978, being subject, as an unregulated securitisation undertaking, to the Securitisation Act.

The entire issued share capital of the Issuer is held by the Shareholder.

Shareholder: Stichting Holding Cartesian Residential Mortgages 1, established under Dutch law as a foundation ("*stichting*"), with registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 57835268.

Security Trustee: Stichting Security Trustee Cartesian Residential Mortgages 1, established under Dutch law as a foundation ("*stichting*"), with registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 57835268.

Seller: Ember VRM S.à r.l., a private limited liability company ("*société à responsabilité limitée*"), existing and organised under the laws of the Grand Duchy of Luxembourg, with registered office at 11-13 Boulevard de la Foire, L-1528 Luxembourg, Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B176.837.

The entire issued share capital of the Seller is held by VSK Holdings Limited. The share capital of VSK Holdings Limited is held by Siem Industries Inc. as well as funds and accounts managed by KKR Asset Management LLC. VSK Holdings Limited has been established by its shareholders to invest in a broad range of investments arising out of the restructuring of financial institutions and primary lending markets, and is advised by Venn Partners LLP.

Originators: Quion 10 B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law, with registered office at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24262016.

Ember Hypotheken 1 B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), incorporated under Dutch law, with registered office at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24266081. Ember Hypotheken 1 B.V. was previously named GE Artesia Hypotheken 11 B.V.

	Ember Hypotheken 2 B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law, with registered office at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24266083. Ember Hypotheken 2 B.V. was previously named GE Artesia Hypotheken 15 B.V. All shares in the capital of the Originators are held by the Seller.
Servicer:	The Seller acting in its capacity as Servicer.
Sub-servicer:	Quion Hypotheekbemiddeling B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law, with registered office at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24197361. Quion Hypotheekbegeleiding B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law, with registered office at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24197362. Quion Services B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law, with registered office at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24158411.
Issuer Administrator:	Intertrust (Luxembourg) S.à r.l., a private limited liability company ("*société à responsabilité limitée*"), existing and organised under the laws of the Grand Duchy of Luxembourg with registered office at 6, rue Eugène Ruppert L-2453 Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B.103.123.
Collection Foundation	Stichting Ember Hypotheken, established under Dutch law as a foundation ("*stichting*"), with registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 59974052.
Swap Counterparty:	BNP Paribas, a public limited liability company ("*société anonyme*"), existing and organised under French laws, with registered office at 16 Boulevard des Italiens, 75009 Paris, France, and registered with the Commercial Registry of Paris under number 662042449.
Issuer Account Bank:	BNP Paribas Securities Services, a *société en commandite par actions (S.C.A.)* incorporated under the laws of France, registered with the *Registre du Commerce et des Sociétés* of Paris under number 552 108 011, whose registered office is at 3, Rue d'Antin – 75002 Paris, France and acting through its Luxembourg branch whose office is at

	33, rue de Gasperich, L-5826 Hesperange, having as postal address L-2085 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B.86862.
Issuer Adviser:	Venn Partners LLP, a limited liability partnership incorporated under the laws of England, with registered office at 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, United Kingdom and registered under number OC347544.
Directors:	With respect to the Issuer, Mr. Hille-Paul Schut, Mr. Harald Thul and Mr. Joost Tulkens; with respect to the Shareholder, Intertrust Management B.V.; and with respect to the Security Trustee, Amsterdamsch Trustee's Kantoor B.V.
Domiciliation Agent:	Intertrust (Luxembourg) S.à r.l.
Paying Agent:	ABN AMRO Bank N.V., a public company with limited liability ("*naamloze vennootschap*") incorporated under Dutch law, with registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34334259.
Reference Agent:	ABN AMRO Bank N.V.
Listing Agent:	Investec Capital & Investments (Ireland) Limited, a private limited company incorporated under the laws of Ireland, with registered office at The Harcourt Building, Harcourt Street, Dublin 2, Ireland and registered under number 223158.
Arranger:	The Royal Bank of Scotland plc., a public company with limited liability incorporated under the laws of Scotland acting through its office at 135 Bishopsgate, London, EC2M 3UR, United Kingdom.
Lead Manager:	The Royal Bank of Scotland plc.
Common Service Provider:	Bank of America National Association, London Branch.
Common Safekeeper:	In respect of the Class A Notes, Euroclear Bank S.A./N.V. In respect of the Subordinated Notes, Bank of America National Association, London Branch.
Insurance Savings Participants:	Each of (i) Delta Lloyd Levensverzekering N.V., a public company with limited liability ("*naamloze vennootschap*") incorporated under Dutch law, with registered office in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33001488, (ii) the Seller acting in its capacity as insurance savings participant (to the extent (a) it is not replaced by any Future Insurance Savings Participant or (b) its participation is reduced to zero) and (iii) any Future Insurance Savings Participant as from the relevant Participation Date.
Subordinated Loan Provider	The Seller.

1.4 NOTES

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

	Class A	Class B	Class C	Class D	Class E	Class S
Principal Amount	EUR 412,659,000	EUR 11,790,000	EUR 11,790,000	EUR 11,790,000	EUR 23,581,000	EUR 10,848,000
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Interest until First Optional Redemption Date	Euribor for three month deposit, plus a margin of 1.10 per cent. per annum	Euribor for three month deposit, plus a margin of 1.90 per cent. per annum	Euribor for three month deposit, plus a margin of 2.60 per cent. per annum	Euribor for three month deposit, plus a margin of 5.25 per cent. per annum	Class E Notes Interest Amount	N/A
Interest from First Optional Redemption Date	Euribor for three month deposit, plus a margin of 2.20 per cent. per annum	Euribor for three month deposit, plus a margin of 1.90 per cent. per annum	Euribor for three month deposit, plus a margin of 2.60 per cent. per annum	Euribor for three month deposit, plus a margin of 5.25 per cent. per annum	Class E Notes Interest Amount	N/A
Expected ratings Fitch and S&P	AAAsf / AAA (sf)	AA-sf/ AA (sf)	Asf/ A+ (sf)	N/A	N/A	N/A
First Notes Payment Date	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014	Notes Payment Date falling in July 2014
First Optional Redemption Date	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	N/A
Acceleration Start Date	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	Notes Payment Date falling in April 2019	N/A	N/A
Final Maturity Date	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044	Notes Payment Date falling in July 2044

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

(i) the Class A Notes;
(ii) the Class B Notes;
(iii) the Class C Notes;
(iv) the Class D Notes;

(v) the Class E Notes; and
(vi) the Class S Notes.

Issue Price: The issue price of the Notes shall be as follows:

(i) the Class A Notes 100 per cent.;
(ii) the Class B Notes 100 per cent.;
(iii) the Class C Notes 100 per cent.;
(iv) the Class D Notes 100 per cent.;
(v) the Class E Notes 100 per cent.; and
(vi) the Class S 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, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, with coupons attached.

Denomination: The Notes will be issued with minimum denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000.

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 and interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, (ii) payments of principal and interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes (iii) payments of principal and interest on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes, (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and payments of interest on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and payments of principal on the Class S Notes and (v) payments of principal on the Class S Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and payment of principal on the Class E Notes. See further Section 4.1 (*Terms and Conditions*).

Prior to an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with an amount equal to the Available Revenue Funds remaining after all items ranking above item (s) of the Revenue Priority of Payments have been paid in full. If the Class S Notes have been redeemed (in part or in full) and there is a shortfall in the amount available to the Issuer to pay interest and/or principal on the other Classes of Notes, this will result in the other Classes of Notes bearing a greater loss than that borne by the Class S Notes.

The obligations of the Issuer in respect of the Notes will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments. See further Section 5.2 (*Priority of Payments*).

Interest:

on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes:	Interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is payable by reference to the successive Interest Periods. The interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days and will be payable quarterly in arrear on each Notes Payment Date calculated in respect of the Principal Amount Outstanding on the first day of the relevant Interest Period. Interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes for each Interest Period will accrue from the Issue Date at an annual rate equal to the sum of Euribor for three (3) month deposits in euro, determined in accordance with Condition 4(e) (or, in respect of the first Interest Period, accrue at the rate which represents the linear interpolation of Euribor for three (3) and six (6) month deposit in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus a margin which up to the First Optional Redemption Date will be equal to: (i) for the Class A Notes, 1.10 per cent. per annum; (ii) for the Class B Notes 1.90 per cent. per annum; (iii) for the Class C Notes 2.60 per cent. per annum; and (iii) for the Class D Notes 5.25 per cent. per annum.
on the Class E Notes:	Interest on the Class E Notes is payable by reference to the successive Interest Periods as from the Issue Date. The aggregate interest due on a Notes Payment Date on all Class E Notes then outstanding will be equal to the Available Revenue Funds remaining after all items ranking above item (t) of the Revenue Priority of Payments have been paid in full.
on the Class S Notes:	No interest will be payable in respect of the Class S Notes.
Interest rate: **Step-Up for the Class A Notes**:	If on the First Optional Redemption Date the Class A Notes have not been redeemed in full, the rate of interest applicable for the Class A Notes thereafter will accrue at an annual rate equal to the sum of Euribor for three month deposits in EUR determined in accordance with Condition 4(e), plus a margin which will be equal to 2.20 per cent per annum for each successive Interest Period from and including the First Optional Redemption Date. If on the First Optional Redemption Date the Class B Notes, the Class C Notes or the Class D Notes have not been redeemed in full, the rate of interest applicable to the Class B Notes, the Class C Notes and the Class D Notes will continue to accrue at the same rate as applicable prior to the First Optional Redemption Date for each successive Interest Period from and including the First Optional Redemption Date.
Final Maturity Date:	If and to the extent not redeemed in full, the Issuer will, in accordance with Condition 6(a), redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to, in respect of the Subordinated Notes, Condition 9(b) (*Principal*).
Mandatory Redemption of the Notes:	Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date the Issuer will, in accordance with Condition 6(b), be obliged to apply the Available Principal Funds and, from and (including) the Acceleration Start Date, the Available Revenue Redemption Funds, to (partially) redeem the Notes, other than the Class S Notes, at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within each Class, subject to,

in respect of the Class E Notes, Condition 9(b) (*Principal*), in the following order:

(a) *firstly*, the Class A Notes, until fully redeemed;
(b) *secondly*, the Class B Notes, until fully redeemed;
(c) *thirdly*, the Class C Notes, until fully redeemed; and
(d) *fourthly*, the Class D Notes, until fully redeemed; and
(e) *fifthly*, the Class E Notes, until the Principal Amount Outstanding of the Class E Notes is an amount equal to 10% of the Principal Amount Outstanding of the Class E Notes as at the Issue Date. If the Principal Amount Outstanding of the Class E Notes is equal to or lower than 10% of the Principal Amount Outstanding of the Class E Notes as at the Issue Date, no principal will be repaid on the Class E Notes until the occurrence of the Class E Notes Repayment Trigger. After the occurrence of such Class E Notes Repayment Trigger, the Available Principal Funds and the remaining Available Revenue Redemption Funds will be applied to redeem the Class E Notes, until fully redeemed.

If the Seller exercises the Clean-Up Call Option, the Seller Call Option or the Seller Subordinated Loan Mortgage Receivables Repurchase Option, the Issuer will be required to apply the proceeds of the sale to redeem the Notes as described above.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date the Issuer will, in accordance with Condition 6(c), be obliged to apply the Available Class S Redemption Funds to (partially) redeem the Class S Notes, until fully redeemed, subject to Condition 9(b) (*Principal*).

Optional Redemption of the Notes: Unless previously redeemed in full, the Issuer will, in accordance with Condition 6(d), have the option to redeem the Notes (but not some only), other than the Class S Notes, on an Optional Redemption Date, at their respective Principal Amount Outstanding, subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*).

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 Luxembourg (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 Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has, in accordance with Condition 6(e), the option to redeem all (but not some only) of the Notes, other than the Class S 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 Class E Notes, Condition 9(b) (*Principal*).

Retention and disclosure requirements under the CRR: Ember VRM S.à r.l., in its capacity as Seller, has undertaken to the Issuer, the Security Trustee and the Lead Manager that, for as long as the Notes are outstanding, it shall retain, on an ongoing basis, a material net economic interest in the securitisation transaction which, in any event, shall not be less

than 5% in accordance with Article 405 of the CRR and Article 51 of the AIFMR. As at the Issue Date, such interest is retained in accordance with item 1(d) of Article 405 of the CRR and Article 51 of the AIFMR, by the Seller holding (part of) the Class E Notes.

In addition, the Seller shall provide Noteholders with all relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR Regulatory Requirements and the AIFMR Regulatory Requirements, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and to ensure that the Noteholders have readily available access to all materially relevant data (see Section 8 (General). See Section 2 (*Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*) and Section 4.4 (*Regulatory and Industry Compliance*) for more details).

Eurosystem eligibility and loan-by-loan information: 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 each Notes Payment Date, for as long as such requirement is effective and to the extent it has such information available. The Subordinated Notes are not intended to be held in a manner which will allow Eurosystem eligibility.

Use of proceeds: The Issuer will use the net proceeds from the issue of the Notes, other than the Class S Notes, to restructure the Pre-Securitisation Financing Transaction, as provided by the Transaction Documents. The proceeds of the Class S 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 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 may be reduced by any amounts of tax required to be withheld or deducted 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: The Notes have the benefit of:

(i) 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, governed by Dutch law;

(ii) a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights including all rights ancillary thereto, governed by Dutch law; and

(iii) a first ranking right of pledge by the Issuer to the Security Trustee in respect of its rights under the Issuer Accounts *vis-à-vis* the Issuer Account Bank, governed by Luxembourg law.

After the 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, *inter alia*, 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 subject to the Parallel Debt Agreement and in accordance with the Post-Enforcement Priority of Payments. See further Section 4.7 (*Security*) and Section 5 (*Credit Structure*) below.

Security over the Seller Rights: Pursuant to the Seller Rights Pledge Agreement, the Seller shall grant a first ranking disclosed right of pledge over any and all rights of the Seller (to the extent these rights are independently transferrable claims) under the SPA to claim and receive payment or compensation from Banque Artesia Nederland N.V. of any damage of the Seller and/or any of the Originators in the event of a Breach (as defined in the SPA) of the warranties set out in paragraph 7 of Schedule 1 of the SPA (such rights to receive payment or compensation in all cases to be subject to all limitations and conditions set out in the SPA) in favour of the Issuer, governed by Dutch law, as security for any and all liabilities of the Seller to the Issuer under the Mortgage Receivables Purchase Agreement. Such right of pledge has been notified to Banque Artesia Nederland N.V.

The rights of the Issuer to enforce the pledge granted the Seller under the Seller Rights Pledge Agreement are subject to agreed limitations (see further

Section 4.7 (*Security*) below.

Security over Collection Foundation Account balances: The Collection Foundation will grant a first ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts, in favour of the Security Trustee and a second ranking right of pledge to the Issuer both under the condition that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Seller will also have the benefit of such right of pledge. Such rights of pledge are governed by Dutch law and have been notified to the Foundation Accounts Provider.

Parallel Debt Agreement: On the Issue 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.

Paying Agency Agreement: On the Issue 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, *inter alia*, to perform certain payment services on behalf of the Issuer towards the Noteholders.

Listing: Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.

Credit ratings: It is a condition precedent to issuance that the Class A Notes, on issue, be assigned an AAAsf credit rating by Fitch and an AAA (sf) credit rating by S&P, that the Class B Notes, on issue, be assigned an AA-sf credit rating by Fitch and an AA (sf) credit rating by S&P and that the Class C Notes, on issue, be assigned an Asf credit rating by Fitch and an A+ (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 D Notes, the Class E Notes and the Class S Notes will not be assigned a credit rating.

Settlement: Euroclear and Clearstream, Luxembourg.

Governing Law: The Notes and the Transaction Documents, other than the Swap Agreement, the Issuer Management Agreement, the Domiciliation, Management and Administration Agreement, the Issuer Account Agreement and the Issuer Account Pledge Agreement, will be governed by and construed in accordance with Dutch law. The provisions of Articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, are expressly excluded.

The Swap Agreement will be governed by and construed in accordance with English law.

The Issuer Management Agreement, the Domiciliation, Management and Administration Agreement, Issuer Account Agreement and Issuer Account Pledge Agreement will be governed by Luxembourg law.

Selling Restrictions:	There are selling restrictions in relation to the European Economic Area, the Netherlands, Luxembourg, Japan, 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 Section 4.3 (*Subscription and Sale)*.

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 Swap Agreement, the Insurance Savings Participation Agreements, drawings from the Reserve Account and the Issuer Collection 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 Section 5 *Credit Structure* below) and the right to payment of principal on the Subordinated Notes will be subordinated to payment of principal under the Class A Notes and limited as more fully described herein in Section 4.1 (*Terms and Conditions*) and Section 5 (*Credit Structure*). Prior to an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with an amount equal to the Available Revenue Funds remaining after all items ranking above item (s) of the Revenue Priority of Payments have been paid in full.

Swap Agreement: On or before the Issue Date, the Issuer will enter into a Swap Agreement with the Swap Counterparty to hedge the interest rate risk between (a) interest to be received by the Issuer on the Non-Euribor Mortgage Receivables and (b) the floating rate of interest due and payable by the Issuer under a pro rata part of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. 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 and/or the Collection Foundation in accordance with the Servicing Agreement;

(ii) the Reserve Account to which on the Issue Date the proceeds of the Class S 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 on the Issue Date the proceeds from the Subordinated Loan which is credited to the Subordinated Loan Reserve Ledger; and

(iii) the Swap Cash Collateral Account to which any collateral in the form of cash delivered to the Issuer pursuant to the Swap Agreement will be transferred.

Swap Securities Collateral Account: Any bank account to which any collateral in the form of securities delivered to the Issuer pursuant to the Swap Agreement will be transferred.

Collection Foundation Accounts: All payments made by the Borrowers in respect of the Mortgage Loans will be paid into the Collection Foundation Accounts.

Issuer Account Agreement: On the Signing 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 Section 5 (*Credit Structure*).

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 to certain governmental authorities if and when requested.

1.6 PORTFOLIO INFORMATION

Key Characteristics

The Mortgage Receivables (excluding the Additional Mortgage Receivables) have the following characteristics as at the Cut-Off Date:

Summary	
Current Balance (EUR)	483,211,438.67
Current Balance, Net of Savings Deposits (EUR)	481,519,987.66
Number of Loan Parts	3,705
Largest Loan Part (EUR)	1,200,000.00
Smallest Loan Part (EUR)	1,000.00
Average Loan Part Balance (EUR)	130,421.44
Number of Borrowers	1,916
Number of Properties	1,924
WA Time to Interest Reset (years)	4.4
WA Interest Rate	3.73%
WA Seasoning (years)	8.7
WA Time to Maturity (years)	20.3
WA LTV (Foreclosure Value)	95.35%
Proportion of NHG Loan Parts	1.92%

Mortgage Loans:

Pursuant to the Mortgage Receivables Purchase Agreement, on the Transfer Date the Issuer has purchased from the Seller the Mortgage Receivables (other than the Additional Mortgage Receivables), which include NHG Mortgage Loan Receivables. The purchase price for the Mortgage Receivables (other than the Additional Mortgage Receivables) has been fully paid to the Seller and has been financed by the Issuer by means of the issuance of senior notes to GIFS Capital Company, LLC and subordinated notes to the Seller in the Pre-Securitisation Financing Transaction and was set-off pursuant to set-off arrangements agreed between parties. On the 19th of March 2014, the Issuer will purchase from the Seller the Additional Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement. The purchase price to be paid in respect of the Additional Mortgage Receivables by the Issuer to the Seller will be set-off (to the extent available) with the repurchase price payable by the Seller to the Issuer for the Mortgage Receivables to be repurchased by the Seller from the Issuer on 19th of March 2014, which no longer satisfy the Mortgage Loan Criteria. See for more detail Section 7.1 (*Purchase, Repurchase and Sale*).

The Mortgage Receivables, other than the Additional Mortgage Receivables, result from Mortgage Loans either originated by the relevant Originator or acquired by Quion 10 B.V. by means of a contract transfer to which (i) the relevant Borrowers have not abstained their cooperation and (ii) in respect of which the Mortgage securing such Mortgage Loan no longer secures any other claims of the relevant originator after such contract transfer and are in both cases secured by a mortgage right over Mortgaged Assets which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which have been selected prior to or on the Transfer Date.

The Additional Mortgage Receivables result from Mortgage Loans either

originated by the relevant Originator or acquired by Quion 10 B.V. by means of a contract transfer to which (i) the relevant Borrowers have not abstained their cooperation and (ii) in respect of which the Mortgage securing such Mortgage Loan no longer secures any other claims of the relevant originator after such contract transfer and are in both cases secured by a mortgage right over Mortgaged Assets which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which have been selected prior to or on the Issue Date.

The pool of Mortgage Loans (or any Loan Parts ("*leningdelen*") comprising a Mortgage Loan) will consist of Savings Mortgage Loans ("*spaarhypotheken*"), Switch Mortgage Loans ("*switch hypotheken*"), Life Mortgage Loans ("*levenhypotheken*"), Linear Mortgage Loans ("*lineaire hypotheken*"), Annuity Mortgage Loans ("*annuïteiten hypotheken*"), Investment Mortgage Loans ("*beleggingshypotheken*"), 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 over the Mortgaged Assets 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 has sold and assigned and the Issuer has purchased and accepted assignment of all, but not some, Loan Parts of such Mortgage Loan at the Transfer Date. See further Section 6.2 (*Description of Mortgage Loans*).

NHG Guarantee: Certain Mortgage Loans are NHG Mortgage Loans. The aggregate Outstanding Principal Amount of the NHG Mortgage Loan Receivables on the Cut-Off Date amounts to EUR 9,285,425. See further Section 6.5 (*NHG Guarantee Programme)*.

Savings Mortgage Loans: A portion of the Mortgage Loans will be in the form of Savings Mortgage Loans, which consist of Mortgage Loans entered into by the relevant Originator and the relevant Borrowers combined with a Savings Insurance Policy. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with a savings insurance company in connection with the relevant Savings Mortgage Loan. Under the Savings Mortgage Loan, no principal is paid by the Borrower prior to maturity of the Savings Mortgage Loan. Instead, the Borrower pays a Savings Premium on a monthly basis. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the savings insurance company to the relevant Borrower is equal to the principal amount due by the Borrower to the relevant Originator at maturity of the Savings Mortgage Loan. The Savings Insurance Policies are pledged to the relevant Originator as security for repayment of the relevant Savings Mortgage Loan.

Switch Mortgage Loans: A portion of the Mortgage Loans (or parts thereof) will be in the form of Switch Mortgage Loans. Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a Savings Investment Insurance Policy whereby the premiums paid are invested in Investment Alternatives and/or Savings Alternatives. It is the intention that the Switch Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The Borrowers have the possibility to switch ("*omzetten*") their investments in the Investment Alternative to and from the relevant Savings Alternative. The Savings Investment Insurance Policies are pledged to the

relevant Originator as security for repayment of the relevant Switch Mortgage Loan.

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. It is the intention that the Life Mortgage Loans will be fully or partially repaid by means of the proceeds of the investments under the Life Insurance Policy. The Insurance Policies are pledged to the relevant Originator. See further Section 6.2 (*Description of the Mortgage Loans*).

Linear Mortgage Loans: A portion of the Mortgage Loans 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 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 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. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans may have been granted up to an amount equal to 75 per cent. of the Foreclosure Value of the Mortgaged Asset at origination.

Investment Mortgage Loans: A portion of the Mortgage Loans will be in the form of Investment Mortgage 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 relevant Originator as security for repayment of the relevant Investment Mortgage Loan.

1.7 PORTFOLIO DOCUMENTATION

Purchase of Mortgage Receivables:

On 13 December 2013, the Seller purchased and accepted assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto, including all ancillary rights (*nevenrechten*), such as mortgage rights (*rechten van hypotheek*) and rights of pledge (*pandrechten*), from the Originators by means of a mortgage receivables purchase agreement and a deed of assignment and registration of the deed of assignment with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto was transferred from the relevant Originator to the Seller (Assignment I).

On the Transfer Date, the Issuer purchased and accepted assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of the Mortgage Receivables Purchase Agreement and the Deed of Assignment and registration of the Deed of Assignment with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto was transferred from the Seller to the Issuer (Assignment II). The purchase price of the Mortgage Receivables has been fully paid to the Seller and was financed by the Issuer by means of the issuance of senior notes to GIFS Capital Company, LLC and subordinated notes to the Seller in the Pre-Securitisation Financing Transaction and was set-off pursuant to set-off arrangements agreed between parties. See for more detail Section 7.1 (*Purchase, Repurchase and Sale*).

The Mortgage Receivables were sold to the Issuer from and including the Cut-Off Date; however, (i) all repayments and prepayments in relation to the Mortgage Receivables payable in respect of the period from and including the Cut-Off Date up to but excluding the Securitisation Cut-Off Date and (ii) all interest payments and prepayment penalties in relation to the Mortgage Receivables payable in respect of the period from and including the Cut-Off Date up to but excluding the Issue Date, were paid or are payable on the senior notes held by GIFS Capital Company, LLC and the subordinated notes held by the Seller under the Pre-Securitisation Financing Transaction.

Each of the Originators has the benefit of Beneficiary Rights which entitle the Originators to receive the final payment under the relevant Life Insurance Policies, which payment is to be applied towards redemption of the Mortgage Receivables. Each of the Originators has assigned the Beneficiary Rights to the Seller and the Seller has accepted such assignment. Under the Mortgage Receivables Purchase Agreement, the Seller has assigned such Beneficiary Rights to the Issuer and the Issuer has accepted such assignment.

On the 19th of March 2014, the Issuer will purchase and accept assignment of a limited number of the Mortgage Receivables (the Additional Mortgage Receivables) and the Beneficiary Rights relating thereto including all ancillary rights (*nevenrechten*), such as mortgage rights (*rechten van hypotheek*) and rights of pledge (*pandrechten*) from the Seller. As from such date, any reference to Mortgage Receivables will be deemed to include a reference to the Additional Mortgage Receivables. The purchase price to be paid in respect of the Additional Mortgage Receivables by the Issuer to the Seller will be set-off (to the extent available) with the repurchase price payable by the Seller to the Issuer for the Mortgage Receivables to be repurchased by the Seller from the Issuer on the 19th of March 2014, which no longer satisfy the Mortgage Loan Criteria.

Repurchase of Mortgage Receivables:

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable and the Beneficiary Rights relating thereto on the Mortgage Collection Payment Date immediately following or, in case of (ii) below, if the Other Claim or Further Advance will be granted earlier, on the date immediately preceding the date on which such Other Claim or Further Advance is granted, or in case of (vi) below, if the Originator has agreed to replace an existing Mortgage Loan with a new mortgage loan pursuant to the *meeneemregeling* (porting facility) prior to such date, on the date immediately preceding the date on which such replacement is effectuated:

(i) the expiration of the fourteen (14) days 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) the date on which an Originator agrees with a Borrower to grant an Other Claim, including a Further Advance; or

(iii) the date on which an Originator agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the Foreclosure Procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not be required to purchase the Mortgage Loan; or

(iv) the date on which an Insurance Savings Participant (or in case of the Seller acting as Insurance Savings Participant, the relevant savings insurance company), complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Savings Alternative to a Savings Switch; or

(v) the date on which an Insurance Savings Participant (or in case of the Seller acting as Insurance Savings Participant, the relevant savings insurance company) complies with a request from the Borrower under the terms of a Switch Mortgage Loan with an Investment Alternative to switch to a Savings Alternative; or

(vi) the date on which the Originator has agreed to replace an existing Mortgage Loan with a new mortgage loan pursuant to the *meeneemregeling* (porting facility) to which the same Mortgage Conditions apply as the existing Mortgage Loan, if the Current Loan to Original Foreclosure Value Ratio of the new mortgage loan is higher than the Current Loan to Original Foreclosure Value Ratio of the existing Mortgage Loan; or

(vii) the date on which (a) an NHG Mortgage Loan or the relevant Loan Part no longer has the benefit of an NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Originator or the Servicer, provided that the Seller shall not be obliged to purchase

such Mortgage Receivable if after foreclosure following a claim made under an NHG Guarantee, Stichting WEW does not pay the full amount of such Mortgage Receivable due to (x) the difference in the redemption structure of the such Mortgage Loan or the relevant Loan Part and the redemption structure set forth in the NHG Conditions or (y) the higher than expected foreclosure costs which are outside the control of the Servicer or (z) the occurrence of any other events not due to misconduct by or negligence of the Servicer and/or (b) an Originator, while it is entitled to make a claim under the NHG Guarantee relating to such Mortgage Loan or the relevant Loan Part, subject to the NHG Conditions, will not make such claim; or

(viii) in respect of a Mortgage Receivable originated by Quion 10 B.V., the date on which (i) the interest on such Mortgage Receivable will be reset, if the interest rate in respect of such Mortgage Receivable is reset and the Mortgage Loan shall according to the Mortgage Conditions be transferred to another legal entity or (ii) an amendment of the terms of the Mortgage Loan upon the request of a Borrower is refused by Quion 10 B.V. and the Mortgage Loan shall, according to the Mortgage Conditions be transferred to another legal entity.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable together with unpaid interest accrued up to but excluding the date of sale and assignment of the Mortgage Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), except that in the event of a repurchase set forth in item (vii)(b) above, the purchase price shall be equal to the amount that was not reimbursed under the relevant NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Originator or the Servicer.

Clean-Up Call Option: If on any Notes Payment Date, the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Issue Date, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only), by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Notes Payment Date.

If the Seller exercises the Clean-Up Call Option, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement, to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion. The purchase price will be as set out under Sale of Mortgage Receivables below.

If the Seller exercises the Clean-Up Call Option, the Issuer shall be required to apply the proceeds of such sale of the relevant Mortgage Receivables to redeem the Notes, other than the Class S Notes, in accordance with Condition 6(b) (*Mandatory redemption of the Notes*).

Seller Call Option: On each Optional Redemption Date, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only) from the Issuer, by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Optional Redemption Date.

If the Seller exercises the Seller Call Option, the Issuer has undertaken in the

Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion. The purchase price will be as set out under Sale of Mortgage Receivables below.

If the Seller exercises the Seller Call Option, the Issuer shall be required to apply the proceeds of such sale of the relevant Mortgage Receivables to redeem the Notes, other than the Class S Notes, in accordance with Condition 6(b) (*Mandatory redemption of the Notes*).

Seller Subordinated Loan Mortgage Receivables Repurchase Option:

On each Notes Payment Date, the Seller has the option (but not the obligation) to repurchase one or more of the Subordinated Loan Mortgage Receivables, by delivery of a notice to the Issuer at least ten (10) calendar days before the relevant Notes Payment Date.

If the Seller exercises the Seller Subordinated Loan Mortgage Receivables Repurchase Option, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the relevant Subordinated Loan Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion. The purchase price for the relevant Subordinated Loan Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the relevant Subordinated Loan Mortgage Receivable together with unpaid interest accrued up to but excluding the date of sale and assignment of the Mortgage Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) and will be set-off with the obligation of the Issuer to repay a corresponding amount to the Seller under the Subordinated Loan Agreement.

Sale of Mortgage Receivables:

Under the terms of the Trust Deed, the Issuer has the right 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, other than the Class S Notes, at their respective Principal Amount Outstanding, in full, subject to, in respect of the Class D Notes, Condition 9(b) (*Principal*).

Pursuant to the Trust Deed, the Issuer has the right to sell and assign all but not some of the Mortgage Receivables if the Tax Call Option (in accordance with Condition 6(e)) is exercised, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes, other than the Class S Notes, at their respective Principal Amount Outstanding, in full, subject to, in respect of the Class D Notes, Condition 9(b) (*Principal*).

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 all the Mortgage Receivables (but not some only) 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 all the Mortgage Receivables (but not some only) on the scheduled date of such sale.

The purchase price of the Mortgage Receivables in the event of a sale by the Issuer shall be at least equal to the higher of (i) the market value of such Mortgage Receivables on the relevant date of sale and (ii) an aggregate amount for all Mortgage Receivables that is sufficient for the Issuer to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes at their Principal Amount Outstanding, and to pay all accrued (but unpaid) interest on the Notes (other than the Class E Notes) and other amounts due ranking higher or equal to the Notes (other than the Class E Notes and the Class S Notes) in the relevant Priority of Payments.

Insurance Savings Participation Agreements:

On the Signing Date, Delta Lloyd Levensverzekering N.V. and the Seller acting in its capacity as insurance savings participant agree to participate in the Transaction and to enter into an Insurance Savings Participation Agreement with the Issuer and the Security Trustee. If, after the Signing Date, a Future Insurance Savings Participant elects to participate, it will on the relevant Participation Date enter into an Insurance Savings Participation Agreement and such Future Insurance Savings Participant will replace the Seller acting in its capacity as Insurance Savings Participant.

Under the terms of the Insurance Savings Participation Agreement, each of the Insurance Savings Participants will acquire participations in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative equal to amounts of Savings Premium paid by the relevant Borrower to the Insurance Savings Participant in respect of the relevant Insurance Policy (including accrued interest thereon). In the Insurance Savings Participation Agreements, each of the Insurance Savings Participants will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium (including in respect of the Initial Insurance Savings Participation only, accrued interest thereon) on the relevant Insurance Policies. In return, each of the Insurance Savings Participant is entitled to receive the Insurance Savings Participation Redemption Available Amount in respect of the Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative from the Issuer. The amount of the Insurance Savings Participation with respect to a Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, consists of (a) the Initial Insurance Savings Participation at the Issue Date (which in each case is equal to the sum of all amounts due to the relevant Insurance Savings Participant as Savings Premium and accrued interest up to the first day of the month immediately preceding the month wherein the relevant Mortgage Collection Payment Date falls), being, in case of the total Initial Insurance Savings Participation at the Issue Date, an amount equal to EUR 1,740,759 increased on a quarterly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the Insurance Savings Participants (or in case of the Seller acting as Insurance Savings Participant, the relevant savings insurance company) and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Insurance Savings Participation in the Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable. See Section 7.6 (*Sub-Participation Agreements*).

Servicing

Under the Servicing Agreement, (i) the Servicer will agree to provide collecting

Agreement:

services 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 Receivables 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*)).

In accordance with the Servicing Agreement, the Servicer has appointed each of Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V., as its Sub-servicer and, subject to termination of the Servicing Agreement with the Servicer, its back-up servicer, to provide certain of the Mortgage Loan Services in respect of the relevant Mortgage Loans in accordance with the Sub-Servicing letter.

Under the Servicing Agreement, Venn will agree to provide advisory services to the Issuer on a day-to-day basis, including, advice in respect of the determination of the Mortgage Interest Rates, advice relating to actions to be considered in respect of Relevant Mortgage Loans which are reasonably expected to default and providing instructions to the Servicer (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 Management Agreements with the relevant Director (with respect to the Issuer, a separate Management Agreement is entered into with each 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.
Domiciliation, Management and Administration Agreement	Under a domiciliation, management and administration agreement, the Domiciliation Agent will agree to provide domiciliation services and certain administration services to the Issuer, in addition to the services to be provided under the Administration Agreement, and to ensure that the Issuer will have a sufficient number of directors with residence in Luxembourg. See further Section 3.1 (*Issuer*).

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 Swap Counterparty, the Servicer, the Sub-servicers, the Issuer Administrator, the Issuer Advisor, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Lead Manager, the Insurance Savings Participants, the Issuer Account Bank, the Collection Foundation and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Swap Counterparty, the Servicer, the Sub-servicers, the Issuer Administrator, the Issuer Advisor, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Lead Manager, the Insurance Savings Participants, the Issuer Account Bank, the Collection Foundation 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 Swap Counterparty, the Servicer, the Sub-servicers, the Issuer Administrator, the Issuer Advisor, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Lead Manager, the Insurance Savings Participants, the Issuer Account Bank, the Collection Foundation 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 Swap Agreement by the Swap Counterparty). Accordingly, other than in such limited circumstances, no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay its operating and administrative expenses and 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) the receipt by it of amounts under the Insurance Savings Participation Agreements, (d) the receipt by it of payments under the Swap Agreement, (e) in certain circumstances, drawings under the Reserve Account and (f) the receipt by it of interest in respect of the balance standing to the credit of the relevant 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 the funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

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. It should be noted that, *inter alia*, there is a risk that (a) Ember VRM S.à r.l. in its capacity of Seller will not perform its obligations *vis-à-vis* the Issuer under the Mortgage Receivables Purchase Agreement, (b) Quion 10 B.V., Ember Hypotheken 1 B.V. or Ember Hypotheken 2 B.V. will not perform its obligations *vis-à-vis* the

Issuer under the Servicing Agreement, (c) Intertrust (Luxembourg) S.à r.l. in its capacity of Issuer Administrator will not perform its obligations under the Administration Agreement, (d) BNP Paribas in its capacity of Swap Counterparty will not perform its obligations under the Swap Agreement, (e) BNP Paribas Securities Services, Luxembourg Branch, in its capacity of Issuer Account Bank will not perform its obligations under the Issuer Account Agreement, (f) ABN AMRO Bank N.V., in its capacity of Paying Agent and Reference Agent will not perform its obligations under the Paying Agency Agreement, (g) Intertrust (Luxembourg) S.à r.l. in its capacity as Domiciliation Agent will not perform its obligations under the Domiciliation, Management and Administration Agreement (h) Stichting Ember Hypotheken in its capacity of Collection Foundation will not perform its obligations under the Receivables Proceeds Distribution Agreement, (i) Mr. Hille-Paul Mr. Schut, Harald Thul and Mr. Joost Tulkens and Intertrust Management B.V. will not perform its obligations under the relevant Management Agreement and (j) Venn Partners LLP as Issuer Advisor will not perform its obligations under the Servicing Agreement.

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 Swap 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.

Consequences of Winding-up Proceedings

The Issuer is structured to be an insolvency-remote vehicle. In the Trust Deed it is agreed that the Issuer may only enter into agreements with the consent of the Security Trustee. In all Transaction Documents, parties agree not to make any application for the commencement of winding-up, liquidation or bankruptcy or similar insolvency proceedings against the Issuer. Legal proceedings initiated against the Issuer in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court. Notwithstanding the foregoing, if the Issuer fails for any reason to meet its obligations or liabilities (that is, if the Issuer is in a state of cessation of payments ("*cessation de paiements*") and has lost its commercial creditworthiness ("*ébranlement de credit*")), a creditor (other than the parties to the Transaction Documents) who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Issuer may be entitled to make an application for the commencement of insolvency proceedings against the Issuer. The commencement of such proceedings may in certain conditions, entitle creditors (including hedge counterparties) to terminate contracts with the Issuer and claim damages for any loss suffered as a result of such early termination. The Issuer is insolvency-remote, not insolvency-proof.

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

The security interests granted to the Security Trustee

Under or pursuant to the Pledge Agreements, various security interests 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 Netherlands and Luxembourg law to pledgees notwithstanding the winding-up, liquidation or bankruptcy or similar proceedings involving the Issuer subject to the limitations of Luxembourg law. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any winding-up, liquidation or bankruptcy or similar proceedings involving the Issuer would affect the position of the Security Trustee as pledgee in some respects as described below.

As a matter of Dutch insolvency law, to the extent the rights pledged are future receivables, the right of pledge on such future receivable cannot be invoked against the estate of the pledgor, if such future receivable comes into existence after the pledgor has been wound-up, liquidated, declared bankrupt or has been subjected to similar proceedings. The Issuer has been advised that the assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement and the pledge under the Seller Rights Pledge Agreement should probably be regarded as future receivables.

The Issuer Rights Pledge Agreement, and the Issuer Mortgage Receivables Pledge Agreement are governed by Dutch law. The Issuer Account Pledge Agreement is governed by Luxembourg law.

The Luxembourg Collateral Law

All security rights granted in the form of a pledge over monetary claims qualify as financial collateral arrangements under The Luxembourg law on financial collateral arrangements dated August 5, 2005, as amended (the "**Luxembourg Collateral Law**") and the Luxembourg Collateral Law governs the creation, validity, perfection and enforcement of the Issuer Account Pledge Agreement.

Under the Luxembourg Collateral Law, the perfection of security interests depends on certain registration, notification and acceptance requirements. A bank account pledge agreement must be notified to and accepted by the account bank. In addition, the account bank has to waive any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, the perfection of such pledge will require additional notification to, acceptance and waiver by the account bank. Until such registrations, notifications and acceptances occur, the Issuer Account Pledge Agreement will not be effective and perfected against, the Issuer Account Banks and other third parties. In respect of the Issuer Account Pledge Agreement, the Issuer Account Bank will be notified of the creation of the Issuer Account Pledge Agreement and the Issuer Account Bank will accept the security interest created thereby and will waive any pre-existing security interests and other rights in respect of the Issuer Accounts.

Article 11 of the Luxembourg Collateral Law sets out enforcement remedies available upon the occurrence of an enforcement event, including, but not limited to:

- direct appropriation of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) the listing price of the pledged assets, if any;

- sale of the pledged assets (i) in a private transaction at commercially reasonable terms ("*conditions commerciales normales*"), (ii) by a public sale at the stock exchange, or (iii) by way of a public auction;

- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or

- set-off between the secured obligations and the pledged assets.

As the Luxembourg Collateral Law does not provide for any specific time periods and depending on (i) the type of assets (either cash or securities), (ii) the method chosen, (iii) the valuation of the pledged assets, (iv) any possible recourses, and (v) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

Under Article 20 of the Luxembourg Collateral Law, all collateral arrangements in respect of assets over which Luxembourg security rights have been granted, as well as all enforcement measures and valuation and enforcement measures agreed upon by the parties in accordance with the Luxembourg Collateral Law, are valid and enforceable against third parties, insolvency receivers, liquidators and

other similar persons notwithstanding the insolvency proceedings and even if entered into during the pre-bankruptcy period ("*période suspecte*") (in all cases except in case of fraud).

A competent Luxembourg court will give effect to a foreign security right if such security right fits in the closed system of Luxembourg security rights ("*sûretés*") and preferential liens ("*privilèges*") and does not constitute a security or security concept unknown under Luxembourg law. A secured creditor will not be entitled to assert more rights or remedies in Luxembourg than are available (i) to it under the foreign security right and (ii) to a holder of a Luxembourg security right that, by its legal nature, is similar to the foreign security right. The Issuer has been advised that there is no Luxembourg court precedent in this context and it may be uncertain how a Luxembourg court would treat a foreign security interest or right in rem in each particular case if it materially differs from any security right available under Luxembourg law.

Notwithstanding the above, a competent Luxembourg court will give effect to the pledges governed by Dutch law where such pledges cover assets located in a Member State (other than Luxembourg) of the European Union party to the Insolvency Regulation even if the foreign rights in rem (for purposes of the Insolvency Regulation) over these assets grant more extensive rights to a secured creditor than internal Luxembourg law, unless these assets have been moved to Luxembourg prior to the opening of Luxembourg insolvency proceedings.

Finally, under Luxembourg law, certain creditors of an insolvent party have rights to preferred payments arising by operation of law, some of which may, under certain circumstances, supersede the rights to payment of secured or unsecured creditors, and most of which are undisclosed preferences ("*privilèges occultes*"). This includes, in particular, the rights relating to fees and costs of the insolvency official as well as any legal costs, the rights of employees to certain amounts of salary, and the rights of the Treasury and certain assimilated parties (namely social security bodies), which preferences may extend to all or part of the assets of the insolvent party. This general privilege takes in principle precedence over the privilege of a pledgee in respect of pledged assets. Finally, the appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions. Generally, according to paragraph 2(4) of the Luxembourg Collateral Law, a security (financial collateral) may be provided in favor of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third party beneficiaries, whether present or future, provided that these third party beneficiaries are determined or may be determined. Without prejudice to their obligations *vis-à-vis* third party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

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.

The above observations with respect to the laws of the Netherlands and Luxembourg apply *mutatis mutandis* to the pledge granted pursuant to the Seller Rights Pledge Agreement (See risk factor *Risk Factors Regarding the Seller* below with respect to the laws of Luxembourg).

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 and the Deeds of Assignment.

The Security Trustee is a special purpose vehicle and is unlikely to become insolvent, *inter alia*, as a result of non-petition and limited recourse covenants and obligations. However, 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 in the Netherlands, 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 is an admitted institution of Quion Groep B.V. and has the benefit of the license of Quion Groep B.V. as intermediary ("*bemiddelaar*") 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. In the Sub-Servicing Letter, the Sub-servicers have agreed with the Issuer to perform the Mortgage Loan Services as back-up servicer and to replace, upon the occurrence of a Servicer Termination Event, the Seller in its capacity as Servicer under the Servicing Agreement.

Risk related to the termination of the Swap Agreement

On the Signing Date, the Issuer will enter into the Swap Agreement with the Swap Counterparty and the Security Trustee to hedge the risk of a mismatch between the rate of interest to be received by the Issuer on the Swap Mortgage Receivables (Non-Euribor Mortgage Receivables which are not in arrears for more than 30 days) and the rate of interest payable by the Issuer on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes to a certain extent. The Issuer's income from the Mortgage Receivables will be a mixture of floating and fixed rates of interest, which will not directly match (and may in certain circumstances be less than) its obligations to make payments of the floating rate of interest due to be paid by it under the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. Accordingly, the Issuer will depend upon payments made by the Swap Counterparty to assist it in making interest payments on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on each Notes Payment Date on which a net payment is due from the Swap Counterparty to the Issuer (or *visa versa*) under the Swap Agreement. As a result of the failure of the Swap Counterparty to make any payment under the Swap Agreement, the Available Revenue Funds may be insufficient to make the required payments of interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes) if the rate of interest received by the Issuer on the Mortgage Receivables is substantially lower than the rate of interest payable by it on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. In these circumstances, the holders of Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes may experience delays and/or reductions in the interest payments to be received by them.

The Swap Agreement will solely relate to the Swap Mortgage Receivables and the interest payable under the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will only be partly covered by the Swap Agreement up to a notional amount equal to the Swap Mortgage Receivables Notional Amount. This will leave the Issuer exposed to a mismatch between the 3 months Euribor rate of interest to be received by the Issuer on the Euribor Mortgage Receivables and the 3

months Euribor rate of interest payable by the Issuer on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. This risk will increase when then rate of interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as applicable, increases after the first Optional Redemption Date, whereas the rate of interest on the Euribor Mortgage Loans will remain unchanged.

Furthermore, the Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that upon the occurrence of a Tax Event (as defined in the Swap Agreement), the Swap Counterparty may transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the Swap Counterparty is unable to transfer its rights and obligations under the Swap Agreement to another office, branch or affiliate, it will have the right to terminate the Swap Agreement.

In addition, in the event that the Swap Counterparty is downgraded below the Swap Required Ratings, the Issuer may terminate the Swap Agreement if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions may include the Swap Counterparty collateralising its obligations under the Swap Agreement, transferring its obligations to a replacement swap counterparty having at least the Swap Required Ratings or procuring that an entity with at least the Swap Required Ratings becomes a co-obligor with, or guarantor of, the Swap Counterparty. However, in the event the Swap Counterparty is downgraded there can be no assurance that a co-obligor, guarantor or replacement swap counterparty will be found or that the amount of collateral provided will be sufficient to meet the Swap Counterparty's obligations.

The Swap Agreement will also be terminable by either party if - *inter alia* - upon the occurrence of one of certain specified Events of Default and Termination Events (each as defined therein) commonly found in standard ISDA documentation except where such Events of Default and Termination Events (each as defined therein) are disapplied and/or modified and any Additional Termination Events (as defined therein) are added.

Termination Events will occur if (i) it becomes unlawful for either party to perform its obligations under the Swap Agreement, or (ii) a Tax Event (as defined in the Swap Agreement) as modified by deletion of part (x) occurs, or (iii) a Tax Event Upon Merger (as defined in the Swap Agreement) occurs, which can only be designated by the Issuer or (iv) a Credit Event Upon Merger (as defined in the Swap Agreement) occurs or (v) an Enforcement Notice is served or (vi) the Notes are redeemed in full or (vii) the rating of the Swap Counterparty falls below the Swap Required Ratings and the appropriate remedial actions have not been taken in time or (viii) certain amendments are made to the Transaction Documents without the consent of the Swap Counterparty. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement, and (ii) certain insolvency events and (iii) merger without assumption.

If the Swap Agreement terminates the Issuer may have to pay a termination payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. Any such termination payment could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full.

If a replacement swap is entered into, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution by the Issuer to the Secured Creditors (including, *inter alia*, the Noteholders). The Issuer may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If a replacement Swap Counterparty cannot be found, the risk of a difference between the rate of interest to be received by the

Issuer on the Swap Mortgage Receivables and the interest payable by the Issuer on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will not be hedged, and as a result, the Available Revenue Funds may be insufficient to make the required payments of interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Class A Notes, the Class B Notes and the Class C Notes) if the rate of interest received by the Issuer on the Mortgage Receivables is substantially lower than the rate of interest payable by it on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. In these circumstances, the holders of Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes may experience delays and/or reductions in the interest payments to be received by them.

Insolvency proceedings and subordination provisions

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

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

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

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

Risks related to the Issuer's Dutch tax position

The Issuer is managed and controlled in Luxembourg. The Issuer has been advised that on this basis the Issuer will not be treated as an entity that is a resident taxpayer in the Netherlands for Dutch corporate income tax purposes. The Issuer has also been advised that the criteria of a permanent establishment located in the Netherlands are not fulfilled and that on this basis its income will not be taxable in the Netherlands. However, investors should note that there is no certainty that the Dutch tax authorities will agree with this assessment. It cannot be entirely ruled out that the Dutch tax authorities may qualify the Servicer, being the servicer of the Mortgage Receivables, as a permanent representative of the Issuer in the Netherlands or even assume that the Issuer has its place of effective management and control in the Netherlands.

If, in the unlikely event and contrary to the expectations of the Issuer, the Dutch tax authorities take the position that the Issuer is effectively managed and controlled in the Netherlands:

(i) Dutch corporate income tax will, in principle, arise with respect to taxable income of the Issuer. However, in case the Issuer is subject to Dutch corporate income tax on the basis of being a resident taxpayer, its taxable income would be expected to be low. If the Servicer would be treated as a permanent representative of the Issuer in the Netherlands, then the Issuer has been advised that the risk of this resulting in the recognition of taxable income of the Issuer in the Netherlands is remote.

(ii) No Netherlands withholding tax will become due in respect of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes. The overall risk for Class A Noteholders, Class B Noteholders, Class C Noteholders and the Class D Noteholders that income or gains realised on their Notes will otherwise become subject to Dutch taxation is remote. For the other Noteholders, the risk of Netherlands withholding tax and/or that income or gains realised on their Notes will otherwise become subject to Dutch taxation may be somewhat higher, but is in practice still very small, and any such risk will not affect the Dutch tax position of the Class A Noteholders, Class B Noteholders, Class C Noteholders and the Class D Noteholders.

RISK FACTORS REGARDING THE SELLER

Insolvency Proceedings

The ability of the Seller to meet its obligations and commitments under the Mortgage Receivables Purchase Agreement, the Seller Rights Pledge Agreement and the other agreements to which the Seller is a party, may be limited in case of opening of insolvency proceedings against the Seller.

The Seller is incorporated under the laws of the Grand Duchy of Luxembourg. Accordingly, the Luxembourg District Court, sitting in commercial matters (the "**Luxembourg Commercial Court**"), should have, in principle, jurisdiction to open main insolvency proceedings with respect to the Seller, having its registered office and central administration ("*administration central*") and "centre of main interest" ("*centre des intérêts principaux*") ("**COMI**"), as defined in the Insolvency Regulation, in the Grand-Duchy of Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the Insolvency Regulation, the place of the registered office of a company shall be presumed to be the center of its main interests in the absence of proof to the contrary. As a result, there is a rebuttable presumption that the COMI of the Seller is located in the Grand Duchy of Luxembourg and consequently that the Luxembourg Commercial Court would have jurisdiction to open "main insolvency proceedings" (as defined in the Insolvency Regulation), such proceedings to be governed by Luxembourg law. However, the localisation of Seller's COMI is a question of fact, which may change from time to time. Preamble 13 of the Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties". In the Eurofood IFSC Limited decision by the European Court of Justice ("**ECJ**"), the ECJ restated the presumption set forth in the Insolvency Regulation that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". Subsequently, the ECJ stated in the Interedil Srl decision

(Case C-396/09) that a company's COMI must be determined by attaching greater importance to the place of the company's central administration, as may be established by objective factors which are ascertainable by third parties. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are taken, in a manner that is ascertainable by third parties, in that place, the presumption in that provision cannot be rebutted. Where a company's central administration is not in the same place as its registered office, the presence of company assets and the existence of contracts for the financial exploitation of those assets in a member state other than that in which the registered office is situated cannot be regarded as sufficient factors to rebut the presumption unless a comprehensive assessment of all the relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other member state.

Under Luxembourg insolvency laws, the following types of proceedings (the "**Luxembourg Insolvency Proceedings**") may be opened against the Seller:

- bankruptcy proceedings ("*faillite*"), the opening of which is initiated by the Seller, or by any of its creditors or *ex officio* by the Luxembourg Commercial Court. The managers of the Seller have the compulsory obligation to file for the opening of bankruptcy proceedings within 1 (one) month in case the Seller is in a state of cessation of payment ("*cessation de paiements*"). Bankruptcy proceedings are primarily designed to realize the assets of the bankrupt entity in order to pay off its debts. One of the main effects of such proceedings is the stay of proceedings: unsecured creditors and creditors with a general priority right would, as of the bankruptcy order, no longer be permitted to take any action based on title to movable and immovable assets, nor any enforcement action against the Seller's movable or immovable assets. However, secured creditors who are holding security interests falling within the scope of the Luxembourg Collateral Law, may enforce their security regardless of the bankruptcy adjudication;

- controlled management proceedings ("*gestion controlee*") which are governed by a Grand-Ducal decree of May 24, 1935 (the "**Decree**"), are available to the Seller, in the event that it no longer has creditworthiness or is experiencing difficulties in meeting all of its commitments.

- composition proceedings ("*concordat préventif de faillite*"), the obtaining of which is requested by the Seller only after having received a prior consent from a majority of its creditors holding 75% at least of the claims against the Seller. The obtaining of such composition proceedings will trigger a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the Seller to fulfil its obligations under the agreements to which it is a party may be affected by a decision of the Luxembourg Commercial Court to grant a stay on payments ("*sursis de paiement*") or to put the Seller into judicial liquidation ("*liquidation judiciaire*"). Judicial liquidation proceedings may be opened at the request of the public prosecutor against a Luxembourg company pursuing an activity violating criminal laws or which is in serious breach or violation of the commercial code or of the Luxembourg laws governing commercial companies. The management of such liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings. Liability of the Seller in respect of the agreements to which it is a party will, in the event of a liquidation of the Seller following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the Seller that are entitled to priority under Luxembourg law. For example, preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive.

As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate.
Insolvency proceedings may hence have a material adverse effect on the Seller's business and assets and the Seller's obligations under the agreements to which it is a party.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the Insolvency Regulation. In case of a bankruptcy of the Seller, the bankruptcy receiver ("*curateur*") would decide whether or not to continue performance under ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may decide to continue the business of the Seller, provided that he obtains the authorization of the Luxembourg Commercial Court and that such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and

- *intuitu personae contracts* (i.e., contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are generally automatically terminated as of the bankruptcy judgment.

In the event that the bankruptcy receiver decides to terminate a contract validly entered into by the Seller prior to the bankruptcy adjudication, the counterparty to such contract may file a claim for damages in the bankruptcy and such claim will rank *pari passu* with claims of all other unsecured creditors and/or initiate proceedings pertaining to a termination of the relevant contract. The counterparty may not require specific performance of the contract.

Hardening Periods and Fraudulent Transfer

Generally, payments made, as well as other transactions (listed in the pertinent section of the Luxembourg Commercial Code) concluded or performed by the Seller, during the hardening period ("*période suspecte*") which is fixed by the Luxembourg Commercial Court and dates back not more than 6 (six) months as from the date on which the Luxembourg Commercial Court formally adjudicates a person bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period, are subject to cancellation by the Luxembourg Commercial Court upon proceedings instituted by the Luxembourg bankruptcy receiver. In particular:

- article 445 of the Luxembourg Commercial Code sets out that specific transactions entered into during the hardening period and an additional period of 10 (ten) days preceding the hardening period fixed by the Luxembourg Commercial Court are null and void (e.g., the disposals by the Seller of movable and immovable assets without consideration or with inadequate consideration; payments whether in cash or by way of assignment, sale, set-off or by any other means for non-matured debts; payments that have not been in cash or by way of negotiable and non-negotiable papers for matured debts and the granting of security interests for antecedent debts);

- article 446 of the Luxembourg Commercial Code provides that the bankruptcy receiver may challenge and initiate nullity actions in the following events: (i) payments made for matured debts for considerations and (ii) other transactions realized during the hardening period, if the contracting party has knowledge of the cessation of payments;

- article 447 of the Luxembourg Commercial Code provides that the bankruptcy receiver may challenge and initiate nullity actions against mortgages and privileges that have been granted either 10 (ten) days prior to or after the date of the cessation of payments if more than 15 (fifteen) days have elapsed between the granting of the mortgage or privilege and its registration; and

- regardless of the hardening period, article 448 of the Luxembourg Commercial Code and article 1167 of the Luxembourg Civil Code ("*actio pauliana*") give the court-appointed bankruptcy receiver or the creditor the right to challenge any fraudulent payments and transactions made prior to the bankruptcy, without limitation of time.

The Luxembourg Collateral Law provides that with the exception of the provisions of the Luxembourg law of December 8, 2000 on over-indebtedness *("surendettement")* (which only apply to natural persons), the provisions of Book III, Title XVII of the Luxembourg Civil Code, the provisions of Book 1, Title VIII of the Luxembourg Commercial Code, the provisions of Book III of the Luxembourg Commercial Code and the national or foreign provisions governing reorganization measures, winding-up proceedings or other similar proceedings and attachments are not applicable to financial collateral arrangements (such as the Seller Rights Pledge Agreement) and shall not constitute an obstacle to the enforcement and to the performance by the parties of their obligations. Certain preferred creditors of the Seller (including the Luxembourg tax, social security and other authorities) may have a privilege that ranks senior to the rights of the secured or unsecured creditors.

All security rights granted in the form of a pledge over monetary claims (including foreign security interests similar in nature to Luxembourg security interests falling within the scope of the Luxembourg Collateral Law, such as the Seller Rights Pledge Agreement) qualify as financial collateral arrangements under the Luxembourg Collateral Law. According to the Luxembourg Collateral Law, all financial collateral arrangements (including pledges of receivables), as well as the enforcement events relating to these financial collateral arrangements, are valid and enforceable against third parties (including supervisors, receivers, liquidators or other similar bodies) irrespective of any bankruptcy, liquidation or other situations (e.g. hardening period ("*période suspecte"*)), of composition with creditors or of reorganization affecting any one of the parties, whether they are national or foreign, except in case of fraud. Where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, such arrangement is valid and binding against third parties, administrators, insolvency receivers, liquidators or similar bodies, notwithstanding any hardening period ("*période suspecte"*), if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of them, all in accordance with Article 21(2) of the Luxembourg Collateral Law.

Security Interests Considerations

In addition to the general considerations regarding Luxembourg security interests under the Luxembourg Collateral Law (please see Risk Factors *Relating to the Issuer; Effectiveness of the rights of pledge granted to the Security Trustee in case of insolvency of the Issuer; The Luxembourg Collateral Law*, the following risk factors should be considered with respect to the security interests granted by the Seller to the Issuer under the Seller Rights Pledge Agreement.

According to Luxembourg conflict of law rules, the courts in Luxembourg will generally apply the *lex rei sitae* or *lex situs* (the law of the place where the assets or subject matter of the pledge or security interest is situated) in relation to the creation, perfection and enforcement of security interests over such assets. In respect of Dutch law, see Risk Factor *Effectiveness of the rights of pledge granted to the Security Trustee in case of insolvency of the Issuer*.

Foreign law governed security interests and the powers of any receivers/administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg. Security interests/arrangements, which are not expressly recognized under Luxembourg law and the powers of

any receivers/administrators might not be recognized or enforced by the Luxembourg courts, even over assets located outside of Luxembourg, in particular where the Seller becomes subject to Luxembourg Insolvency Proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if "main insolvency proceedings" (as defined in the Insolvency Regulation) are opened under Luxembourg law and such security interests/arrangements constitute rights *in rem* over assets located in another Member State in which the Insolvency Regulation applies, and in accordance with article 5 of the Insolvency Regulation.

The perfection of the security interests created pursuant to pledge agreements does not prevent any third party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor. Such creditor may seek the forced sale of the assets of the pledgors through court proceedings, although the beneficiaries of the pledges will in principle remain entitled to priority over the proceeds of such sale (subject to preferred rights by operation of law).

In view of the foregoing, the effectiveness of the security rights under the Seller Rights Pledge Agreement to the Issuer may be limited in case of insolvency of the Seller.

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 on the Mortgage Loans

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 Notes and Cash 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 or is not able to redeem the Notes at the Final Maturity Date

Notwithstanding the increase in the margin applicable to the Class A Notes on and from the First Optional Redemption Date, 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 may be no incentive to exercise the right to redeem any of the Notes on the Optional Redemption Dates. It is however noted that the Notes shall be redeemed in accordance with Condition 6(b) (*Mandatory Redemption of the Notes*) if the Seller has exercised the Seller Call Option, which option may be exercised by the Seller on each Optional Redemption Date, and that the Seller has various incentives to do so – as explained under the risk factor *Risks related to early redemption of the Notes in case of the exercise by the Seller of the Seller Call Option, Clean-Up Call Option or the Seller Subordinated Loan Receivables Repurchase Option or the exercise by the Issuer of the Tax Call Option or to redeem the Notes on an Optional Redemption Date.*

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 or a replacement refinancing. The Issuer shall always 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 assurance that such a sale of the Mortgage Receivables at such price will take place. Among other things, apart from selling the Mortgage Receivables, the Issuer's ability to call the transaction on an Optional Redemption Date may also depend on its ability to structure and execute a replacement financing. 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. 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, the rates set on the Mortgage Loans pursuant to the Interest Rate Policy Letter, prevailing mortgage underwriting standards, 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.

In general, prepayment penalties that are incorporated in mortgage loan contracts tend to lower prepayment rates in the Netherlands. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment within an interest rate period. Consequently, prepayment penalties are higher on mortgage loans with a fixed rate than mortgage loans with a floating rate, which generally have shorter interest rate periods. Prepayment penalties tend to impact borrower prepayment rates and lead to a higher number of redemption of mortgage loans at the end of an interest rate period.
The prepayment rates further increase if at the end of an interest rate period an originator offers an interest rate higher than the mortgage rates offered by other originators. The prepayment rate will decrease if at the end of an interest rate period an originator offers an interest rate lower than the

mortgage rates offered by other originators. Lower rates of prepayment may lead to slower prepayments of the principal amount outstanding of mortgage loans in the Netherlands. As a result, the exposure of the Originators to the Borrowers of the Mortgage Loans tends to remain high over time and the Issuer will have a similar position following the purchase of the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement.

Risks related to early redemption of the Notes in case of the exercise by the Seller of the Seller Call Option, Clean-Up Call Option or the Seller Subordinated Loan Receivables Repurchase 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) on an Optional Redemption Date, subject to and in accordance with Condition 6(d) (*Optional Redemption*) and in respect of the Class E Notes, subject to Condition 9(b) (*Principal*) and (ii) on any Notes Payment Date, subject to and in accordance with Condition 6(e) (*Redemption for tax reasons)*, for certain tax reasons by exercise of the Tax Call Option, and in respect of the Class E Notes, subject to Condition 9(b) (*Principal*). 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) (*Mandatory redemption of the Notes*), if the Seller exercises the Seller Call Option, the Clean-Up Call Option or the Seller Subordinated Loan Receivables Repurchase Option, in each case, in respect of the Class E Notes, subject to Condition 9(b) (*Principal*).

The Seller shall hold and retain (part of) the Class E Notes representing a material net economic interest in the securitisation transaction of at least 5%. Without prejudice to the retention requirement, the following incentives exist for the Seller to exercise the Seller Call Option on or before the First Optional Redemption Date: (i) the increase in the margin applicable to the Class A Notes on and from the First Optional Redemption Date may (a) reduce the value of the Class E Notes held by the Seller and (b) lead to an increase of the costs of VSK Holdings Limited, being the sole shareholder of the Seller, in relation to the back-to-back swap agreement which another subsidiary of VSK Holdings Limited has provided to the Swap Counterparty with respect to the Swap Agreement and (ii) the accelerated redemption of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Conditions from and including the Acceleration Start Date (being the same date as the First Optional Redemption Date) may (further) reduce the value of the Class E Notes held by the Seller.

Should the Tax Call Option, the Seller Call Option or the 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(b) (*Principal*), a Subordinated Note may be redeemed subject to Principal Shortfall. This applies to redemption of the Subordinated Notes on the Final Maturity Date. With respect to the Class E Notes this applies also to redemption in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(d) (*Optional Redemption*) and Condition 6(e) (*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, the Class B Notes and the Class C Notes are based on Dutch law, Luxembourg law and the laws of England and Wales 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, Luxembourg law, the laws of England and Wales or administrative practice in the Netherlands, Luxembourg or England and Wales 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
In accordance with the Conditions and the Trust Deed (i) payments of principal and interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, (ii) payments of principal and interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes (iii) payments of principal and interest on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes, (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and payments of interest on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and payments of principal on the Class S Notes and (iv) payments of principal on the Class S Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and payment of principal on the Class E Notes. See further Section 5 (*Credit Structure*) and Section 4.1 (*Terms and Conditions*).

It is however noted that, prior to an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with an amount equal to the Available Revenue Funds remaining after all items ranking above item (s) of the Revenue Priority of Payments have been paid in full. If the Class S Notes have been redeemed (in part or in full) and there is a shortfall in the amount available to the Issuer to pay interest and/or principal on the other Classes of Notes, this will result in the other Classes of Notes bearing a greater loss than that borne by the Class S Notes.

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) (*Principal*)).

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.

Resolution adopted at a meeting of the Class A Noteholders is binding on all Noteholders and a resolution adopted by a Noteholders' meeting of a relevant Class is binding on all Noteholders of that relevant Class

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 the Conditions or any provisions of the Transaction Documents. An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class irrespective of the effect upon them, provided that in case of an Extraordinary Resolution approving a Basic Terms Change, such Extraordinary resolution shall not be effective 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. All resolutions, including Extraordinary Resolutions, duly adopted at a Meeting are binding upon all Noteholders of the relevant Class, whether or not they are present at the Meeting. Changes to the Transaction Documents and the Conditions may therefore be made without the approval of the Noteholders of a relevant Class of Notes (other than the Most Senior Class) in case of a resolution of the Noteholders of the Most Senior Class of Notes or individual Noteholder in case of a resolution of the relevant Class and/or in each case without the Noteholder being present at or aware of the relevant meeting (see for more details and information on the required majorities and quorum, Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*) below). Noteholders are therefore exposed to the risk that changes are made to the Transaction Documents and the Conditions without their knowledge or consent and/or which may have an adverse effect on it.

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. In addition, the Security Trustee may agree without the consent of the Noteholders to the accession of any Future Insurance Savings Participant and any modification of any Transaction Document which is required or necessary in connection therewith.

Without prejudice to the previous paragraph, the Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if a Credit Rating Agency Confirmation is available, provided that if such Credit Rating Agency Confirmation does not relate to all aspects of such exercise or the Credit Rating Agency Confirmation results from items (c)(i)(y) and (c)(ii) of the definition of Credit Rating Agency Confirmation, the Security Trustee shall rely on its own analysis.

Prior consent rights of other parties

The Swap Counterparty's written consent is required for amendments (i) to Clause 4 of the Servicing Agreement, (ii) to the Interest Rate Policy Letter or (iii) which constitute a Basic Terms Change. The Swap Counterparty may not unreasonably withhold such consent. In case of an amendment which constitutes a Basic Terms Change, no such consent will be required if the Swap Counterparty fails to respond within ten (10) Business Days of written request by the Security Trustee. Therefore, the Swap Counterparty effectively can veto certain proposed modifications, amendments or waivers to the Interest Rate Policy and which is a Basic Terms Change.

Furthermore, the Issuer has undertaken in the Senior Subscription Agreement to notify the Seller of the

following amendments or modifications: (i) an amendment or modification to the definition of Mortgage Loans, (ii) amendments or modification to the circumstances in which the Seller may sell the Mortgage Loans or agree to change the terms of any of the Mortgage Loans and (iii) amendments or modifications to the servicing of the Mortgage Loans. In addition, the Issuer has agreed with the Seller that it will not agree to such amendment or modification if the Seller has, within 5 Business Days, has used its veto on such proposed amendment or modification. In addition, it is also noted that Banque Artesia Nederland N.V. has limited consent rights for amendments of certain clauses relating to the enforcement of the right of pledge over the Seller Rights.

As a consequence of the veto rights of the Swap Counterparty and the Seller, the Issuer and the Noteholders may experience difficulties to implement certain changes to the Transaction and the Transaction Documents.

Risks related to the limited liquidity of the Notes

The secondary market for mortgage-backed securities may experience limited liquidity. 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

Notes in definitive form and denominations in integral multiples

The Notes have a denomination consisting of a minimum authorised denomination of EUR 125,000 plus higher integral multiples of EUR 1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Notes in definitive form are required to be issued, a Noteholder who holds a principal amount of a Note less than the minimum authorised denomination at the relevant time may not receive a Note in definitive form in respect of such holding and may need to purchase a

principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount). Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 125,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 249,000. No Notes in definitive form will be issued with a denomination above EUR 249,000. If Notes in definitive form are issued, Noteholders should be aware that these Notes in definitive form which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

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

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

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

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 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 or where such withholding or deduction is required to be made pursuant to the Luxembourg laws of December 23, 2005 (as amended) introducing in Luxembourg a 10 per cent. withholding tax as regards Luxembourg resident individuals.

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

Whilst the Notes are in global form and held by Clearstream Luxembourg, Euroclear or Bank of America National Association, London Branch as common safekeepers, in all but the most remote circumstances it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code (the "**Code**") or regulations and other authoritative guidance thereunder ("**FATCA**") will affect the amount of any payment received by the common safekeepers. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA withholding, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Pursuant to the terms and conditions of the Notes, the Issuer's obligations under the Notes are discharged once it has paid the common safekeeper for the clearing systems (as bearer of the Notes) and neither the Issuer nor any Paying Agent will be required to pay additional amounts should FATCA withholding apply to any amount transmitted through the clearing systems and thereafter through custodians or other intermediaries.

If the Issuer 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 (including entities that hold the Notes), or is not otherwise exempt from or in deemed compliance with FATCA, the Issuer may be subject to FATCA withholding on payments received from U.S. sources and certain payments from Participating FFIs which are attributable to US sources. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model intergovernmental agreements implementing FATCA, 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.

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. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date. 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.

In 2006 the EU Commission requested information from Luxembourg in respect of the Luxembourg Securitisation Act and the Luxembourg law on investment companies in risk capital (SICAR), as regards the compatibility of these laws with European provisions on State Aid. The Luxembourg Government replied to the questions raised in the summer of 2006. Following the reply by Luxembourg, the EU Commission has sofar never taken any formal position on the question. As the discussion dates back over 5 years, it is generally expected that the Securitisation Act should not constitute prohibited State Aid, inter alia, as securitisation should not be viewed as a business enterprise. However, by lack of formal conclusion by the EU Commission it cannot be entirely excluded that the EU Commission would come back on the issue. In the event that the Luxembourg Securitisation Act would be considered to constitute prohibited State Aid, Luxembourg tax leakage at the level of the Issuer may increase both for the past as for the future.

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

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a 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 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 Issue Date or at any time in the future.

In particular, investors should be aware of Part 5 (Articles 405-410) of the CRR which replaces in its entirety Article 122a of the CRD and came into force in all European Economic Area ("**EEA**") Member States from 1 January 2014. Article 405 of the CRR restricts a credit institution and investment firm regulated in a Member State of the EEA and consolidated group affiliates thereof (each, an "**Affected Investor**") from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the Affected Investor 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 405 of the CRR. Article 406 of the CRR also requires an Affected Investor 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 monitoring the performance of the underlying exposures on an on-going basis. Failure to comply with one or more of the requirements set out in the CRR will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Furthermore, investors should be aware of Article 17 of the European Union Alternative Investment Fund Managers Directive (Directive 2011/61/EU) ("**AIFMD**"), as supplemented by Section 5 of Commission Delegated Regulation (EU) No 231/2013) ("**AIFMR**"), which took effect on 22 July 2013. The provisions of Section 5 of Chapter III of the AIFMR provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While such requirements are similar to those which apply under Part 5 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

As at the Issue Date, the Seller undertakes to comply with Article 405 of the CRR and Article 51 of the AIFMR and to retain a 5% or higher net economic interest in the transaction by holding (part of) the Class E Notes. In addition, the Seller shall provide Noteholders with all relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR Regulatory Requirements and the AIFMR Regulatory Requirements, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and to ensure that the Noteholders have readily available access to all materially relevant data (see Section 8 (*General*) for more details). The Seller has been advised that it may be classified as 'originator' within the meaning of Article 405-410 of the CRR and may satisfy the requirement to retain a 5% or higher net economic interest in the transaction, as the Seller is an entity that has purchased the Mortgage Receivables from a third party for its own account within the meaning of Article of the 405 CRR (i.e. by virtue of its purchase of the Mortgage Receivables from the Originators immediately after it acquired the shares in the Originators) and is therefore the proper person to undertake the retention obligation under CRR.

Requirements similar to the CRR Regulatory Requirements and the AIFMR Regulatory Requirements are scheduled to apply in the future to investments in securitisations by EEA insurance and reinsurance undertakings and by EEA undertakings for collective investment in transferable securities. For the purpose of this risk factor, all such requirements, together with Part 5 of the CRR and Section 5 of Chapter III of the AIFMR, are referred to as the "**Securitisation Retention Requirements**".

There remains considerable uncertainty with respect to the Securitisation Retention Requirements and it is not clear what will be required to demonstrate compliance to national regulators. As regards Part 5 of the CRR, the European Banking Authority has conducted an open public consultation on the draft implementing technical standards on which CRR is based. Following this consultation, the European Banking Authority published the final version of the Draft Regulatory Technical Standards and the Draft

Implementing Technical Standards in respect of Part 5 of the CRR on 17 December 2013. The European Commission subsequently published the text of the Regulatory Technical Standards and the Implementing Technical Standards it has adopted on 12 March 2014. The Technical Standards are currently subject to the review of the Council of the EU and the European Parliament. As the final Regulatory Technical Standards have not been published (expected to be published this year), the final Regulatory Technical Standards may differ from the Regulatory Technical Standards adopted by the European Commission. It may be that as a result of interpretation of or a change in Part 5 of the CRR, the Seller may not be the appropriate party to hold 5% net economic interest in the transaction which would result in the transaction not being compliant with Part 5 of the CRR.

No assurance can be provided that any changes made in connection with CRR through the Regulatory Technical Standards will not affect the requirements applying to Affected Investors.

Prospective Noteholders should therefore make themselves aware of the Securitisation Retention Requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with the Securitisation Retention Requirements (and any corresponding implementing rules of their regulator) and none of the Issuer, the Seller, the Arranger, the Lead Manager, the Issuer Adviser nor any other party to the transaction makes any representation that the information described above is sufficient in all circumstances for such purposes. Investors who are uncertain as to their compliance with the Securitisation Retention Requirements should seek guidance from their regulator.

The Securitisation Retention Requirements 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, and 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). Member countries are required to implement the new capital standards as soon as possible (with provisions for phased implementation, meaning that the measures will not apply in full until January 2019). The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general. It is uncertain when the European Commission's corresponding proposals to implement the changes (through amendments to the CRD known as CRD IV) will be implemented.

Furthermore, pursuant to rules referred to as Solvency II, more stringent rules will apply for European insurance companies which are expected to become effective as of January 2016 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 or the 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).

European Market Infrastructure Regulation (EMIR)
The Issuer will be entering into the Swap Agreement which is an interest rate swap transaction.

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") which entered into force on 16 August 2012 establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty and reporting requirements.

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts which are declared subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. At this moment no central counterparty has obtained authorisation under EMIR, no non-European central counterparty has been recognised under EMIR and no OTC derivatives contracts have been declared subject to the clearing obligation.

OTC derivatives contracts that are not cleared by a central counterparty are subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts (applicable from 15 March 2013), portfolio reconciliation (applicable from 15 September 2013), dispute resolution (applicable from 15 September 2013 and arrangements for monitoring the value of outstanding OTC derivatives contracts (applicable from 15 March 2013). EMIR also contains requirements with respect to margining which are applicable from 16 August 2012. The regulatory technical standards providing more detailed requirements in respect of margining , including the levels and type of collateral and segregation arrangements, are expected in 2014. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement.

The same applies with respect to the reporting requirements under EMIR. Under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. Under the Reporting Services Agreement the Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository as soon as such obligation comes into force. Such Agreement may be terminated by the Swap Counterparty in which case the Issuer will need to perform the reporting services and/or may outsource the performance of such reporting services to a third party such as the Issuer Administrator or the Issuer Adviser.

EMIR may, *inter alia*, lead to more administrative burdens and higher costs for the Issuer.

Pursuant to Article 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the Swap Transaction invalid or unenforceable. However, if any party fails to comply with the rules under EMIR it may be liable for a fine. If such a fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

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 and the Swap Counterparty 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, the Class B Notes and the Class C 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, the Class B Notes and/or the Class C Notes.

Risk that the ratings of the counterparties change

Certain counterparties of the Issuer are required to have a certain minimum rating pursuant to the Transaction Documents and if the rating of such counterparty falls below such rating, remedial actions are required to be taken, which may, for example, entail posting of collateral and/or replacement of such counterparty. If a replacement counterparty must be appointed or another remedial action must be taken, it is not certain whether a replacement counterparty can be found which complies with the criteria or is willing to perform such role or such remedial action is available. In addition, such replacement or action when taken, may lead to higher costs and expenses, as a result of which the Issuer may have insufficient funds to pay its liabilities in full. Moreover, a deterioration of the credit quality of any of the Issuer's counterparties, a downgrade of their credit rating and/or the failure to take remedial actions could have an adverse effect on the credit rating assigned to, and/or the value of, the Class A Notes, the Class B Notes and/or the Class C Notes.

Credit ratings may not reflect all risks

The credit ratings of each Class of the Class A Notes, the Class B Notes and/or the Class C Notes address 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, the Class B Notes and/or the Class C 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, the Class B Notes and/or the Class C Notes.

Risk related to unsolicited ratings on the Notes

Other credit rating agencies that have not been engaged to rate the Notes by the Issuer may issue unsolicited credit ratings on the Notes at any time. Any unsolicited ratings in respect of the Notes may differ from the ratings expected to be assigned by Fitch and S&P and may not be reflected in any final terms. Issuance of an unsolicited rating which is lower than the ratings assigned by Fitch and S&P in respect of the Notes may adversely affect the market value and/or the liquidity of the Notes.

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

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

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 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 Issue Date.

A confirmation from the relevant Credit Rating Agency represents only a restatement or confirmation of the opinions given as at the Issue 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 the relevant Credit Rating Agency that the then current ratings of the Class A Notes, the Class B Notes and the Class C 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 the relevant Credit Rating Agency that the then current ratings of the Class A Notes, the Class B Notes and the Class C 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, the Class B Notes and/or the Class C 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 each 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 proposal was approved by the European Parliament in July 2013. Originally, the adopted proposal foresaw the financial transaction tax for the 11 participating member states entering into effect on 1 January 2014. This deadline was not met. The European Commission expects the financial transaction tax to enter into force towards the middle of 2014, although an effective date of 1 January 2015 has also been mentioned. 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. If the financial transaction tax is introduced, financial institutions and certain other parties would be required to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in the FTT-zone.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

The Seller has limited resources available to meet its respective obligations/limited value of representations and warranties given by the Seller

The Seller has acquired the shares in the Originators from Banque Artesia Nederland N.V. pursuant to the SPA on 13 December 2013. Prior to such date the Seller did not have control over the Originators and the origination and servicing process with respect to the Mortgage Receivables. Prior to the acquisition of the shares in the Originators the Seller received information on the Originators and origination and servicing process with respect to the Mortgage Receivables and certain representations and warranties in this respect under the SPA. For the purpose of the acquisition and the Seller's entry into the transactions described in this Prospectus and its obligations under the Transaction Documents described in this Prospectus, the Seller has relied on such information and such representations and warranties in the SPA. Should such information be incorrect, incomplete or otherwise insufficient, or should the representations and warranties be breached, this may result in a breach by the Seller of its obligations or representations and warranties under the transaction described in this Prospectus without it being aware and/or being in a position to remedy or cure such incorrect, incomplete or insufficient information or cure any breach of a representation or warranty, but without prejudice to its obligation to repurchase (as the case may be). The Seller would finance this repurchase from its available assets, notably including potential claims by the Seller under the SPA for breach of representation (provided that such claim (in isolation or when aggregated with other claims made by the Seller under the SPA) exceeds a minimum amount and is brought within a certain time) and available cash. As of the Issue Date, the Seller will have an amount of EUR 3,500,000 available for breach of representation claims under the Mortgage Receivables Purchase Agreement. In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to hold such amount available, reduced with the amounts of any such claims paid or any amounts paid as purchase price for the repurchase of a Mortgage Receivable in connection with such breach, until the Notes are redeemed in full. Although the Seller will have certain indemnification rights under the SPA, such rights are subject to strict limitations in terms of timing and financial sanction and may be regarded as future rights. These rights are pledged, subject to these limitations, to the Issuer pursuant to the Seller Rights Pledge Agreement. In addition, the rights of the Issuer to enforce the pledge granted by the Seller under the Seller Rights Pledge Agreement is subject to agreed limitations, see Section 4.7 (*Security*). As a consequence of these limitations, the Issuer as pledgee may not be able to exercise all rights the Seller has under the SPA and these rights may not be

enforceable in all cases, including in case of an insolvency of the Seller See above under risk factor *Effectiveness of the rights of pledge granted to the Security Trustee in case of insolvency of the Issuer.*

Part of the Risk Factors described herein refer to or are based on representations and warranties or covenants that have been given by the Seller to the Issuer in the Mortgage Receivables Purchase Agreement. If any of such representations or warranties proves to have been materially untrue or incorrect or the Seller defaults in the performance of its covenants or obligations contained herein, the Seller has undertaken with the Issuer in the Mortgage Receivables Purchase Agreement to indemnify the Issuer for any damages sustained by the Issuer as a consequence thereof, provided that the aggregate amount of such compensation shall never exceed the amount of the Outstanding Principal Amount of the relevant Mortgage Receivable as at the Cut-Off Date or the Securitisation Cut-Off Date, as applicable, and/or to repurchase the relevant Mortgage Receivables. The Seller has only limited assets available and there can be no assurance that the Seller will honour or have the financial resources to indemnify the Issuer of claims of any substantive nature or to repurchase the Mortgage Receivables.

The aggregate Outstanding Principal Amount may not reflect the current market value of the Mortgage Receivables.
The Issuer financed the purchase of the Mortgage Receivables by means of the issuance of senior notes to GIFS Capital Company, LLC and subordinated notes to the Seller in the Pre-Securitisation Financing Transaction and by means of set-off as described in Section 7.1. The market value of the Mortgage Receivables may, at any point in time, be lower than the Outstanding Principal Amount of the Mortgage Receivables. In such event there is a risk that the Issuer will upon maturity of the Mortgage Loans and/or upon enforcement of the Mortgage Receivables Pledge Agreement receive less than the Outstanding Principal Amount of the Mortgage Receivables, which could lead to losses under the Notes.

Risk in respect of Further Advances/Limited recourse on the Seller
The Originators do not intend to grant voluntary Further Advances or Other Claims, and each Originator has undertaken not to do so in the Mortgage Receivables Purchase Agreement unless the Seller has first repurchased the corresponding Mortgage Receivable from the Issuer at its Outstanding Principal Amount.

Furthermore, the Seller and the Originators have represented to the Issuer under the Mortgage Receivables Purchase Agreement that none of the Mortgage Loans include any obligation to grant Further Advances. In the event that this representation is breached, the Seller has agreed to repurchase the corresponding Mortgage Receivable from the Issuer at its Outstanding Principal Amount on the immediately succeeding Mortgage Collection Payment Date. The Seller would finance this repurchase from its available assets, notably including potential claims by the Seller under the SPA for breach of representation (provided that such claim (in isolation or when aggregated with other claims by the Seller under the SPA) exceeds a minimum amount and is brought within a certain time) and available cash. As of the Issue Date, the Seller will have an amount of EUR 3,500,000 available a for breach of representation claims under the Mortgage Receivables Purchase Agreement, including the representation in relation to further advances as described in this paragraph above. In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to hold such amount available, reduced with the amounts of any such claims paid or any amounts paid as purchase price for the repurchase of a Mortgage Receivable in connection with such breach, until the Notes are redeemed in full. If the Seller is unable to meet this repurchase obligation, the risks described in the risk factor *The Seller has limited resources available to meet its respective obligations/limited value of representations and warranties given by the Seller* would apply to the full extent.

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 has been assigned (i) on 13

December 2013 by each of the Originators to the Seller ("**Assignment I**") and (ii) on the Transfer Date by the Seller to the Issuer ("**Assignment II**"), each through a Deed of Assignment and registration thereof with the appropriate tax authorities. The Mortgage Receivables Purchase Agreement will provide that Assignment II 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. The same applies for Assignment I. For a description of these notification events reference is made to Section 7.1 (*Purchase, repurchase and sale*).

Under Dutch law, until notification of the Assignment I and Assignment II to the Borrowers, the Borrowers can only validly pay to the relevant Originator in order to fully discharge their payment obligations (*bevrijdend betalen*). Upon notification of Assignment I and until notification of Assignment II, the Borrowers can only validly pay to the Seller. The Originators and the Seller have 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.

Payments made by Borrowers under Mortgage Receivables prior to notification of Assignment I, but after bankruptcy having been declared in respect of an Originator will be for the relevant Originator'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. Payments made by Borrowers under Mortgage Receivables after notification of Assignment I and prior to notification of Assignment II, but after bankruptcy having been declared in respect of the Seller will fall into the Seller's bankruptcy estate, giving rise to a claim of the Issuer against the Seller for the amount of such payments, in the bankruptcy proceedings of the Seller and such claim of the Issuer would be ranked after the secured creditors of the Seller, if any. After notification of Assignment I and Assignment II, a Borrower can only validly make payments to the Issuer.

The risks set out in the preceding paragraphs, are mitigated to a certain extent by the following structural features. Each Borrower has given a power of attorney to the relevant Originator or any sub agent of the relevant Originator respectively to collect amounts from his account due under the Mortgage Loan by direct debit. Under the Receivables Proceeds Distribution Agreement each of the Originators undertakes to direct all amounts of principal and interest to the Collection Foundation Accounts maintained by the Collection Foundation that is a bankruptcy remote foundation ("*stichting*"). The Collection Foundation Accounts are held with ABN AMRO Bank N.V. As a consequence, the Collection Foundation has a claim against ABN AMRO Bank N.V. as foundation accounts provider (or its successor) as the bank where such account is held, in respect of the balances standing to credit of the Collection Foundation Accounts.

The Issuer has been advised that in the event of a bankruptcy of any of the Originators any amounts standing to the credit of the Collection Foundation Accounts relating to the Mortgage Receivables will not form part of the bankruptcy estate of such Originator. The Collection Foundation is set up as a special purpose bankruptcy remote entity. The objectives clause of the Collection Foundation is limited to collecting, managing and distributing amounts received on the Collection Foundation Accounts to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement.

Upon receipt of such amounts, the Collection Foundation will distribute to the Issuer or, after the Enforcement Date, to the Security Trustee any and all amounts relating to the Mortgage Receivables received by it on the Collection Foundation Accounts, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreement. Pursuant to the relevant Receivables Proceeds Distribution Agreement, Intertrust Administrative Services B.V. and after an insolvency event relating to Intertrust Administrative Services B.V., a new administrator appointed for such purpose, respectively,

will perform such payment transaction services on behalf of the Collection Foundation (see for a description of the cash collection arrangements *Credit Structure* below).

There is a risk that an Originator (prior to notification of the assignment) or its liquidator (following bankruptcy or suspension of payments but prior to notification) instructs the Borrowers to pay to another bank account. Any such payments by a Borrower would be valid ("*bevrijdend*"). This risk is, however, mitigated by the following. Firstly, each of the Originators has under the Receivables Proceeds Distribution Agreement undertaken towards the Issuer and the Security Trustee not to amend the payment instructions and not to redirect cash flows to the Collection Foundation Accounts in respect of the Mortgage Receivables to another account, without prior approval of the Issuer and the Security Trustee. In addition, Intertrust Administrative Services B.V. in its capacity as administrator for the Collection Foundation has undertaken in the Receivables Proceeds Distribution Agreement to disregard any instructions or orders from each of the Originators to cause the transfer of amounts in respect of the Mortgage Receivables to be made to another account than the Collection Foundation Account without prior approval of the Issuer and the Security Trustee. Notwithstanding the above, each of the Originators is obliged to pay to the Issuer any amounts which were not paid on the Collection Foundation Accounts but to the relevant Originator directly.

The balance standing to the credit of the Collection Foundation Accounts will be pledged to the Security Trustee and the Issuer by the Collection Foundation as security for (*inter alia*) any and all liabilities of the Collection Foundation to, respectively, the Security Trustee and the Issuer in view of the (remote) bankruptcy risk of the Collection Foundation. The Collection Foundation Accounts Pledge Agreement provides that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Originators and/or Seller will also have the benefit of the right of pledge on the balance standing to the credit of the Collection Foundation Accounts. The rights of Security Trustee will rank *pari passu* to the rights of each further security trustee in such securitisation transactions, conduit transactions or similar transactions and the rights of Issuer will rank *pari passu* to the rights of each further issuer in such securitisation transactions, conduit transactions or similar transactions.

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 relevant Originator to it (if any) with amounts it owes in respect of the Mortgage Receivable originated by such Originator prior to notification of the relevant assignment of the Mortgage Receivable originated by it. Claims which are enforceable (*afdwingbaar*) by a Borrower could, *inter alia*, result from Savings Mortgage Loans, current account balances or deposits made with the relevant Originator by a Borrower. Also such claim of a Borrower could, *inter alia*, result from (investment) services rendered by the relevant Originator 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 an originator to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable originated by such Originator will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes.

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 notification of Assignment I, but prior to notification of Assignment II to a Borrower, such Borrower will also have set-off rights *vis-à-vis* the Seller, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower against the relevant Originator results from the same legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower against the relevant Originator has been originated and become due and

payable prior to Assignment I 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 an Originator 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 I, and, further, provided that all other requirements for set-off have been met (see above).

In addition, upon notification of Assignment I, but prior to notification of Assignment II, to a Borrower, as a result of the Seller becoming authorised to collect ("*inningsbevoegd*"), such Borrower will have the right to set-off a counterclaim against the Seller *vis-à-vis* the Seller, subject to the requirements for set-off prior to notification of an assignment (see the first paragraph) having been met.

After a Borrower has been notified of Assignment I and of Assignment II, the Borrower will have the right to set-off a counterclaim against the relevant Originator or against the Seller *vis-à-vis* the Issuer, provided that the requirements for set-off after notification of an assignment (see the third paragraph) have been satisfied.

If notification of Assignment I and/or Assignment II is made after the bankruptcy or emergency regulations of the relevant Originator and 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.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the relevant Originator 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 relevant Originator and/or 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.

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 relevant Originator 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 relevant Originator. The Mortgage Loans also provide for All Moneys Pledges granted in favour of the relevant originator.

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 Originators have represented and warranted to the Seller and the Seller has represented and warranted to the Issuer that (i) other than in respect of Mortgage Loans originated by Ember Hypotheken 1 B.V. prior to 2003 and by Ember Hypotheken 2 B.V., each Mortgage Loan contains provisions that in case of assignment of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow, *pro rata*, the Mortgage Receivable if it is assigned to a third party and (ii) none of the Mortgage Loans originated by Ember Hypotheken 1 B.V. prior to 2003 and by Ember Hypotheken 2 B.V. contains any explicit provision on the issue whether in case of assignment of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow the Mortgage Receivable if it is assigned to a third party. In case of (i) there is an indication of the intention of the parties and in case of (ii) there is no clear indication of the intention of the parties. The Issuer has been advised that in both cases, in the absence of circumstances to the contrary, the All Moneys Security Right 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 Dutch 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.

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

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment by the relevant Originator to the Seller and/or by the Seller to the Issuer, the All Moneys Security Rights will be jointly-held (i) by the Issuer (or the Security Trustee) and the relevant Originator and will secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any Other Claims of the relevant Originator.

Where the All Moneys Security Rights are jointly-held by the Issuer or the Security Trustee and the relevant Originator, 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 Originators, 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 relevant Originator or the relevant Originator's bankruptcy trustee ("*curator*") (in case of bankruptcy) or administrator ("*bewindvoerder*") (in case of emergency regulations), may be required for such foreclosure.

The Originators, 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 relevant Originator 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 relevant Originator 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 Originators 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.

If (a bankruptcy trustee or administrator of) an Originator 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 relevant Originator (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.

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 relevant Originator will take into consideration certain conditions, in particular the term of the long lease. Therefore, the Mortgage Conditions used by each Originator 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 relevant Originator 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 Dutch 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 a Borrower Insurance 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*").

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 relevant Originator has been appointed as beneficiary under the relevant Insurance Policy, except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Originator, 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 relevant Originator 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 relevant Originator to the Issuer and will be pledged to the Security Trustee by the Issuer (see Section 4.7 (*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, to instruct the relevant Originator (i) (a) to use its best efforts to terminate the appointment of such Originator 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 relevant Originator 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 relevant Originator 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 relevant Originator may have on the relevant Borrower. If the proceeds are paid to the relevant Originator, 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 relevant Originator and the relevant Originator does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the relevant Originator, 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 relevant Originator 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 Mortgage Loans, Savings Mortgage Loans and Switch Mortgage Loans, the relevant Originator has the benefit of rights under the Insurance Policies. Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention

of the 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 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 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 the 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 relevant Originator 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 relevant Originator and the relevant Insurance Company are not considered as one legal entity, since the 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 Insurance Policy and to receive a commutation payment ("*afkoopsom*"). 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 relevant Originator. However, the Borrower may, as an alternative to the right to terminate the Insurance Policies, possibly rescind the Insurance Policy and may invoke a right of set-off *vis-à-vis* the relevant Originator 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 Assignment I and Assignment II (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 Mortgage Loan and the Insurance Policy are regarded as one legal relationship the Assignment I and Assignment II will not interfere with the set-off.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences *vis-à-vis* the relevant Originator, 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 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 relevant Originator 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 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 Insurance Policy. The Borrowers could also base a defence on "error" ("*dwaling*"), i.e. that the Mortgage Loans and the 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.

Life Mortgage Loans
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 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 Originators and the Seller that with respect to each Mortgage Loan to which a Life Insurance Policy is connected through the Borrower Insurance Pledge (i) the Mortgage Loan and the Life Insurance Policy were not marketed as one combined mortgage and life insurance product under one name (ii) the Borrowers were free to choose the relevant Insurance Company, (iii) there is no connection between the relevant Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the Beneficiary Rights under the relevant Life Insurance Policy and (iv) the Insurance Company is not a group company of the relevant Originator, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above.

Savings Mortgage Loans and Switch Mortgage Loans
In respect of Savings Mortgage Loans and Switch Mortgage Loans with a Savings Insurance Policy or a Savings Investment Insurance Policy, the Issuer has been advised that there is a considerable risk ("*aanmerkelijk risico*") that such a set-off or defence would be successful is greater than in case of Life Mortgage Loans in view of, *inter alia*, the close connection between a Savings Mortgage Loan and a Savings Insurance Policy and between a Switch Mortgage Loan and a Savings Investment Insurance Policy, as applicable.

In respect of Savings Mortgage Loans and Switch Mortgage Loans which are subject to an Insurance Savings Participation, the Insurance Savings Participation Agreements will provide that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan or Switch Mortgage Loans if, for whatever reason, the relevant Insurance Savings Participant (or in case of the Seller as Insurance Savings Participant, the relevant savings insurance company) does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or Savings Investment Insurance Policy and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivables with a Savings Alternative, the relevant Insurance Savings Participation of the relevant Insurance Savings Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Insurance Savings Participation is equal to the amounts of Savings Premium received by the Issuer plus the accrued yield on such amount (see Section 7.6 (*Sub-Participation Agreements*)), provided that the Insurance Savings Participant will have paid all amounts equal to the amounts due under the relevant Insurance Savings Participation Agreement to the Issuer. Therefore, normally the Issuer will not suffer any damages if the Borrower invokes any such set-off or defence, if and to the extent that the amount for which the Borrower invokes set-off or defences does not exceed the amount of the Insurance Savings Participation. However, there is a risk that the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Insurance Savings Participation. If and to the extent that the amount for which a Borrower successfully invokes set-off or defences would exceed the Insurance Savings Participation, such set-off or defences could lead to losses under the Notes. With respect to Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative with an Insurance Policy taken out with a Future Insurance Savings Participant such Future Insurance Savings Participant will not enter into an Insurance Savings Participation Agreement on the Issue Date, and may never enter in to an Insurance Savings Participation Agreement. Instead of such Future Insurance Savings Participant the Seller will in its

capacity as Insurance Savings Participant enter into an Insurance Savings Participation Agreement on the Issue Date and it may be replaced in the future by such Future Insurance Savings Participant. To mitigate the risk described above in cases where the Seller fails to comply with its obligations under the Insurance Savings Participation Agreement, the Seller and the Issuer have entered into a Subordinated Loan Agreement pursuant to which the Seller has granted a loan to the Issuer in an amount equal to the Outstanding Principal Amount of the Subordinated Loan Mortgage Receivables (being such Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative) as at the Issue Date. The Subordinated Loan is deposited in the Reserve Account with a corresponding credit to the Subordinated Loan Reserve Ledger. If a Borrower with a Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative with an Insurance Policy taken out with such Future Insurance Savings Participant invokes set-off or a defence to payment under such Mortgage Loan, an amount equal to the unpaid amount will be drawn from the Subordinated Loan Reserve Ledger and will form part of the Available Principal Funds.

The Insurance Savings Participation Agreements will apply to the Switch Mortgage Receivables only to the extent that Savings Premium is deposited or accumulated in a savings part of the Savings Investment Insurance Policy connected thereto. Consequently, the risk of set-off or defences, as described above, applies without limitation and is not mitigated by the relevant Insurance Savings Participation Agreement in case of a Switch Mortgage Loans in respect of which no Savings Premium is deposited or accumulated in a savings part of the Savings Investment Insurance Policy and applies in case no Insurance Savings Policy is entered into with respect to the relevant Switch Mortgage Receivable.

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 regarding the reset of interest rates

The Issuer, the Servicer, the Originators and the Issuer Adviser have in the Interest Rate Policy Letter agreed to offer to Borrowers certain types of interest rates at a certain minimum levels provided that any such policy will always be made in accordance with applicable laws, including, without limitation, the principles of reasonableness and fairness, competition laws and the Mortgage Conditions (the **Interest Rate Policy**), which Interest Rate Policy may be changed by the Issuer, the Servicer, the Originators and the Issuer Adviser. In case of an offer of an interest rate period which is not 5 (five) years or 10 (ten) years, the prior consent of the swap counterparty will be required, which consent is not to be unreasonably withheld.

Pursuant to the Mortgage Receivables Purchase Agreement the relevant Originators will determine and reset the Mortgage Interest Rates in accordance with the Interest Rate Policy until such authority is revoked by the Issuer. The Issuer, the Servicer and the Issuer Adviser have in the Servicing Agreement agreed that in case the authority of the Originators has terminated, the Servicer will determine and set the Mortgage Interest Rates in accordance with the Interest Rate Policy. The Issuer Adviser shall provide input and guidance for the Originators or the Servicer to determine the Mortgage Interest Rates. The Issuer, the Servicer, the Issuer Adviser and the Swap Counterparty have in the Servicing Agreement agreed that upon the occurrence of an early termination of the back-to-back swap agreement entered into between a subsidiary of VSK Holdings Limited (other than the Seller) and the Swap Counterparty pursuant to which the Swap Counterparty hedges its position under the Swap Agreement, the Swap Counterparty shall, upon its request, be appointed to determine and/or set the interest on the Mortgage Loans, in each case in accordance with the Interest Rate Policy and applicable

laws, including, without limitation to principles of reasonableness and fairness, competition laws and the Mortgage Conditions. Upon the exercise by the Swap Counterparty of its right to determine and/or set, as the case may be, the Mortgage Interest Rates, the Swap Counterparty shall have the right to delegate the right to determine and/or set, as the case may be, the Mortgage Interest Rates to a third party.

In view hereof the Mortgage Interests Rates may deviate substantially from the interest rates offered prior to the Issue Date, because the Interest Rate Policy may be different than the interest policy used prior to such date. Such Mortgage Interests Rates may also deviate as a result of a change in (i) the Interest Rate Policy after the Issue Date or (ii) the party determining the Mortgage Interests Rate. As set out above, the party which may determine the Mortgage Interests Rates will change after the Issue Date, after the termination of the authority to determine the interest rates of the Originators, and after the Swap Counterparty becoming entitled to determine the interest rates. Each party when determining the Mortgage Interests Rates may take into account its own position and own interest, subject to the Interest Rate Policy. It may therefore be that the party determining the Mortgage Interests Rates will take into account factors specific to it (or the group of companies to which is belongs) and may act in its own interest, which interest may deviate from the interest of the Noteholders. In addition, the Issuer Adviser when advising on the Mortgage Interests Rates, can also take into account factors specific to it or the group of companies to which it belongs. For example the Swap Counterparty (or through a back swap arrangement, the group of companies to which the Issuer Adviser belongs), may benefit from Mortgage Interests Rates that are set at a relatively high level, as the Swap Counterparty will receive the interest on the Mortgage Receivables and must pay the interest on the Notes. If the Mortgage Interests Rates are set at a relatively high or low level this may result in a higher or lower rate of prepayments, higher or lower defaults by the Borrowers and otherwise influence the performance of the Mortgage Receivables, which could in turn lead to less income available to the Issuer and ultimately to losses on the Notes.

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. 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*.

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 or Savings Investment Insurance Policies with an Investment Alternative 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 or Switch Mortgage Loans with an Investment Alternative

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, Life Mortgage Loans and Switch Mortgage Loans with an Investment Alternative. 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 relevant Originator 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 or Savings Investment Insurance Policies with an Investment Alternative 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 or Savings Investment Insurance policies with an Investment Alternative , commonly known as the "usury insurance policy affair" ("*woekerpolisaffaire"*). It is generally alleged that the costs of these products are disproportionally 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 or Savings Investment Insurance Policies with an Investment Alternative 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 relevant Originator is liable itself, whether jointly with the insurer or separately, *vis-à-vis* the Borrower/insured. In this situation, which may depend on the involvement of the relevant Originator 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 relevant Originator will not indemnify the Borrower. Any such set-off or defences may lead to losses under the Notes.

Risk relating to transfer of special servicing activities from and Banque Artesia Nederland N.V. to Quion

Prior to the Transfer Date, the defaulted loan servicing of the portfolios within Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. was performed by a special servicing team within Banque Artesia Nederland N.V., whilst the defaulted loan servicing of the portfolio within Quion 10 B.V. was performed by Quion Hypotheekbemiddeling B.V. with oversight from the special servicing team at Banque Artesia Nederland N.V. (For completeness, the servicing of all three portfolios was performed by Quion Groep B.V. and its subsidiaries (the "**Quion Group**")). On the Transfer Date, certain members of the special servicing team within Banque Artesia Nederland N.V. transferred to the Quion Group. Pursuant to the Sub-servicing letter, the Seller has appointed the Sub-servicers (i.e. entities within the Quion Group) to

perform the defaulted loan servicing of the Mortgage Receivables (as well as to continue to perform the servicing of the Mortgage Receivables) and it is the intention that the members of the team involved in the defaulted loan servicing that have transferred to the Quion Group will continue to perform the defaulted loan servicing on the Mortgage Receivables. Although the defaulted loan servicing will to a certain extent be continued by persons previously involved in that function, there may be a disruption, modification or change in the defaulted loan servicing for many reasons, including difficulties with the migration and integration of the team. This may result in a higher or lower default rate, a higher or lower prepayment rate and, in general, may have an adverse effect on the performance by Borrowers of their obligations under the Mortgage Loans, which could lead to less income available to the Issuer and ultimately to losses on the Notes.

Potential VAT payment liabilities of the Originators

The Sub-Servicers have provided administrative services in respect of the Mortgage Loans to the Originators for several years. Prior to January 2014, the Sub-servicers had not charged VAT to the Originators in respect of these services. However, in December 2013, the Sub-servicers were informed by the Dutch tax authorities that VAT should have been paid on the services provided by them to Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. as from mid 2011 (this position does not affect the services provided by the Sub-servicers to Quion 10 B.V.). In view of the possibility that the Dutch tax authorities determine that VAT is payable in respect of these services, the Sub-servicers have informed Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. that they may claim such amount from them. It is too early to assess the outcome of these potential claims (which are at the stage of early correspondence) and the Seller believes that there are several reasonable arguments that the Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. should not be liable to account for the VAT claim. However, if VAT for the period from mid 2011 up to and including the Issue Date is ultimately assessed to be payable by Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. and those entities and/or the Seller (as the parent of those entities) are unable to meet such claims then the risks described in risk factors *Insolvency Proceedings* and *The Seller has limited resources available to meet its respective obligations/limited value of representations and warranties given by the Seller* could apply. The quantum of this potential claim is estimated as being no higher than EUR 350,000.

In connection with the Transaction, the Issuer has appointed the Seller to act as Servicer to provide administrative services in respect of the Mortgage Loans under the Servicing Agreement and the Seller has appointed the Sub-servicers to provide the same administrative services to them under the Sub-Servicing Letter. This contractual intermediation of administrative services in respect of the Mortgage Loans is not an uncommon structure in Dutch securitisation transactions. The Seller believes that no VAT would be payable by it in respect of the services provided to it by the Sub-servicers under the Sub-Servicing Letter. However, in the event that the Seller was liable to pay VAT on these services, this would give rise to an additional cost for the Seller because the amount payable by the Issuer to the Seller under the Servicing Agreement would not include such additional amount. In this event, the Seller would look to explore solutions to mitigate or prevent these additional costs (for example, by having the Sub-servicers providing the administrative services directly to the Issuer); provided always that any such solution would be implemented at the cost of the Seller and would neither increase the liabilities of the Issuer nor change the identity of the Sub-servicers nor the scope of the administrative services. If such additional costs were payable by the Seller and such a solution was not found, it may be that as a result of such additional payment obligations the Seller would be unable to meet its obligations under the Servicing Agreement and ultimately the Mortgage Receivables Purchase Agreement, in which case the risks described in the risk factor *The Seller has limited resources available to meet its respective obligations/limited value of representations and warranties given by the Seller* would apply.

For clarity, the VAT position referred to above does not impact the costs payable by the Issuer to the Servicer in respect of the Servicing Agreement.

Risk in relation to Quion 10 generic funding system

Part of the Mortgage Receivables sold and assigned to the Issuer relate to Mortgage Loans which have been originated (or acquired (i) by means of a contract transfer for which the borrowers have not abstained their cooperation and (ii) in respect of which the Mortgage securing such Mortgage Loan no

longer secures any other claims of the relevant originator after such contract transfer) by Quion 10 B.V., a lender forming part of the Quion generic funding system, and subsequently transferred (by way of transfer ("*contractsoverneming*") assignment or otherwise) to the relevant Originator. In the Quion generic funding system in case of interest rate resets Mortgage Loans may be transferred to another lender that offers more attractive interest rates. Following such transfer (other than by means of assignment), it is not certain whether any further advances granted, or to be granted, by the relevant Originator after any such transfer are validly secured by the mortgage right and borrower pledges vested in favour of the original lender. For this question it is relevant, *inter alia*, whether the further advance resulted from the same legal relationship as the Mortgage Loan or whether it constitutes a new legal relationship. In this respect each of the Originators has represented and warranted to the Seller and the Issuer that each Mortgage Loan was originated by the relevant Originator (other than the Mortgage Loans acquired by Quion 10 B.V. under the Quion generic funding model, (i) which were transferred to Quion 10 B.V. by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation and (ii) in respect of which the Mortgage securing such Mortgage Loan no longer secures any other claims of the relevant Originator after such contract transfer).

If a Mortgage Receivable is not validly secured by a Mortgage, this could affect the ability of the Issuer to recover the Outstanding Principal Amount of such Mortgage Receivable. If it would be established that a Mortgage Receivable is not validly secured by a mortgage right, this constitutes a breach of the representations and warranties, resulting in an obligation of the Seller to repurchase the relevant Mortgage Receivable.

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 or decrease of the rate of repayment of the Notes.

No investigations in relation to the Mortgage Loans and the Mortgaged Assets
None of the Issuer, the Security Trustee, the Arranger and 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 or the Originators 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 Transfer 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.

Underwriting guidelines may not identify or appropriately assess repayment risks
The Originators have represented to the Seller and the Seller to the Issuer in respect of the Originators that, when originating Mortgage Loans it did so in accordance with underwriting guidelines it has established and, in certain cases, based on exceptions to those guidelines by way of manual overrules. The guidelines may not have identified or appropriately assessed the risk that the interest and principal payments due on a Mortgage Loan will be repaid when due, or at all, or whether the value of the Mortgaged Asset will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to the Originators' underwriting guidelines in originating a Mortgage Loan, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting guidelines may not in fact compensate for any additional risk.

Risks related to valuations, risks of losses associated with declining property values and the effect on the housing market owing to weakening economic conditions

Valuations commissioned as part of the origination of Mortgage Loans represent the analysis and opinion of the appraiser performing the valuation at the time the valuation report is prepared and are not guarantees of, and may not be indicative of, present or future value. There can be no assurance that another person would have arrived at the same valuation, even if such person used the same general approach to and same method of valuing the property. The recovery in case of losses and the value of the Mortgage Receivables, may be affected by, among other things, a decline in the value of those properties subject to the Mortgages securing the Mortgage Receivables and investments under the Insurance Policies.

No assurance can be given that values of those properties have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. In addition, a forced sale of those properties may, compared to a private sale, result in a lower value of such properties. A decline in value may result in losses to the Noteholders if such security is required to be enforced.

The Mortgage Receivables may be affected by, among other things, a decline in the value of 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. Investors should be aware that Dutch home prices have declined since 2008. The Seller will not be liable for any such 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 realises 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 realised 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 is only available in respect of mortgage loans which amortise 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 have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest income tax rate) the interest deductibility will be reduced with 0.5% per year (i.e. 51.5% in 2014) until the rate is equal to the third-bracket income tax rate (currently 42%). Under a proposal currently pending before Dutch parliament ("*Wet maatregelen woningmarkt 2014*") this tax rate, as well as the rate against which the mortgage interest may be deducted, will eventually be reduced to 38%.

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.*

Risks related to NHG Guarantees

NHG Mortgage Loans will have the benefit of an NHG Guarantee. Pursuant to the terms and conditions

("*voorwaarden en normen*") applicable to the NHG Guarantee, the Stichting WEW has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. The Seller will in the Mortgage Receivables Purchase Agreement represent and warrant that (i) each NHG Guarantee, connected to the NHG Mortgage Loan was granted for the full Outstanding Principal Amount of the NHG Mortgage Loan at origination and constitutes legal, valid and binding obligations of the Stichting WEW, enforceable in accordance with their terms, (ii) the NHG Guarantee was in compliance with all NHG Conditions applicable to it at the time of origination of the Mortgage Loans or relevant Loan Part (iii) it is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of the NHG Mortgage Loan should not be met in full and in a timely manner.

Furthermore, the terms and conditions of the NHG Guarantee stipulate that the NHG Guarantee will terminate upon expiry of a period of thirty years after the establishment of the NHG Guarantee. Since part of the NHG Mortgage Loans will have a maturity date which falls after the expiry date of the relevant NHG Guarantee, this will result in the Issuer not being able to claim for payment with the Stichting WEW of a loss incurred after the term of the NHG Guarantee has expired.

Finally, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see Section 6.2 (*Description of Mortgage Loans*)), although it should be noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers, the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximum term of 30 years. This may result in the Issuer not being able to fully recover a loss incurred with the Stichting WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such NHG Mortgage Loan and consequently, in the Issuer not being able to fully repay the Notes.

For a description of the NHG Guarantees, see Section 6.5 (*NHG Guarantee Programme)*.

Credit rating of the State of The Netherlands

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

3. PRINCIPAL PARTIES

3.1 ISSUER

Cartesian Residential Mortgages 1 S.A. is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg on 20 November 2013 for an unlimited duration. The Issuer is registered with the Luxembourg Register of Commerce and Companies under number B181.978 and is subject, as an unregulated securitisation undertaking, to the Securitisation Act.

The articles of association of the Issuer have been published in the Mémorial, Recueil des Sociétés et Associations (nº42, page 1981) on 6 January 2014.

The registered office of the Issuer is at 6, rue Eugène Ruppert L-2453 Luxembourg. The telephone number of the Issuer is +352 2644 9369 and +352 2644 9338.

The Issuer is a special purpose vehicle, whose corporate object is to enter into, perform and serve as an undertaking for, any securitisation transaction as permitted under the Securitisation Act. To that effect, the Issuer may, *inter alia*, acquire or assume, directly or through another entity or undertaking, the existing of future risk relating to the holding or property of claims, receivables and/or other goods or assets, either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities whose value or return is linked to these risks.

The Issuer may assume or acquire these risks by acquiring, by any means, the claims, receivables and/or other assets, by guaranteeing liabilities or commitments of third parties or by binding itself by any other means.

The Issuer may proceed to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind and contracts thereon or related thereto, and (iii) the ownership, administration, development and management of a portfolio (including, among other things, the assets referred to in (i) and (ii) above). The Issuer may, for securitisation purposes, further acquire, hold and dispose of interests in partnerships, limited partnerships, trusts, funds and other entities.

The Issuer may borrow in any form permitted by the Securitisation Act. It may issue notes, bonds, warrants, certificates and any kind of debt, instruments and securities within or outside of an issue programme. The Company may for securitisation purposes and within the limits permitted by the Securitisation Act lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company or third person.

In accordance with and to the extent permitted by the Securitisation Act, it may also give guarantees and grant security over its assets in order to secure the obligations it has assumed for the securitisation of these assets or for the benefit of investors (including their trustee or representative, if any) and/or any issuing entity participating in the securitisation transaction of the Issuer. The Issuer may not pledge, transfer, encumber or otherwise create security over some or all its assets, unless permitted by the Securitisation Act.

The Issuer may enter into, execute and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending, and similar transactions for the purpose of a securitisation such as the securitisation as described in this Prospectus.

The Issuer may, in accordance with Article 61 of the Securitisation Act, sell all or part of its assets, in accordance with the conditions as determined by its board of directors.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate purpose shall include any transaction or agreement which is entered into by the Issuer, provided it is not inconsistent with the foregoing enumeration objects.

The Issuer has a share capital of EUR 31,000 (thirty one thousand) represented by 31,000 (thirty one thousand) shares, with a nominal value of EUR 1 (one euro) each, all fully subscribed and entirely paid up. The share capital of the Issuer is held by Stichting Holding Cartesian Residential Mortgages I (see Section 3.2 (*Shareholder*)).

Statement by the board of directors of 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, the purchase by the Issuer of the Mortgage Receivables and the financing of the purchase price for the Mortgage Receivables by means of the issuance by the Issuer of senior notes to GIFS Capital Company, LLC and subordinated notes to the Seller, both on the Transfer Date (the "**Pre-Securitisation Financing Transaction**"), 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 Directors
Intertrust (Luxembourg) S.à r.l. acts as domiciliation agent of the Issuer (the "**Domiciliation Agent**"). The address of the Domiciliation Agent serves as the registered office of the Issuer which is located at 6, rue Eugène Ruppert L-2453 Luxembourg. Pursuant to the terms of the Domiciliation, Management and Administration Agreement, the Domiciliation Agent performs in Luxembourg certain corporate secretarial, management and other administrative services. The appointment of the Domiciliation Agent may be terminated, *inter alia*, at any time without stating any reason by the Issuer or the Domiciliation Agent giving the other parties to the agreement a thirty (30) days prior written notice by means of a registered letter. In addition, in case the Domiciliation Agent violates its legal, regulatory or contractual obligations, the Issuer and the Shareholder are each entitled to terminate the Domiciliation, Management and Administration Agreement with immediate effect. Furthermore, the Domiciliation Agent is entitled to terminate the Domiciliation, Management and Administration Agreement with immediate effect if and when the Domiciliation Agent, in its own discretion, cannot reasonably be expected to continue to act as domiciliation agent or to act as a director of the Issuer further to, but not limited to, the occurrence of certain events in respect of the Issuer, such as its bankruptcy, dissolution or compliance under the Domiciliation, Management and Administration Agreement. The remuneration payable by the Issuer to the Domiciliation Agent payable for (i) administration services rendered under the Domiciliation, Management and Administration Agreement are equal to an annual administration fee of EUR 34,500 plus a fee based at hourly rates on a time spent basis between EUR 150 and EUR 290, depending on the requested services and the level of competency and (ii) management services rendered by the three Issuer Directors equal to an annual management fee for the three Issuer Directors of EUR 6,500 plus an annual directors and officers liability insurance of EUR 300 per Issuer Director.

The directors of the Issuer are as follows:

Issuer Director	*principal outside activities business address*
Mr. Hille-Paul Schut	Employee of Intertrust (Luxembourg) S.à r.l.

	6, rue Eugène Ruppert L-2453 Luxembourg
Mr. Harald Thul	Employee of Intertrust (Luxembourg) S.à r.l. 6, rue Eugène Ruppert L-2453 Luxembourg
Mr. Joost Tulkens	Employee of Intertrust Luxembourg) S.à r.l. 6, rue Eugène Ruppert L-2453 Luxembourg

The sole shareholder of Intertrust (Luxembourg) S.à r.l. is Intertrust (Netherlands) B.V.

Each Issuer Director has entered into an Issuer Management Agreement with the Issuer and the Security Trustee. In each such Issuer Management Agreement the relevant Issuer Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Issuer in accordance with proper and prudent Luxembourg business practice and in accordance with the requirements of Luxembourg law and Luxembourg 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 each of the Issuer Directors agrees in the relevant 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 Trust Deed and the other Transaction Documents.

Each 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 an Issuer Director (unless remedied within the applicable grace period), dissolution and liquidation of an Issuer Director or an Issuer Director being declared bankrupt or granted a suspension of payments. Furthermore, an Issuer Management Agreement can be terminated by an 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 relevant Issuer Director shall resign upon termination of an 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 an Issuer Director and private interests or other duties of an Issuer Director.

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

On the Transfer Date, under the Pre-Securitisation Financing Transaction the Issuer issued notes to each of GIFS Capital Company, LLC and the Seller and used the proceeds of such notes to pay to the Seller the purchase price in respect of the Mortgage Receivables. The Issuer will use the proceeds of the Notes to be issued by it on the Issue Date to redeem the notes issued by it on the Transfer Date to each of GIFS Capital Company, LLC and the Seller. See Section 4.5 (*Use of Proceeds*). Upon redemption of the notes issued to GIFS Capital Company, LLC and the Seller, the obligations of the Issuer under the Pre-Securitisation Financing Transaction will have been satisfied and each of GIFS Capital Company, LLC and the Seller will no longer have any claim *vis-à-vis* the Issuer with respect to the Pre-Securitisation Financing Transaction.

Capitalisation

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

Share Capital

Issued Share Capital	EUR 31,000
Borrowings	
Class A Notes	EUR 412,659,000
Class B Notes	EUR 11,790,000
Class C Notes	EUR 11,790,000
Class D Notes	EUR 11,790,000
Class E Notes	EUR 23,581,000
Class S Notes	EUR 10,848,000
Subordinated Loan	EUR 7,690,910
Initial Insurance Savings Participation	EUR 1,740,759

3.2 SHAREHOLDER

Stichting Holding Cartesian Residential Mortgages I is a foundation ("stichting") incorporated under Dutch law on 29 April 2013. The statutory seat of the Shareholder is in Amsterdam and its registered office is at Prins Bernhardplein 200,1097 JB Amsterdam, the Netherlands.

The objectives of the Shareholder are (a) to incorporate, acquire and to hold shares in the share capital of the Issuer and to administrate the shares of the Issuer, to exercise any rights connected to the shares in the Issuer, to grant loans to the Issuer and to alienate and to encumber shares in the company, (b) to make donations and (c) to do anything which, in the widest sense of the word, is connected with and/or may be conducive to the attainment of the above. The sole managing director of the Shareholder is Intertrust Management B.V., having its registered office is at Prins Bernhardplein 200,1097 JB Amsterdam, the Netherlands.

Intertrust Management B.V. belongs to the same group of companies as Intertrust (Luxembourg) S.à r.l., which is the Domiciliation Agent and the Issuer Administrator and Amsterdamsch Trustee's Kantoor B.V., which is the managing director of the Security Trustee. The sole shareholder of Intertrust Management B.V., Intertrust (Luxembourg) S.à r.l. and Amsterdamsch Trustee's Kantoor B.V. is Intertrust (Netherlands) B.V.

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 Dutch business practice and in accordance with the requirements of Dutch law and Dutch 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 Cartesian Residential Mortgages I is a foundation ("*stichting*") incorporated under Dutch law on 20 November 2013. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The objectives of the Security Trustee are (a) to act as security trustee for the benefit of creditors of the Company, including the holders of notes to be issued by the Company, (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 Company, including the holders of the notes to be issued by the Company, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Company, which is conducive to the acquiring and holding of the above mentioned security rights, (c) to borrow money, (d) to make donations and (e) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of the above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and M. Pereboom.

Amsterdamsch Trustee's Kantoor B.V. belongs to the same group of companies as Intertrust (Luxembourg) S.à r.l., which is the Domiciliation Agent and the Issuer Administrator and Intertrust Management B.V., which is managing director of the Stichting Holding. The sole shareholder of Amsterdamsch Trustee's Kantoor B.V., Intertrust Management B.V. and Intertrust (Luxembourg) S.à r.l. is Intertrust (Netherlands) B.V.

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 and the Issuer. In this 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 Dutch 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 (or the Issuer on its behalf) 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 SELLER / ORIGINATORS

Seller

Ember VRM S.à r.l. is a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of the Grand Duchy of Luxembourg on 12 April 2013. The corporate seat of the Seller is in Luxembourg, Luxembourg. The registered office of the Seller is at 11-13 Boulevard de la Foire, L-1528 Luxembourg. The Seller is registered with the Luxembourg Register of Commerce and Companies under number B176.837.

The objectives of the Seller are, *inter alia*, (a) the investment in, acquisition and disposal of, grant or issuance of preferred equity certificates, loans, bonds, notes, debentures and other debt instruments, shares, warrants and other equity instruments or rights, including without limitation, shares of capital stock, limited partnership interest, limited liability company interest, preferred stock, securities and swaps, and any combination of the foregoing, in each case whether readily marketable or not, as well as obligations in any type of company, entity or other legal person, (b) the funding in real estate, intellectual property rights or any other movable or immovable asset in any form or of any kind, (c) the granting of pledges, guarantees, liens, mortgages and any other form or security as well as any form of indemnity, to Luxembourg or foreign entities, in respect of its own obligations and debts and (d) the entering in commercial, industrial or financial transactions as it deems necessary, advisable, convenient, incidental to, or not inconsistent with, the accomplishment and development of its corporate purpose.

The directors of the Seller are Mr. Matthijs Bogers, Mr. Zachary Jarvis and Mr. Eystein Eriksrud.

Upon incorporation on 12 April 2013, the Seller had a fixed share capital of EUR 12,500 (twelve thousand five hundred) represented by 12,500 (twelve thousand five hundred) shares, with a nominal value of EUR 1 (one euro) each, all fully subscribed and entirely paid up. On 12 December 2013, the share capital of the Seller was increased by EUR 1,000 (one thousand) represented by 1,000 (one thousand) shares, with a nominal value of EUR 1 (one euro) each, to a fixed share capital of EUR 13,500 (thirteen thousand five hundred) represented by 13,500 (thirteen thousand five hundred) shares, with a nominal value of EUR 1 (one euro) each.

The entire issued share capital of the Seller is held by VSK Holdings Limited. The share capital of VSK Holdings Limited is held by Siem Industries Inc. as well as funds and accounts managed by KKR Asset Management LLC. VSK Holdings Limited has been established by its shareholders to invest in a broad range of investments arising out of the restructuring of financial institutions and primary lending markets, and is advised by Venn Partners LLP.

Originators

Quion 10 B.V.

Quion 10 B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Dutch law on 22 December 1995. The registered office of Quion 10 B.V. is at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands. Quion 10 B.V. is registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24262016.

Quion 10 B.V. has an authorised share capital of EUR 90,000 of which EUR 18,200 is issued and paid up. All the shares in the capital of Quion 10 B.V. have been acquired by the Seller from Banque Artesia Nederland N.V. on 13 December 2013.

Since its incorporation and until the end of 2008, the activities of Quion 10 B.V. consisted of granting mortgage loans. By the end of 2008, Quion 10 B.V. was no longer engaged in granting mortgage loans

to new customers, although Quion 10 B.V. has granted and will grant further advances to existing customers, to the extent it is/was contractually obliged thereto.

Quion 10 B.V. largely acted as special purpose company to hold mortgage loans as lender of record, and has not had material business activities itself:

- its primary business is to originate mortgage loans to borrowers in the Netherlands through the generic funding model of Quion Hypotheekbemiddeling B.V. In the generic funding model, a pool of funders offers the same mortgage loan product using standardised underwriting criteria. The funders compete with each other by offering different interest rates (for different loan maturities and products). Quion Hypotheekbemiddeling B.V. links the mortgage loan applicants to the respective funders and acts as the sub-servicer for the originated mortgage loans; and

- the servicing of the mortgage loans was (and still is) carried out by Quion Hypotheekbemiddeling B.V.

Immediately after the acquisition by the Seller of the shares in the capital of Quion 10 B.V., Quion 10 B.V. sold and assigned and the Seller purchased and accepted assignment of all the receivables of its mortgage portfolio, including the Mortgage Receivables originated by Quion 10 B.V.

Quion 10 B.V. has no employees.

Ember Hypotheken 1 B.V.

Ember Hypotheken 1 B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Dutch law on 21 May 1996.The registered office of Ember Hypotheken 1 B.V. is at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands. Ember Hypotheken 1 B.V. is registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24266081. Ember Hypotheken 1 B.V. was previously named GE Artesia Hypotheken 11 B.V.

Ember Hypotheken 1 B.V. has an authorised share capital of EUR 90,000 of which EUR 18,200 is issued and paid up. All the shares in the capital of Ember Hypotheken 1 B.V. have been acquired by the Seller from Banque Artesia Nederland N.V. on 13 December 2013.

Since its incorporation and until the end of 2008, the activities of Ember Hypotheken 1 B.V. consist of granting mortgage loans. By the end of 2008, Ember Hypotheken 1 B.V. was no longer engaged in granting mortgage loans to new customers, although Ember Hypotheken 1 B.V. has granted and will grant further advances to existing customers, to the extent it is/was contractually obliged thereto.

Ember Hypotheken 1 B.V. largely acted as special purpose company to hold mortgage loans as lender of record, and has not had material business activities itself:

- Ember Hypotheken 1 B.V. offered its loan product mainly through intermediaries; and

- the servicing of the mortgage loans was (and still is) carried out by Quion Hypotheekbegeleiding B.V. and Quion Services B.V.; Ember Hypotheken 1 B.V. maintains contacts with its customers.

Immediately after the acquisition by the Seller of the shares in the capital of Ember Hypotheken 1 B.V., Ember Hypotheken 1 B.V. sold and assigned and the Seller purchased and accepted assignment of all the receivables of its mortgage portfolio, including the Mortgage Receivables originated by Ember Hypotheken 1 B.V.

Ember Hypotheken 1 B.V. has no employees.

Ember Hypotheken 2 B.V.

Ember Hypotheken 2 B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Dutch law on 21 May 1996. The registered office of Ember Hypotheken 2 B.V. is at Fascinatio Boulevard 1302, 2909 VA in Capelle aan den IJssel, the Netherlands. Ember Hypotheken 2 B.V. is registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24266083. Ember Hypotheken 2 B.V. was previously named GE Artesia Hypotheken 15 B.V.

Ember Hypotheken 2 B.V. has an authorised share capital of EUR 90,000 of which EUR 18,200 is issued and paid up. All the shares in the capital of Ember Hypotheken 2 B.V. have been acquired by the Seller from Banque Artesia Nederland N.V. on 13 December 2013.

Since its incorporation and until the end of 2008, the activities of Ember Hypotheken 2 B.V. consist of granting mortgage loans. By the end of 2008, Ember Hypotheken 2 B.V. was no longer engaged in granting mortgage loans to new customers, although Ember Hypotheken 2 B.V. has granted and will grant further advances to existing customers, to the extent it is/was contractually obliged thereto.

Ember Hypotheken 2 B.V. largely acted as special purpose company to hold mortgage loans as lender of record, and has not had material business activities itself:

- Ember Hypotheken 2 B.V. offered its loan product mainly through by intermediaries; and

- the servicing of the mortgage loans was (and still is) carried out by Quion Hypotheekbegeleiding B.V. and Quion Services B.V.; Ember Hypotheken 2 B.V. maintains contacts with its customers.

Immediately after the acquisition by the Seller of the shares in the capital of Ember Hypotheken 2 B.V., Ember Hypotheken 2 B.V. sold and assigned and the Seller purchased and accepted assignment of all the receivables of its mortgage portfolio, including the Mortgage Receivables originated by Ember Hypotheken 2 B.V.

Ember Hypotheken 2 B.V. has no employees.

The director of each of the Originators is Intertrust (Luxembourg) S.à r.l.

3.5 SERVICER

The Issuer has appointed the Seller to act as its Servicer in accordance with the terms of the Servicing Agreement. In accordance with the Servicing Agreement, the Servicer has appointed each of Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V., as its Sub-servicer and, subject to termination of the Servicing Agreement with the Servicer, its back-up servicer, to provide certain of the Mortgage Loan Services in respect of the relevant Mortgage Loans in accordance with the Sub-Servicing letter.

For further information on the Servicer see Section 3.4 (*Seller / Originators*) and Section 6.3 (*Origination and Servicing*).

The Issuer has appointed Venn Partners LLP to act as the Issuer Adviser in accordance with the terms of the Servicing Agreement. The Issuer Adviser will provide certain advisory services to the Issuer on a day-to-day basis. Venn Partners LLP is a limited liability partnership incorporated under the laws of England with registered office at 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, United Kingdom and registered under number OC347544.

3.6 ISSUER ADMINISTRATOR

The Issuer has appointed Intertrust (Luxembourg) S.à r.l. to act as its Issuer Administrator in accordance with the terms of the Administration Agreement (see further under Section 5.7 (*Administration Agreement*).

Intertrust (Luxembourg) S.à r.l., a private limited liability company ("*société à responsabilité limitée*"), existing and organised under the laws of the Grand Duchy of Luxembourg with registered office at 6, rue Eugène Ruppert L-2453 Luxembourg, being registered with the Luxembourg Register of Commerce and Companies under number B.103.123.

The objects of the Issuer Administrator are the provision of domiciliary, administrative and corporate services in the widest sense to other legal entities in whatever form. For the avoidance of doubt, such services include the activity of domiciliary agent, registrar agent, administrative agent of the financial sector and client communication agent and professional providing company formation and management services as defined in and in the widest sense permitted by the Luxembourg law of 5 April 1993 on the financial sector and as such law has been and may be amended in the future from time to time. The Issuer Administrator may serve as a director, manager or member of the supervisory board of other legal entities and may carry out any operation which it may deem useful in the accomplishment and development of its purposes including the holding of interests in other legal entities having a similar or related object.

The managing directors of the Issuer Administrator are Mr. Johan Dejans, Mr. Wilfred van Dam, Mr. Richard Brekelmans, Mr. David de Buck and Mr. Jan Scholts. The sole shareholder of the Issuer Administrator is Intertrust (Netherlands) 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.

Intertrust (Luxembourg) S.à r.l. is duly authorised in Luxembourg to provide domiciliary services by the Ministère des Finances and submitted to supervision by the *Commission de Surveillance du Secteur Financier*. Intertrust (Luxembourg) S.à r.l. belongs to the same group of companies as Intertrust Management B.V., which is Shareholder Director and the Security Trustee Director. The sole shareholder of Intertrust Management B.V. and Intertrust (Luxembourg) S.à r.l. is Intertrust (Netherlands) B.V.

3.7 OTHER PARTIES

Collection Foundation	Stichting Ember Hypotheken, established under Dutch law as a foundation ("stichting"), with registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 59974052.
Swap Counterparty:	BNP Paribas.
Issuer Account Bank:	BNP Paribas Securities Services, a *société en commandite par actions (S.C.A.)* incorporated under the laws of France, registered with the *Registre du Commerce et des Sociétés* of Paris under number 552 108 011, whose registered office is at 3, Rue d'Antin – 75002 Paris, France and acting through its Luxembourg branch whose office is at 33, rue de Gasperich, L-5826 Hesperange, having as postal address L-2085 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B.86862.
Issuer Adviser:	Venn Partners LLP, a limited liability partnership incorporated under the laws of England with registered office at 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, United Kingdom and registered under number OC347544.
Directors:	With respect to the Issuer, Mr. Hille-Paul Schut, Mr. Harald Thul and Mr. Joost Tulkens, with respect to the Shareholder, Intertrust Management B.V and with respect to the Security Trustee, Amsterdamsch Trustee's Kantoor B.V.
Paying Agent:	ABN AMRO Bank N.V., a public company with limited liability ("*naamloze vennootschap*") organised under Dutch law and established in Amsterdam, the Netherlands.
Reference Agent:	ABN AMRO Bank N.V.
Listing Agent:	Investec Capital & Investments (Ireland) Limited.
Arranger:	The Royal Bank of Scotland plc, a public company with limited liability incorporated under the laws of Scotland with registered office in Edinburgh.
Lead Manager:	The Royal Bank of Scotland plc.
Common Safekeeper:	In respect of the Class A Notes, Euroclear Bank S.A./N.V. In respect of the Subordinated Notes, Bank of America National Association, London Branch.
Insurance Savings Participants:	Each of (i) Delta Lloyd Levensverzekering N.V., a public company with limited liability ("*naamloze vennootschap*") incorporated under Dutch law, with registered office in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33001488 (ii) the Seller acting in its capacity as insurance savings participant (to the extent (a) it is not replaced by any Future Insurance Savings Participant or (b) its

	participation is reduced to zero) and (iii) any Future Insurance Savings Participant as from the relevant Participation Date.
Subordinated Loan Provider	The Seller.

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 Section 4.2 (Form) below.

The issue of the EUR 412,659,000 Class A mortgage-backed notes 2014 due 2044 (the "**Class A Notes**"), the EUR 11,790,000 Class B mortgage-backed notes 2014 due 2044 (the "**Class B Notes**"), the EUR 11,790,000 Class C mortgage-backed notes 2014 due 2044 (the "**Class C Notes**"), the EUR 11,790,000 Class D mortgage-backed notes 2014 due 2044 (the "**Class D Notes**"), the EUR 23,581,000 Class E mortgage-backed notes 2014 due 2044 (the "**Class E Notes**") and the EUR 10,848,000 Class S notes 2014 due 2044 (the "**Class S Notes**" and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Notes**") was authorised by a resolution of the board of directors of the Issuer passed on 17 March 2014. The Notes are issued under the Trust Deed on the Issue 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.

Unless otherwise defined herein, words and expressions used in these Conditions are defined in a master definitions agreement dated the Transfer Date, as amended and restated the Signing Date, between the Issuer, the Security Trustee, the Seller and certain other parties as amended from time to time (the "**Master Definitions Agreement**"). Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with the terms and definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, "**Class**" means either the Class A Notes or the Class B Notes or the Class C Notes or the Class D Notes or the Class E Notes or the Class S Notes, as the case may be.

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 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 Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and in electronic form upon email request at securitisation@intertrustgroup.com. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and reference to any document is considered to be a reference to such document as amended, supplemented, restated, novated or otherwise modified from time to time.

1. Form, Denomination and Title

The Notes will be in bearer form serially numbered and, in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, with Coupons attached on issue in denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof up to and including EUR 249,000. 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 125,000 and in integral multiples of EUR 1,000 in excess thereof up to and including EUR 249,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 125,000 and in integral multiples of EUR 1,000 up to and including EUR 249,000. No Notes in definitive form will be issued with a denomination above EUR 249,000. All such Notes will be serially numbered and will be issued in bearer form and, in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 without any preference or priority among Notes of the same Class.

(b) In accordance with the Conditions and the Trust Deed (i) payments of principal and interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, (ii) payments of principal and interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes (iii) payments of principal and interest on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes, (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and payments of interest on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and payments of principal on the Class S Notes and (iv) payments of principal on the Class S Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and payment of principal on the Class E Notes. Prior to an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with an amount equal to the Available Revenue Funds remaining after all items ranking above item (s) of the Revenue Priority of Payments have been paid in full.

(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, governed by Dutch law;

(ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer Rights, including all rights ancillary thereto, governed by Dutch law; and

(iii) a first ranking right of pledge by the Issuer to the Security Trustee in respect of its rights under the Issuer Accounts *vis-à-vis* the Issuer Account Bank, governed by Luxembourg law.

(d) The obligations under the Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes, the Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes, the Class C Notes will rank in priority to the Class D Notes, the Class E Notes and the Class S Notes, the Class D Notes will rank in priority to the Class E Notes and the Class S

Notes and the Class E Notes (to the extent relating to principal) will rank in priority to the Class S 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 and not to consequences of such exercise upon individual Noteholders. 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 Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interest of the other Secured Creditors. In case of a conflict of interest between the Secured Creditors, the ranking set out in the Post-Enforcement Priority of Payments 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 Luxembourg business practice and in accordance with the requirements of Luxembourg 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);

(h) take any action which will cause its centre of main interest (*centre des intérêts principaux*) within the meaning of the Council Regulation (EC) N°1346/2000 on insolvency proceedings, as amended, to be located outside Luxembourg; and

(i) invest in Eligible Investments only, except for any other investments as contemplated by the Transaction Documents.

4. Interest

(a) Period of Accrual

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes shall bear interest from and including the Issue Date. Each Class A Note, Class B Note Class C Note, Class D Note and Class E Note (or in the case of the redemption of part only of a Class A Note, a Class B Note, a Class C Note, a Class D Note or a Class E Note, that part only of such Class A Note, Class B Note, Class C Note, Class D Note or Class E 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) 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 Class A Note, Class B Note, Class C Note or Class D Note for any period (including any Interest Period), such interest shall be calculated in respect of the Principal Amount Outstanding of the relevant Class of Notes and on the basis of the actual days elapsed in such period and a 360 day year.

The Class S Notes will not carry interest.

(b) Interest Periods and Notes Payment Dates

Interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 Issue Date and end on (but exclude) the Notes Payment Date falling in July 2014.

Interest on each of the Notes shall be payable quarterly in arrear in EUR in respect of the Principal Amount Outstanding of each Class A Note, Class B Note, Class C Note, the Class D Note and Class E Note on each Notes Payment Date.

(c) Interest on the Class A Notes, the Class B Notes, the Class C Notes and Class D Notes up to and including the First Optional Redemption Date and interest on the Class E Notes

Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes:

Up to the First Optional Redemption Date, interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes for each Interest Period will accrue from the Issue 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 (e) below) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for three (3) and six (6) month deposits in EUR, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards), plus a margin which will be equal to:

(i) for the Class A Notes 1.10 per cent. per annum;
(ii) for the Class B Notes 1.90 per cent. per annum;
(iii) for the Class C Notes 2.60 per cent. per annum; and
(iv) for the Class D Notes 5.25 per cent. per annum.

Class E Notes:

Interest on all Class E Notes will be equal to the Class E Notes Interest Amount and will be payable as from the Issue Date. The Class E Notes Interest Amount payable in respect of each Class E Note on the relevant Notes Payment Date, shall be the Principal Amount Outstanding of the relevant Class E Notes multiplied with the Class E Notes Interest Amount on the Notes Calculation Date relating to such Notes Payment Date divided by Principal Amount Outstanding of all Class E Notes (rounded down to the nearest euro).

(d) Interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes following the First Optional Redemption Date

If on the First Optional Redemption Date the Class A Notes will not have been redeemed in full, the rate of interest applicable to the Class A Notes will accrue at an annual rate equal to the sum of Euribor for three month deposits, plus a margin of 2.20 per cent. per annum for each successive Interest Period from and including the First Optional Redemption Date.

From and including First Optional Redemption Date, the rate of interest applicable to the Class B Notes, the Class C Notes and the Class D Notes will continue to accrue at the same rate as applicable prior to the First Optional Redemption Date for each successive Interest Period from and including the First Optional Redemption Date.

(e) Euribor

For the purpose of Conditions 4(c) and (d) with respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D 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 (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Interest Period, Euribor applicable to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes during such Interest Period will be Euribor last determined in relation thereto.

(f) 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 paragraphs (c) and (d) above for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and calculate the amount of interest payable for the following Interest Period (the "**Interest Amount**") for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes by applying the relevant Interest Rates to the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, respectively, on the first day of the relevant Interest Period. The interest payable on the Class E Notes will be calculated by the Issuer (or the Issuer Administrator on its behalf) on each Notes Calculation Date in accordance with Condition 4 (c) above.

The determination of the relevant Interest Rate, each Interest Amount and each Class E Notes Interest Amount by the Reference Agent or the Issuer, as applicable, shall (in the absence of manifest error) be final and binding on all parties.

(g) Notification of Interest Rates, Interest Amounts and Notes Payment Dates

The Reference Agent will cause the relevant Interest Rates, the relevant Interest Amount and the Notes Payment Date applicable to the relevant Class of 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 Rates, 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.

(h) Calculation by Security Trustee

If the Reference Agent at any time for any reason does not determine the relevant Interest Rates in accordance with Condition 4(e) above or fails to calculate the relevant Interest Amounts in accordance with Condition 4(e) above (or the Issuer fails to calculate the Class E Notes Interest Amount, as applicable), the Security Trustee shall, or a party so appointed by the Security Trustee shall on behalf of the Security Trustee, determine the Interest Rate (or the Class E Notes Interest amount, as applicable), 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.

(i) Reference Agent

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent by giving at least 90 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, 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 and the Issuer will at all times maintain a paying agent having a specified office in the European Union that will not be obliged to withhold or deduct any tax pursuant to EC Council Directive 2003/48/EC. 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, in respect of the Subordinated Notes, Condition 9(b) (*Principal*).

(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, on each Notes Payment Date, the Issuer will be obliged to apply the Available Principal Funds and, from and (including) the Acceleration Start Date, the Available Revenue Redemption Funds, to (partially) redeem the Notes, other than the Class S Notes, at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within each Class, subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*), in the following order:

(a) *firstly*, the Class A Notes, until fully redeemed;
(b) *secondly*, the Class B Notes, until fully redeemed;
(c) *thirdly*, the Class C Notes, until fully redeemed;
(d) *fourthly*, the Class D Notes, until fully redeemed; and
(e) *fifthly*, the Class E Notes, until the Principal Amount Outstanding of the Class E Notes is an amount equal to 10% of the Principal Amount Outstanding of the Class E Notes as at the Issue Date. If the Principal Amount Outstanding of the Class E Notes is equal to or lower than 10% of the Principal Amount Outstanding of the Class E Notes as at the Issue Date, no principal will be repaid on the Class E Notes until the occurrence of the Class E Notes Repayment Trigger). After the occurrence of such Class E Notes Repayment Trigger, the Available Principal Funds and the remaining Available Revenue Redemption Funds will be applied to redeem the Class E Notes until fully redeemed.

If the Seller exercises the Clean-Up Call Option, the Seller Call Option or the Seller Subordinated Loan Mortgage Receivables Repurchase Option, the Issuer will be required to apply the proceeds of the sale of the relevant Mortgage Receivables to redeem the Notes as described above.

(c) *Redemption of the Class S 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 S Redemption Funds to (partially) redeem on a *pro rata* basis, the Class S Notes, until fully redeemed, subject to Condition 9(b) (*Principal*).

(d) *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 S Notes, at their respective Principal Amount Outstanding, subject to, in respect of Class E Notes, Condition 9(b) (*Principal*).

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes, other than the Class S Notes, (or such of them as are then outstanding) are also redeemed in full subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*), at the same time.

The Class S Notes are redeemed on such Notes Payment Date in accordance with and subject to Condition 6(c) (*Redemption of the Class S Notes*) and Condition 9(b) (*Principal*).

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.

(e) *Redemption for tax reasons*

All (but not some only) of the Notes, other than the Class S Notes, may be redeemed at the option of the Issuer on any Notes Payment Date, at their Principal Amount Outstanding and subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*), 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 Luxembourg 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 Issue 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 (other than the Class S Notes) (or such of them as are then outstanding) are also redeemed in full subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*), at the same time.

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 Amount and Class S Redemption Amount*

The principal amount redeemable in respect of each relevant Note in respect of a Class of Notes, other than the Class S Notes, on the relevant Notes Payment Date in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(d) (*Optional Redemption*) and Condition 6(e) (*Redemption for tax reasons*) (each a "**Redemption Amount**"), shall be the aggregate amount (if any) of the Available Principal Funds and (after the Acceleration Start Date) the Available Revenue Redemption Funds on the Notes Calculation Date relating to such Notes Payment Date available for a Class 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 S Note on the relevant Notes Payment Date in accordance with Condition 6(c) (*Redemption of the Class S Notes*) (each a "**Class S Redemption Amount**"), shall be the Available Class S Redemption Funds on the Notes Calculation Date relating to such Notes Payment Date divided by the Principal Amount Outstanding of all Class S Notes and multiplied by the Principal Amount Outstanding of the relevant Class S Note (rounded down to the nearest euro), provided always that the Class S Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Class S Note. Following application of the Class S Redemption Amount to redeem a Class S Note,

the Principal Amount Outstanding of such Class S Note shall be reduced accordingly.

(g) *Determination of the Available Principal Funds, Available Revenue Redemption Funds, the Available Class S Redemption Funds, the Redemption Amount, the Class S Redemption Amount, Principal Amount Outstanding and the Class E Notes Interest Amount*

(i) On each Notes Calculation Date (to the extent Notes are redeemable on the immediately succeeding Notes Payment Date), the Issuer shall cause the Issuer Administrator to determine (a) the Available Principal Funds, (b) the Available Revenue Redemption Funds, (c) the Available Class S Redemption Funds, (d) the amount of the Redemption Amount due for the relevant Class of Notes, other than the Class S Notes, on the relevant Notes Payment Date (e) the Class S Redemption Amount, (f) the Class E Notes Interest Amount and (g) 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.

(ii) The Issuer will on each Notes Calculation Date (to the extent Notes are redeemable on the immediately succeeding Notes Payment Date), cause each determination of (a) the Available Principal Funds, (b) the Available Revenue Redemption Funds, (c) the Available Class S Redemption Funds, (d) the amount of the Redemption Amount due for the relevant Class of Notes, other than the Class S Notes, on the relevant Notes Payment Date, (e) the Class S Redemption Amount, (f) Principal Amount Outstanding of the Notes and (g) the Class E Notes Interest Amount 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.

(iii) If the Issuer or the Issuer Administrator on its behalf does not at any time for any reason determine any of the amounts set forth in item (i) above, such amount shall be determined by the Security Trustee in accordance with 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.

(h) *Definitions*

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

"**Available Class S 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 (s) in the Revenue Priority of Payments have been made in full.

"**Available Revenue Redemption Funds**" shall mean, on and after the Acceleration Start Date, (i) the Available Revenue Funds remaining after all items ranking above item r of the Revenue Priority of Payments have been paid in full, and (ii) after redemption of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, zero.

"**Class E Notes Interest Amount**" means (a) prior to the delivery of an Enforcement Notice an amount equal to the Available Revenue Funds remaining after all items ranking above item (t) of the Revenue Priority of Payments have been paid in full and (b) after the delivery of an Enforcement Notice the amount remaining after all items ranking above item (m) of the Post-Enforcement Priority of Payments have been paid in full.

"**Class E Notes Repayment Trigger**" means the earlier of (i) the sale and assignment by the Issuer of all Mortgage Receivables (but not some only) to the Seller or any third party and (ii) the date on which the Outstanding Principal Amounts of the Mortgage Receivables is equal to or lower than the Principal Amounts Outstanding of the Class E Notes.

"**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 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 or where such withholding or deduction is required to be made pursuant to the Luxembourg laws of December 23, 2005 (as amended) introducing in Luxembourg a 10 per cent. withholding tax as regards Luxembourg resident individuals.

(b) FATCA Withholding

Payments in respect of the Notes may be reduced by any amounts of tax required to be withheld or deducted 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) Interest

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

In the event that on any Notes Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class B Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of interest

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

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

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

(b) Principal

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

Until the date on which the Principal Amount Outstanding of all Class D Notes is reduced to zero, the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class E Notes. If, on any Notes Calculation Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class E Note on the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class E Principal Shortfall on such Notes Payment Date. 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.

The Class S Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class S 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.

(c) Limited recourse

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 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 of Notes, as applicable, the Noteholders of the relevant Class 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 ("*saisie conservatoire*") or an executory attachment ("*saisie exécution*") on any major part of the Issuer's assets is made and not discharged or released within a period of 45 days of its first being made; or

(d) the Issuer has taken any winding-up resolution, has been declared bankrupt ("*en faillite*") or has applied for general settlement or composition with creditors ("*concordat préventif de faillite*"), controlled management ("*gestion controlée*") or moratorium or reprieve from payment ("*sursis de paiement*"), or is subject to any similar proceedings affecting the rights of creditors generally; or

(e) 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 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) Neither the Noteholders and the Security Trustee nor any other party entitled to any claims against the Issuer in connection with the Notes (or any person acting on behalf of any of them) shall 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 Classes holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class or Classes of the Notes.

(b) *Quorum*
The quorum for an Extraordinary Resolution is two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, 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 Classes 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 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 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 by Noteholders of one or more Class or Classes 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 Documents, 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 and, provided that a Credit Rating Agency Confirmation with respect to each Credit Rating Agency is available in connection with such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding

on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter. In addition, the Security Trustee may agree without the consent of the Noteholders to the accession of any Future Insurance Savings Participant and any modification of any Transaction Document which is required or necessary in connection therewith.

(f) *Swap Counterparty prior consent rights*
The Swap Counterparty's written consent is required for amendments (i) to Clause 4 of the Servicing Agreement, (ii) to the Interest Rate Policy Letter or (iii) which constitute a Basic Terms Change. The Swap Counterparty may not unreasonably withhold such consent. In case of an amendment which constitutes a Basic Terms Change, no such consent will be required if the Swap Counterparty fails to respond within ten (10) Business Days of written request by the Security Trustee.

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. Any disputes arising out of or in connection with the Notes and Coupons, including, without limitation, disputes relating to any non-contractual obligations arising out of or in relation to the Notes and Coupons, shall be submitted to the exclusive jurisdiction of the competent courts of Amsterdam, the Netherlands. The provisions of articles 86 to 94-8 of the Luxembourg law of 10 August 1915, as amended, are expressly excluded.

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 A Notes in the principal amount of EUR 412,659,000, (ii) in the case of the Class B Notes in the principal amount of EUR 11,790,000, (iii) in the case of the Class C Notes in the principal amount of EUR 11,790,000, (iv) in the case of the Class D Notes in the principal amount of EUR 11,790,000, (v) in the case of the Class E Notes in the principal amount of EUR 23,581,000 and (vi) in the case of the Class S Notes in the principal amount of EUR 10,848,000. Each Temporary Global Note will be deposited with the Common Safekeeper on or about the Issue 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 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. The Notes, other than the Class A Notes, are not intended to be held in a manner which allows Eurosystem eligibility. The Notes represented by a Global Note 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 125,000 and in integral multiples of EUR 1,000 in excess thereof, 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 125,000 and in integral multiples of EUR 1,000 in excess thereof. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof up to and including EUR 249,000. No Notes in definitive form will be issued with a denomination above EUR 249,000. All such Notes will be serially numbered and will be issued in bearer form and, with respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D 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 Issue 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 A 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 B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes; and
(iii) Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class C Notes; and
(iv) 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
(v) 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; and
(vi) Class S Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class S Notes,

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

The provisions of articles 86 to 94-8 of the Luxembourg law of 10 August 1915, as amended, are expressly excluded.

Application of Dutch Savings Certificates Act in respect of the Class S Notes.

Unless between individuals not acting in the conduct of a business or profession, each transaction regarding the Class S 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 Lead Manager has, pursuant to the Senior Subscription Agreement, agreed with the Issuer, subject to certain conditions, to subscribe for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes at their respective issue prices. Furthermore, the Seller has, pursuant to the Class E-S Notes Purchase Agreement, agreed with the Issuer, subject to certain conditions, to purchase the Class E Notes and the Class S Notes at their respective issue prices. The Issuer, the Seller and certain other parties have agreed to indemnify and reimburse the Arranger and each Manager against certain liabilities and expenses in connection with the issue of the Notes.

European Economic Area
In relation to each Relevant Member State, the Lead Manager will represent and agree that with effect from and including 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 in relation thereto 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 Lead Manager nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

France
The Lead Manager will represent and agree 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 made and will not make any communication by any means about the offer 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, this Prospectus, or any other offering material relating to the Notes, and that such offers, sales, communications and distributions have been and shall be made in France only to (a) 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 (b) qualified investors ('*investisseurs qualifiés*') or a restricted circle of investors ('*cercle restreint d'investisseurs*'), in each case, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French Code monétaire et financier.

In addition, pursuant to article 211-3 of the Règlement général of the Autorité des Marchés Financiers (AMF), the Lead Manager must disclose to any investors in a private placement as described in the above that: (i) the offer does not require a prospectus to be submitted for approval to the AMF, (ii) persons or entities mentioned in sub-paragraph 2° of paragraph II of article L. 411-2 of the French Code monétaire et financier (i.e., qualified investors ('*investisseurs qualifiés*') or a restricted circle of investors ('*cercle restreint d'investisseurs*') mentioned above) may take part in the offer solely for their own account, as provided in articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and (iii) the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier.

Italy

The offering of the Notes has not been 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 this 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

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Luxembourg

The terms and conditions relating to this Prospectus have not been approved by and will not be submitted for approval to the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Prospectus nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except for the sole purpose of the admission to trading and listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Law of July 10, 2005 on prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**").

The Notes may not be offered or sold within the territory of the Grand Duchy of Luxembourg unless:

- a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* in accordance with the Luxembourg Prospectus Law if Luxembourg is a home member state (as defined in the Prospectus Law); or

- if Luxembourg is not the home member state, the *Commission de Surveillance du Secteur Financier* has been notified by the competent authority in the home member state that the Prospectus has been duly approved in accordance with the Prospectus Directive and the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010; or

- the offer is made to "qualified investors" as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non professional clients, or the offer benefits from any other

exemption to or constitutes a transaction otherwise not subject to, the requirement to publish a prospectus.

Furthermore, the Issuer as an unregulated securitisation vehicle under the Securitisation Act is not authorised to issue Notes to the public on a continuous basis, unless prior authorisation of the and approval from the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) has been obtained for the purpose of an authorisation under the Securitisation Act.

United Kingdom
The Lead Manager will represent and agree that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom

United States
The Notes have not been and will not be registered under the Securities Act and may not be offered 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 United States 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 U.S. Treasury regulations thereunder.

Each of the Managers will agree that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until forty (40) days after the later of the commencement of the offering or the Issue 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 Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

The Netherlands

The Manager, the Issuer and the Seller represent and agree that the Notes are not, will not and may not, directly or indirectly, be offered to the public in the Netherlands, unless (i) the offer is made exclusively to persons or entities which are (a) qualified investors as defined in the Prospectus Directive or (b) represented by eligible discretionary asset managers in accordance with Article 55 of the Exemption Regulation DFSA (*Vrijstellingsregeling Wft*), or (ii) another exception or exemption to the requirement to publish an approved prospectus pursuant to the Wft applies to the offer provided a standard warning is applied as required by Article 5:20(5) or 5:5(2) Wft, if applicable, and further provided, in each case, that no such offer shall require the Manager, 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.

The Lead Manager will represent and agree that the Class S 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 Euronext Amsterdam 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 Class S Notes in global form, or (b) in respect of the initial issue of the Class S Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class S 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 Class S Notes within, from or into the Netherlands if all the Class S Notes (either in definitive form or as rights representing an interest in the Class S 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended) (the FIEA) and the Lead Manager has represented and agreed, and each further manager appointed will be required to represent and agree, that it will not offer or sell Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1 Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws and regulations and ministerial guidance of Japan.

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.

4.4 REGULATORY AND INDUSTRY COMPLIANCE

Retention and disclosure requirements under the CRR and AIFMR

Risk Retention and Related Disclosure Requirements
Ember VRM S.à r.l., in its capacity as Seller, has undertaken to the Issuer, the Security Trustee, the Arranger and the Lead Manager that, for as long as the Notes are outstanding, it shall retain, on an ongoing basis, a material net economic interest in the securitisation transaction which, in any event, shall not be less than 5% in accordance with Article 405 of the CRR and Article 51 of the AIFMR. As at the Issue Date, such interest is retained in accordance with item 1(d) of Article 405 of the CRR and Article 51(1)(d) of the AIFMR, by the Seller holding (part of) the Class E Notes.

In addition, the Seller shall provide Noteholders with all relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR Regulatory Requirements and the AIFMR Regulatory Requirements, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and to ensure that the Noteholders have readily available access to all materially relevant data (see Section 8 (*General*) and this Section 4.4 (*Regulatory and Industry Compliance*) for more details).

Seller's Policies and Procedures Regarding Credit Risk Mitigation
The Seller has internal policies and procedures in relation to the purchase of the Mortgage Loans, the administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

(a) an assessment of the origination procedures employed in relation to the Mortgage Loans, including the criteria for granting of credit and the process for approving, amending, renewing and re-financing credits, as to which please see the information set out in Section 6.3 (*Origination and Servicing*) of this Prospectus;

(b) systems to administer and monitor the various credit-risk bearing portfolios and exposures, as to which the Mortgage Loans will be serviced in line with the servicing procedures of the Seller, see the information set out in Section 3.5 (*Servicers*), Section 6.3 (*Origination and Servicing*) and Section 7.5 (*Servicing Agreement*) of this Prospectus;

(c) adequate diversification within the credit portfolio given the Seller's target market and overall credit strategy, as to which, in relation to the Mortgage Loans, please see Section 6.2 (*Description of the Loans*) of this Prospectus; and

(d) policies and procedures in relation to risk mitigation techniques, as to which please see the information set out in Section 3.5 (*Servicers*), Section 6.3 (*Origination and Servicing*) and Section 7.5 (*Servicing Agreement*) of this Prospectus.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part 5 of the CRR and Section 5 of Chapter III to the AIFMR, and none of the Issuer Adviser, the Seller, nor the Arranger or Lead Manager makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that they comply with the implementing provisions in respect of Part 5 of the CRR and Section 5 of Chapter III to the AIFMR in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

For further information please refer to the Risk Factor entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*".

EMIR
The Issuer will be entering into the Swap Agreement which is an interest rate swap transaction.

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") which entered into force on 16 August 2012 establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty and reporting requirements.

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts which are declared subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. At this moment no central counterparty has obtained authorisation under EMIR, no non-European central counterparty has been recognised under EMIR and no OTC derivatives contracts have been declared subject to the clearing obligation.

OTC derivatives contracts that are not cleared by a central counterparty are subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts (applicable from 15 March 2013), portfolio reconciliation (applicable from 15 September 2013), dispute resolution (applicable from 15 September 2013 and arrangements for monitoring the value of outstanding OTC derivatives contracts (applicable from 15 March 2013). EMIR also contains requirements with respect to margining which are applicable from 16 August 2012. The regulatory technical standards providing more detailed requirements in respect of margining , including the levels and type of collateral and segregation arrangements, are expected in 2014. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement.

The same applies with respect to the reporting requirements under EMIR. Under EMIR counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. Under the Reporting Services Agreement the Swap Counterparty undertakes*, inter alia*, that it shall ensure that the details of the Swap Transaction will be reported to the trade repository as soon as such obligation comes into force. Such Agreement may be terminated by the Swap Counterparty in which case the Issuer will need to perform the reporting services and/or may outsource the performance of such reporting services to a third party such as the Issuer Administrator or the Issuer Adviser.

EMIR may, *inter alia*, lead to more administrative burdens and higher costs for the Issuer.

Pursuant to Article 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the Swap Transaction invalid or unenforceable. However, if any party fails to comply with the rules under EMIR it may be liable for a fine. If such a fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

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 Notes and Cash Reports to be published by the Issuer will follow the applicable template Notes and Cash Report (save as otherwise indicated in the relevant Notes and Cash 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 Prime Collateralised Securities (PCS) UK Limited as the Domestic Market Guideline for the Netherlands in respect of this asset class.

4.5 USE OF PROCEEDS

The aggregate proceeds of the Notes to be issued on the Issue Date amount to EUR 482,458,000, of which EUR 10,848,000 is the aggregate proceeds of the Class S Notes.

The proceeds of the issue of the Notes, other than the Class S Notes, and the Initial Insurance Savings Participation will be applied by the Issuer on the Issue Date to redeem the notes issued pursuant to the Pre-Securitisation Financing Transaction in full and the proceeds from the issue of the Class S Notes will be credited to the Reserve Account.

An amount of EUR 1,740,759 will be received by the Issuer on the Issue Date as consideration for the Initial Insurance Savings Participation granted to the Insurance Savings Participants in the Savings Mortgage Receivables.

4.6 TAXATION

Taxation in Luxembourg

The following paragraphs provide information on certain material Luxembourg tax consequences of purchasing, owning and disposing of the Notes It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase or sell the Notes. It is based on the laws, regulations and administrative and judicial interpretations presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. This information does not take into account the specific circumstances of particular investors. Prospective investors should consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used in the sub-headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers only to Luxembourg tax law and/or concepts. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi)) as well as personal income tax (impôt sur le revenu). Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Holders of Notes

Withholding Tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to:

(i) the application of the Luxembourg laws of June 21, 2005 (the "**Savings Laws**") implementing the European Union Savings Directive (Council Directive 2003/48/EC of 3rd June, 2003 on taxation of savings income in the form of interest payments; the "**EU Savings Directive**") and several agreements (the "**Agreements**") concluded with certain dependent or associated territories and providing for the possible application of a withholding tax on interest paid to or for the benefit of certain non-Luxembourg resident investors (individuals and certain types of entities called residual entities as defined in in article 4.2 of the EU Savings Directive ("**Residual Entities**") in the event such payments being made by a paying agent established in Luxembourg within the meaning of the above-mentioned directive unless the beneficiary of the payment of interest or similar income elects for an exchange of information or provides a specific tax certificate to the Luxembourg paying agent; and

(ii) the application of the Luxembourg law of December 23, 2005 as amended introducing a final tax on certain payments of interest made to certain Luxembourg resident individuals (the "**Relibi Law**").

Resident holders of Notes

Payment of interest or similar income (within the meaning of the Relibi Law) on debt instruments made or deemed made by a paying agent (within the meaning of the Relibi Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident for tax purposes who is the beneficial owner of

such payment or to certain Residual Entities established in another EU Member State or in an associated or dependent territory with which an Agreement has been signed, and deemed to be acting on behalf of an individual Luxembourg resident, may be subject to a final tax at a rate of 10%. Such final tax will be in full discharge of income tax if the individual beneficial owner acts in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the tax lies with the Luxembourg paying agent.

An individual beneficial owner of interest or similar income (within the meaning of the Relibi Law) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt for a final tax of 10% when he receives or is deemed to receive such interest or similar income (including the discount at which the Zero Coupon Notes would be issued) from a paying agent established in another EU Member State, in a Member State of the EEA which is not an EU Member State, or in a State which has concluded a treaty directly in connection with the EU Savings Directive. Responsibility for the declaration and the payment of the 10% final tax is assumed by the individual resident beneficial owner of interest.

Non-resident holders of Notes

Under the EU Savings Directive and the Savings Laws, a Luxembourg based paying agent (within the meaning of the EU Savings Directive) may be required to withhold tax on interest and other similar income (within the meaning of the Savings Laws) paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State of the European Union or a Residual Entity established in another Member State of the European Union, unless the beneficiary of the interest payments or the Residual Entity (where applicable) elects for an exchange of information or provides the relevant documents to the Luxembourg paying agent. The same regime applies to payments by a Luxembourg based paying agent to individuals resident in or Residual Entities established in certain dependant or associated territories (including Aruba, the British Virgin Islands, Guernsey, the Isle of Man, Jersey, Montserrat, Curaçao, Saba, Sint Eustatius, Bonaire and Sint Maarten).

The current tax rate is 35%. The tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries (the transitional period may therefore never end).

Income Taxation

Non-Resident holders of Notes

Non-resident holders of Notes, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discounts, under the Notes nor on capital gains realized on the disposal or redemption of the Notes. Non-residents holders who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal of the Notes.

Resident holders of Notes

Individuals

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realised upon the sale, disposal or redemption of the Notes, which do not constitute Zero Coupon Notes, by an individual holder of Notes, who is a resident of Luxembourg for tax purposes and who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the acquisition of the Notes. An individual holder of Notes, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement.

A gain realised upon a sale of Zero Coupon Notes before their maturity by Luxembourg resident holder of Notes, in the course of the management of their private wealth must be included in their taxable income for Luxembourg income tax assessment purposes. Luxembourg resident individual Holder of Notes acting in the course of the management of a professional or business undertaking to which the Notes are attributable, have to include any interest received or accrued, as well as any gain realised on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Corporation

A resident holder of Notes (which is not exempt) from income taxation must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

Net Wealth Taxation

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

A resident corporate holder of Notes or non-resident corporate holder of Notes that maintain a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if such holder is a family wealth management company ("*Société de gestion de patrimoine familial*") subject to the law of 11 May 2007 (as amended), an undertaking for collective investment subject to the amended law of 17 December 2010 (amending the law of 20 December 2002), a securitization vehicle governed by and compliant with the law of 22 March 2004 (as amended) on securitization, a company governed by and compliant with the law of 15 June 2004 (as amended) on venture capital vehicles, or a specialized investment fund governed by the law of 13 February 2007 (as amended).

Value added tax

There is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or a transfer of the Notes.

Other Taxes

Notes or documents relating to the Notes issuance which are deemed to be entered into in the context of securitisation transactions are not subject to registration in Luxembourg, even when referred to in a public deed (***acte public***) or produced in court or before any other public or official authority (***autorité constituée***), provided however that such documents do not have the effect to transfer rights which must be transcribed, recorded or registered and which relate to immoveable property located in Luxembourg, or to aircraft, ships or riverboats recorded on a public register in Luxembourg.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or registered in Luxembourg.

EU Savings Directive

Under the EU Savings Directive, which is applicable as from 1 July 2005, each member state is required to provide to the tax authorities of another member state details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other member state.

However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant member state will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period during which the withholding tax rate has risen over time to 35 per cent. (20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. as from 1 July 2011). 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.

In addition, a number of non EU countries, and certain dependent or associated territories of certain member states, have adopted or 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 or certain limited types of entity established in a member state. Furthermore, the member states have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a member state to, or collected by such a person for, an individual resident or certain limited types of entity in one of those territories.

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

In a press release of 10 April 2013, the Luxembourg government has announced its intention to abolish the withholding tax system with effect as from 1 January 2015 onwards and to replace it with a system of automatic exchange of information.

Taxation in the Netherlands

General

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 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.

The Issuer is incorporated under the laws of the Grand Duchy of Luxembourg. The Board is expected to conduct the affairs of the Issuer in such manner that it does not become a resident of the Netherlands for tax purposes.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, the Netherlands meaning in the part of the Kingdom of the Netherlands located in Europe, 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.

Withholding tax

All payments of principal and/or interest 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

Please note that the summary in this section 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, 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 employment activities performed by such holders or certain individuals related to such holders.

Residents of the Netherlands

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).

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 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, 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.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

Value added tax (VAT)

No Netherlands VAT will be payable with respect to any payment in consideration for the issue of the Notes, with respect to the payment of interest or principal under the Notes or with respect to the transfer of the Notes.

Other taxes and duties

No Netherlands registration tax, capital tax, stamp duty or any other similar documentary tax or duty will be payable by the holders of the Notes in respect of or in connection with the execution and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or the performance of the obligations by the Issuer under the Notes.

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 and the Issuer Adviser under the Servicing Agreement, (iii) as fees and expenses to the Issuer Administrator under the Administration Agreement, (iv) as fees and expenses to the Domiciliation Agent under the Domiciliation, Management and Administration Agreement, (v) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (vi) to the Swap Counterparty under the Swap Agreement, (vii) as fees and expenses to the Issuer Account Bank under the Issuer Account Bank Agreement, (viii) to the Noteholders under the Notes, (ix) to the Reporting Services Provider under the Reporting Services Agreement, (x) to the Seller under the Mortgage Receivables Purchase Agreement, (xi) to each of the Insurance Savings Participants under the Insurance Savings Participation Agreements and (xii) to the Collection Foundation under the Receivables Proceeds Distribution Agreement (the parties referred to in items (i) through (xii) 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, save for the amounts due to the Insurance Savings Participants in connection with the Insurance Savings Participations, among the Secured Creditors in accordance with the Post-Enforcement Priority of Payments. The amounts due to the Secured Creditors, other than the Insurance Savings Participants will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on (i) the Mortgage Receivables (other than Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative) and other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement, the Deed of Assignment and the Issuer Rights Pledge Agreement and (ii) on each of the Savings Mortgage Receivables to the extent the amount recovered exceeds the Insurance Savings Participation in the relevant Savings Mortgage Receivables and Switch Mortgage Receivables.

The amounts due to the Insurance Savings Participants will be equal to the Insurance Savings Participations in each of the Savings Mortgage Receivables or Switch Mortgage Receivable with a Savings Alternative or if the amount recovered is less than the Insurance Savings Participation in such Savings Mortgage Receivables or Switch Mortgage Receivable with a Savings Alternative, the amount equal to the amount actually recovered.

The Issuer will vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights on the Issue Date pursuant to the Issuer Mortgage Receivables Pledge Agreement, governed by Dutch law, which, together with the other Security, 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.

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 and the Seller 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.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Issue Date pursuant to the Issuer Rights Pledge Agreement, governed by Dutch law, over all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Insurance Savings Participation Agreements, (iv) the Paying Agency Agreement, (v) the Administration Agreement and (vi) the Swap Agreement. The Issuer Rights include all rights ancillary thereto. The rights of pledge pursuant to the Issuer Rights Pledge Agreement 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.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Issue Date pursuant to the Issuer Account Pledge Agreement, governed by Luxembourg law, over all rights of the Issuer under or in connection with Issuer Accounts. The right of pledge created under the Issuer Account Pledge Agreement will be notified to the Issuer Account Bank in order for them to be accepted by the Issuer Account Bank and to obtain from the Issuer Account Bank a waiver of any pre-existing security interests and other rights in respect of the relevant accounts it may have. Following the occurrence of any of the Pledge Notification Events, the Issuer shall no longer be entitled to operate the relevant accounts and the Security Trustee will be granted a power to enforce the right of pledge over the accounts, in accordance with the terms of the Issuer Account Pledge Agreement.

The rights of pledge created in the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and the Issuer Account Pledge Agreement 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, the Class E Noteholders and the Class S 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, 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 and amounts owing to the Class S Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (to the extent relating to interest) (see further section 5 (*Credit Structure*) below).

Pursuant to the Seller Rights Pledge Agreement, the Seller shall grant a first ranking disclosed right of pledge over any and all rights of the Seller (to the extent these rights are independently transferrable claims) under the SPA to claim and receive payment or compensation from Banque Artesia Nederland N.V. of any damage of the Seller and/or any of the Originators in the event of a Breach (as defined in the SPA) of the warranties set out in paragraph 7 of Schedule 1 of the SPA (such rights to receive payment or compensation in all cases to be subject to all limitations and conditions set out in the SPA) in favour of the Issuer, governed by Dutch law, as security for any and all liabilities of the Seller to the Issuer under the Mortgage Receivables Purchase Agreement. Such right of pledge has been notified to Banque Artesia Nederland N.V. The Issuer has agreed that it may only enforce the pledge granted pursuant to the Seller Rights Pledge Agreement if the Seller becomes bankrupt, has applied for composition with creditors or it is subjected to moratorium or similar procedures. It shall be entitled to enforce the Seller Rights by way of collection but not by way of sale.

Pursuant to the Collection Foundation Account Pledge Agreement, the Collection Foundation shall grant a first ranking right of pledge on the balance standing to the credit of the Collection Foundation Accounts in favour of the Security Trustee as security for any and all liabilities of the Collection Foundation to the Security Trustee and a second ranking right of pledge in favour of, *inter alia*, the Issuer as security for any and all liabilities of the Collection Foundation to the Issuer, both under the condition that future issuers (and any security trustees) in securitisations and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Seller will also have the benefit of such right of pledge. Such rights of pledge are governed by Dutch law and have been notified to the Foundation Accounts Provider.

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 held by the Issuer in respect of the immediately preceding Notes Calculation Period or on the immediately succeeding Notes Payment Date (less any First Revenue Funds) (items under (i) up to and including (xii) hereafter being referred to as the "**Available Revenue Funds**"):

(i) as interest, including interest penalties, on the Mortgage Receivables less (i), with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the interest amount received in respect of such Mortgage Receivable multiplied by the relevant Participation Fraction;

(ii) as interest accrued and received on the Issuer Transaction Accounts and as revenue on any Eligible Investments made by the Issuer;

(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 less, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the interest amount received in respect of such Mortgage Receivable multiplied by the Participation Fraction;

(v) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Notes Payment Date, excluding any Swap Collateral (for the avoidance of doubt, unless such collateral is available for inclusion in the Available Revenue Funds in accordance with the Trust Deed in connection with the termination of the Swap Agreement) and excluding any upfront payment by a replacement swap counterparty which is to be applied towards a termination payment in accordance with the Trust Deed;

(vi) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the amount so received in respect of such Mortgage Receivable multiplied by the Participation Fraction;

(vii) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the amount received in respect of such Mortgage Receivable multiplied by the Participation Fraction;

(viii) 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**");

(ix) any amounts standing to the credit of any of the Issuer Collection Account, after all amounts of

interest and principal due in respect of the Notes, other than the Class S Notes, have been paid in full;

(x) as amounts to be drawn from the Reserve Account in accordance with the Trust Deed;

(xi) any amounts forming part of the Available Principal Funds up to an amount equal to the Excess Available Principal Funds on the immediate succeeding Notes Payment Date; and

(xii) an amount equal to the Revenue Shortfall Amount on the immediate succeeding Notes Payment Date (as deducted from the Available Principal Funds),

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 each Notes Calculation Date received or held by the Issuer in respect of the immediate preceding Notes Calculation Period or on the immediately succeeding Notes Payment Date (less any First Principal Funds) (items under (i) up to and including (x), less items (xi) and (xii) hereinafter being referred to as the "**Available Principal Funds**"):

(i) as repayment and prepayment of principal in part under the Mortgage Receivables, excluding Prepayment Penalties, and in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, with a maximum of the outcome of (a) the Outstanding Principal Amount of such Mortgage Receivable less (b) the Insurance Savings Participation in such Mortgage Receivable;

(ii) as repayment and prepayment of principal in full under the Mortgage Receivables, excluding Prepayment Penalties, less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the Insurance Savings Participation in such Mortgage Receivable;

(iii) as Net Foreclosure Proceeds on any Mortgage Receivable less, to the extent such proceeds relate to principal, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the Insurance Savings Participation in such Mortgage Receivable;

(iv) as amounts received in connection with a repurchase of 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, less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the Insurance Savings Participation in such Mortgage Receivable;

(v) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the Insurance Savings Participation in such Mortgage Receivable;

(vi) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;

(vii) as Insurance Savings Participation Increase and as amounts to be received as Initial Insurance Savings Participation on the immediately succeeding Notes Payment Date pursuant to the Insurance Savings Participation Agreements;

(viii) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date, which has not been applied towards redemption of the Notes on the

immediately preceding Notes Payment Date;

(ix) an amount equal to the Available Revenue Redemption Funds on the immediately succeeding Notes Payment Date; and

(x) any amounts to be drawn from the Subordinated Loan Reserve Ledger on the immediately succeeding Notes Payment Date in accordance with the Trust Deed,

less:

(xi) any amount equal to item (xi) of the Available Revenue Funds in respect of any Excess Available Principal Funds on the immediately succeeding Notes Payment Date; and

(xii) any amount equal to the Revenue Shortfall Amount on the immediate succeeding Notes Payment Date,

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

Cash Collection Arrangements

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the first calendar day of each month (or the next Business Day if such day is not a Business Day), interest being payable in arrears. All payments made by Borrowers must be paid into a Collection Foundation Account maintained by the Collection Foundation with the Foundation Accounts Provider. The Collection Foundation Accounts are also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Seller is entitled *vis-à-vis* the Collection Foundation.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of the Foundation Accounts Provider are assigned a rating of less than "BBB" by Moody's Investors Service Limited (only to the extent Moody's assigns a rating to any of the Notes issued under or in connection with any of the transaction documents), "BBB" (long term) and "A-2" (short term) by S&P (only to the extent S&P assigns a rating to any of the Notes issued under or in connection with any of the transaction documents) or the short- or long-term Issuer Default Rating (IDR) of the Foundation Accounts Provider are set below "A" or "F1" by Fitch (long-term and short-term issuer default rating (IDR), respectively) (only to the extent Fitch assigns a rating to any of the Notes issued under or in connection with any of the transaction documents), Intertrust Administrative Services B.V., on behalf of the Collection Foundation, will as soon as reasonably possible, but within no longer than 30 days, (i) ensure that payments to be made by the Foundation Accounts Provider in respect of amounts received on the Collection Foundation Accounts relating to the Mortgage Receivables will be fully guaranteed pursuant to an unconditional and irrevocable guarantee from an eligible party, which guarantee complies with the criteria of S&P, or transfer the Collection Foundation Accounts to a new account provider, provided that the unsecured, unsubordinated and unguaranteed debt obligations of such guarantor or new account provider are assigned a rating of at least the short- or long-term Issuer Default Rating (IDR) of such guarantor or new account provider set at least at "BBB" by Moody's Investors Service Limited, "A" and "F1" by Fitch (long-term and short-term issuer default rating (IDR), respectively) and its unsecured, unsubordinated and unguaranteed debt obligations are at least "BBB" (long term) and "A-2" (short term) by S&P or any such rating is withdrawn; or (ii) implement any other actions provided that the Credit Rating Agencies and Moody's are notified of such other action.

In the event of a transfer to an alternative bank as referred to under (i) above, the Collection Foundation shall enter into a pledge agreement – and create a right of pledge over such bank account in favour of the Issuer and the Security Trustee separately – upon terms substantially the same as the Collection Foundation Account Pledge Agreement.

Intertrust Administrative Services B.V., or if Intertrust Administrative Services B.V. fails to reimburse the Collection Foundation or pay on behalf of the Collection Foundation any costs in connection with any of the actions under (i) or (ii), ABN AMRO Bank N.V. as Foundation Account Provider shall pay any costs incurred by the Collection Foundation as a result of the action described under (i) or (ii) above, only if such action is a consequence of a downgrade of its rating below the Required Ratings (as defined in the Receivables Proceeds Distribution Agreement).

Each of the Collection Foundation and the Originators have undertaken with the Seller and the Issuer that, on or prior to each Mortgage Collection Payment Date, all amounts of principal, interest, Prepayment Penalties and interest penalties in respect of the Mortgage Receivables received by the Collection Foundation on the Collection Foundation Accounts or the relevant Originator on the relevant Originator Collection Account during the immediately preceding Mortgage Calculation Period Account in respect of the Mortgage Receivables will be transferred to the Issuer Collection Account.

Eligible Investments

If during any Mortgage Collection Period, the balance standing to the credit of the Issuer Collection Account exceeds 0.75 per cent. of the Principal Outstanding Amount of all Notes on the immediately preceding Notes Payment Date (after application by the Issuer of the Available Revenue Funds and the Available Principal Funds on such date), the Issuer may at its option, invest such funds into (A) euro denominated securities, subject to certain conditions, including that such securities may not have a maturity beyond the immediately succeeding Notes Payment Date and that such securities have been assigned the Eligible Investment Minimum Ratings or (B) in other securities that meet the then current criteria of the Rating Agencies (the "**Eligible Investments**").

The "**Eligible Investments Minimum Ratings**" means in respect of securities, (i) a rating of (a) AA- or A-1+ by S&P in case of a remaining tenor less than one year or (b) A-1 by S&P in case of a remaining tenor less than sixty (60) days and (ii) a rating of (a) AA- and/or F1+ by Fitch in case of a remaining tenor less than one year but longer than thirty (30) days or (b) A and/or F1 by Fitch in case of a remaining tenor less than thirty (30) days.

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, (ii) the fees, costs, expenses or other remuneration due and payable to the Collection Foundation under the Receivables Proceeds Distribution Agreement and (iii) 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) any amount due and payable to the Servicer under the Servicing Agreement or, following a default made by the Servicer in the fee payment of the Sub-servicers, to the Sub-servicers under the Sub-Servicing Letter (ii) any amount due and payable to the Issuer Adviser under the Servicing Agreement (except for any Issuer Adviser Subordinated Fee), (iii) any amount due and payable to the Issuer Administrator under the Administration Agreement, (iv) any amount due and payable to the Domiciliation Agent under the Domiciliation, Management and Administration Agreement, (v) any amount due and payable to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (vi) the fees, costs, expenses or other remuneration due and payable to the Reporting Services Provider under the Reporting Services Agreement;

(c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amount 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 (ii) any amount due and payable to the Credit Rating Agencies and any legal adviser, auditor and accountant, appointed by the Issuer or the Security Trustee, (iii) any amount due and payable to the Issuer Account Bank under the Issuer Account Agreement and (iv) any amounts due in connection with the listing of the Notes;

(d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (except for any Swap Counterparty Subordinated Payment and any Excess Swap Collateral and any Tax Credit);

(e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class A 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*, to replenish the Reserve Account (other than the Subordinated Loan Reserve Ledger) up to the amount of the Reserve Account First Target Level;

(h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class B Notes;

(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, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class C Notes;

(k) *eleventh*, 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;

(l) *twelfth,* in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class D Notes;

(m) *thirteenth*, in or towards satisfaction of the Issuer Adviser Subordinated Fee due to the Issuer Adviser under the terms of the Servicing Agreement;

(n) *fourteenth*, to replenish the Reserve Account (other than the Subordinated Loan Reserve Ledger) up to the amount of the Reserve Account Second Target Level;

(o) *fifteenth*, 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;

(p) *sixteenth*, in or towards satisfaction of sums to be credited to the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;

(q) *seventeenth*, in or towards satisfaction of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement;

(r) *eighteenth*, from and including the Acceleration Start Date, to form part of the Available Revenue Redemption Funds for the redemption of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes until fully redeemed in accordance with the Conditions;

(s) *nineteenth,* in or towards satisfaction of principal due under the Class S Notes until fully redeemed in accordance with the Conditions; and

(t) *twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class E Notes, or interest due on the Class E Notes, but unpaid on the date on which the Class E Notes have been redeemed in full.

Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Trustee, the 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*, in or towards satisfaction of principal due under the Class A Notes until fully redeemed in accordance with the Conditions;

(b) *second*, in or towards satisfaction of principal due under the Class B Notes until fully redeemed in accordance with the Conditions;

(c) *third*, in or towards satisfaction of principal due under the Class C Notes until fully

redeemed in accordance with the Conditions;

(d) *fourth*, in or towards satisfaction of principal due under the Class D Notes until fully redeemed in accordance with the Conditions; and

(e) *fifth,* in or towards satisfaction of principal due under the Class E Notes in accordance with the Conditions.

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, but excluding the Insurance Savings Participants) 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*, 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, (ii) the fees, costs, expenses or other remuneration due and payable to the Collection Foundation under the Receivables Proceeds Distribution Agreement and (iii) 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) any amount due and payable to the Servicer under the Servicing Agreement or, following a default made by the Servicer in the fee payment to the Sub-servicers, to the Sub-servicers under the Sub-Servicing Letter, (ii) any amount due and payable to the Issuer Adviser under the Servicing Agreement (except for any Issuer Adviser Subordinated Fee), (iii) any amount due and payable to the Issuer Administrator under the Administration Agreement, (iv) any amount due and payable to the Domiciliation Agent under the Domiciliation, Management and Administration Agreement, (v) any amount due and payable to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (vi) the fees, costs, expenses or other remuneration due and payable to the Reporting Services Provider under the Reporting Services Agreement;

(c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amount 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, (ii) any amount due and payable to the Credit Rating Agencies and any legal adviser, auditor and accountant, appointed by the Issuer or the Security Trustee, (iii) any amount due and payable to the Issuer Account Bank under the Issuer Account Agreement and (iv) any amounts due in connection with the listing of the Notes;

(d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (except for any Swap Counterparty Subordinated Payment and any Excess Swap Collateral and any Tax Credit);

(e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest and principal due on the Class A Notes;

(f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest and principal due on the Class B Notes;

(g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest and principal due on the Class C Notes;

(h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective

amounts thereof, of interest and principal due on the Class D Notes;

(i) *ninth*, in or towards satisfaction of the Issuer Adviser Subordinated Fee due to the Issuer Adviser under the terms of the Servicing Agreement;

(j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of principal due on the Class E Notes;

(k) *eleventh*, in or towards satisfaction of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement;

(l) *twelfth*, in or towards satisfaction of principal due under the Class S Notes until fully redeemed in accordance with the Conditions; and

(m) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class E Notes, or interest due on the Class E Notes, but unpaid on the date on which the Class E Notes have been redeemed in full.

After the delivery of an Enforcement Notice, the Insurance Savings Participation Enforcement Available Amount will be paid by the Security Trustee to the Insurance Savings Participants.

5.3 LOSS ALLOCATION

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising five sub-ledgers, known as the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E 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 and any Revenue Shortfall Amount (each respectively the Class A Principal Deficiency, the Class B Principal Deficiency, the Class C Principal Deficiency, the Class D Principal Deficiency and the Class E Principal Deficiency and together a Principal Deficiency). The sum of any Realised Loss and any Revenue Shortfall Amount shall be debited to the Class E Principal Deficiency Ledger (such debit items being recredited at item (p) 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 E Notes and thereafter such amounts shall be debited to the Class D Principal Deficiency Ledger (such debit items being recredited at item (o) 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 recredited 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 C Notes and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being recredited 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 recredited 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 relevant Originator, the Issuer, the Servicer on behalf of the Issuer or the Security Trustee has completed the foreclosure, in the immediately preceding Notes Calculation Period the amount by which (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables less, with respect to the Savings Mortgage Receivables and the Switch Mortgage Receivables with a Savings Alternative, the Insurance Savings Participations exceeds (ii) the amount of the Net Foreclosure Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables less, with respect to the Savings Mortgage Receivables, the Insurance Savings Participations; and

(b) with respect to the Mortgage Receivables sold by the Issuer in the immediate preceding Notes Calculation Period, the amount by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to the Savings Mortgage Receivables and the Switch Mortgage Receivables with a Savings Alternative, the Insurance Savings Participations exceeds (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal less, with respect to the Savings Mortgage Receivables, the Insurance Savings Participations; and

(c) with respect to the Mortgage Receivables in respect of which the Borrower (i) has successfully asserted set-off or defence to payments or (ii) repaid or prepaid any amount in the immediately preceding Notes Calculation Period the amount by which (x) the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to the Savings Mortgage Receivables and the Switch Mortgage Receivables with a Savings Alternative, the Insurance Savings Participations prior to such set-off or defence or repayment or prepayment exceeds (y) the aggregate Outstanding Principal Amount of such Mortgage Receivables, less, with respect

to the Savings Mortgage Receivables and the Switch Mortgage Receivables with a Savings Alternative, the Insurance Savings Participations after such set-off or defence or repayment or prepayment having been made, unless, and to the extent, such amount is received from the relevant Originator or Seller or otherwise in accordance with any item of the Available Principal Funds, including any amounts debited from the Subordinated Loan Reserve Ledger.

5.4 HEDGING

Interest Rate Hedging

All Mortgage Receivables sold and assigned to the Issuer either bear (i) a fixed rate of interest or (ii) a floating rate of interest. The interest rate payable by the Issuer with respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is calculated as a margin over three month Euribor. By entering into the Swap Agreement with the Swap Counterparty the Issuer will hedge the exposure in respect of the interest received under the Swap Mortgage Receivables (i.e. performing Non-Euribor Mortgage Receivables) against the Euribor based interest rate due by the Issuer under the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Only a portion of the outstanding Mortgage Receivables will be hedged, the remainder will not be hedged. The part that is unhedged will correspond to the Outstanding Principal Amount of (i) Euribor Mortgage Receivables and (ii) Non-Euribor Mortgage Receivables which are in arrear for more than 30 days for that month. The Euribor Mortgage Receivables are reset on a quarterly basis against Euribor for 3 month deposits on the last day of each calendar quarter. The Euribor interest under the Notes resets quarterly two Business Days prior to the Notes Payment Dates which fall on 18th day of January, the 18th day of April, the 18th day of July and the 18th day of October. The Notes Payment Dates are specifically chosen to minimise the risk that the 3 months Euribor rate used to set the interest on the Euribor Mortgage Receivables Notes will significantly deviate from the 3 months Euribor rate set for the Notes.

Under the Swap Agreement, the Issuer will agree to pay on each Notes Payment Date an amount equal to:

(i) the aggregate amount of the interest on the Swap Mortgage Receivables scheduled to be paid during the relevant Swap Observation Period less, with respect to each Swap Mortgage Receivable which qualifies as a Savings Mortgage Receivable or a Switch Mortgage Receivable with a Savings Alternative, an amount equal to such scheduled interest for the relevant Swap Observation Period on such receivables multiplied by the Participation Fraction; plus

(ii) any Prepayment Penalties received in respect of the Swap Mortgage Receivables during the relevant Swap Observation Period.

Under the Swap Agreement, the Swap Counterparty will agree to pay on each Notes Payment Date:

(x) an amount equal to the Blended Note Spread for such Interest Period plus Euribor for 3 month deposits, applied to the Swap Mortgage Receivables Notional Amount on the first day of the relevant Swap Observation Period; plus

(y) an excess margin of 0.70 per cent. for such Interest Period applied to the Swap Mortgage Receivables Notional Amount on the first day of the relevant Swap Observation Period; plus

(z) an amount equal to the expenses as described under (a), (b) and (c) of the Revenue Priority of Payments paid by the Issuer on the Notes Payment Date with a maximum of 0.27 per cent. for such Interest Period applied to the Swap Mortgage Receivables Notional Amount on the first day of the relevant Swap Observation Period.

The Blended Note Spread is calculated based on the weighted average spread of the Principal Amount Outstanding on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on the first day of the Interest Period. It ignores any Principal Deficiency Ledger that may be applied to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes at such time, thereby ensuring that the Blended Note Spread paid to the Issuer is not impacted by realised credit losses and increases through time as the lower yielding Class A Notes are repaid pursuant to the terms of the Notes.

The Swap Observation Period is a three month period that starts on the first day of the month preceding the corresponding Interest Period, provided that the Swap Observation Period for the first (long) Interest Period shall be the period from and including the Issue Date up to the end of the month before the first Notes Payment Date. The Swap Mortgage Receivables Notional Amount at the start of the Swap Observation Period is based on the latest Portfolio and Performance Report.

Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated upon the occurrence of one of certain specified Events of Default and Termination Events (each as defined therein) commonly found in standard ISDA documentation except where such Events of Default and Termination Events (each as defined therein) are disapplied and/or modified and any Additional Termination Events (as defined therein) are added.

Termination Events will occur if (i) it becomes unlawful for either party to perform its obligations under the Swap Agreement, or (ii) a Tax Event (as defined in the Swap Agreement) as modified by deletion of part (x) occurs, or (iii) a Tax Event Upon Merger (as defined in the Swap Agreement) occurs, which can only be designated by the Issuer or (iv) a Credit Event Upon Merger (as defined in the Swap Agreement) occurs or (v) an Enforcement Notice is served or (vi) the Notes are redeemed in full or (vii) the rating of the Swap Counterparty falls below the Swap Required Ratings and the appropriate remedial actions have not been taken in time or (viii) certain amendments are made to the Transaction Documents without the consent of the Swap Counterparty. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement, and (ii) certain insolvency events and (iii) merger without assumption.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party, which amount could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full. Subject to the terms of the Swap Agreement, the market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that sufficient market quotations cannot be obtained and in certain other circumstances).

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

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

If the Swap Counterparty ceases to have certain required ratings by the Credit Rating Agencies, the Swap Counterparty will be required to take certain remedial measures which, subject to the terms of the Swap Agreement, may include (i) the provision of collateral for its obligations under the Swap Agreement (pursuant to the credit support annex entered into by the Issuer and the Swap Counterparty which forms part of the Swap Agreement on the basis of standard ISDA documentation, which stipulates certain requirements relating to the provision of collateral by the Swap Counterparty at any time after the Issue Date in accordance with the relevant Credit Rating Agency criteria), (ii) arranging for its obligations

under the Swap Agreement to be transferred to an entity with the required ratings, (iii) procuring another entity with at least the required ratings guarantee its obligations under the Swap Agreement, or (iv) the taking of such other action acceptable to the relevant Credit Rating Agencies as may be required to maintain or, as the case may be, restore the then current ratings assigned to the Class A Notes immediately prior to the Swap Counterparty ceasing to have such ratings. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

Upon termination of the Swap Agreement any collateral transferred by the Swap Counterparty which is in excess of its obligations to the Issuer under the credit support annex will promptly be returned to such Swap Counterparty outside the relevant Priority of Payments. Interest accrued on the Swap Collateral will either be deposited on the Swap Cash Collateral Account or paid to the Swap Counterparty in accordance with the credit support annex.

Any Tax Credit obtained by the Issuer shall be paid to the Swap Counterparty outside the relevant Priority of Payments.

Swap termination and payment by replacement swap counterparty
If following the termination of the Swap Agreement (i) an amount is due by the Issuer to the Swap Counterparty as termination payment (including any Swap Counterparty Subordinated Payment), other than in relation to the return of Excess Swap Collateral or any other Unpaid Amount (as defined in the Swap Agreement), and (ii) the Issuer receives an upfront payment from a replacement swap counterparty in connection with the entering into a replacement swap agreement as a result of the market value of such swap agreement, then the Issuer shall apply such amounts received from that replacement swap counterparty to pay an amount equal to such termination payment (for the avoidance of doubt minus any Unpaid Amounts owed by the Issuer to the Swap Counterparty) outside the relevant Priority of Payments and such amount will not form part of the Available Revenue Funds.

In the event that the Issuer may not be able to enter into a replacement swap agreement with a replacement swap counterparty, the funds available to the Issuer to pay interest on and principal of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes may be insufficient if the interest revenues received by the Issuer as part of the Mortgage Receivables are substantially lower than the rate of interest payable by it on such Notes. In these circumstances, the holder of the Notes may experience delays and/or reductions in the interest and principal payments to be received by them.

EMIR
Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts which are declared subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. At this moment no OTC derivatives contracts have been declared subject to the clearing obligation. The Issuer has represented to the Security Trustee that at the Issue Date it qualifies as a non-financial counterparty and that the Swap Agreement is a hedging position below the clearing threshold, in each case within the meaning of EMIR.

EMIR also contains requirements with respect to margining which are applicable from 16 August 2012. The regulatory technical standards providing more detailed requirements in respect of margining, including the levels and type of collateral and segregation arrangements, are expected in 2014.

Under EMIR counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. Under the Reporting Services Agreement, the Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository as soon as such obligation comes into force. Such Agreement may be terminated by the Swap Counterparty in which case the Issuer will need to perform the reporting

services and/or may outsource the performance of such reporting services to a third party such as the Issuer Administrator or the Issuer Adviser.

5.5 LIQUIDITY SUPPORT

N/A

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, (ii) from the Insurance Savings Participants under the Insurance Savings Participation Agreements and (iii) from the other parties to the Transaction Documents will be paid. The Issuer Administrator will identify all amounts paid into the Issuer Collection Account, including the amounts received set out under (i), (ii) and (iii) 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.

If during any Mortgage Collection Period, the balance standing to the credit of the Issuer Collection Account exceeds 0.75 per cent. of the Principal Outstanding Amount of all Notes on the immediately preceding Notes Payment Date (after application by the Issuer of the Available Revenue Funds and the Available Principal Funds on such date), the Issuer may at its option, invest such funds into Eligible Investments.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Transaction Documents) and under obligations incurred in connection with the Issuer's business and (ii) amounts due to the Insurance Savings Participants under the Insurance Savings Participation Agreements and (iii) investments in Eligible Investments.

Reserve Account
The Issuer will maintain with the Issuer Account Bank the Reserve Account to which on the Issue Date the proceeds of the Class S Notes will be credited, which is equal to 2.30 per cent. of the Outstanding Principal Balance of the Mortgage Receivables at the Issue Date. 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 Reserve Account from time to time.

Amounts credited to the Reserve Account (excluding any amounts standing to the credit of the Subordinated Loan Reserve Ledger) will be available on any Notes Payment Date to meet items (a) to (m) (inclusive) (excluding item (g)) 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 (m) (inclusive) (excluding item (g)) of the Revenue Priority of Payments.

If and to the extent that the Available Revenue Funds on any Notes Calculation Date exceed the amounts required to meet items ranking higher than item (g) in the Revenue Priority of Payments, the excess amount will be used to credit the Reserve Account (but not to the Subordinated Loan Reserve Ledger), to the extent required, until the balance standing to the credit of the Reserve Account (for such purpose ignoring amounts standing to the credit of the Subordinated Loan Reserve Ledger) equals the Reserve Account First Target Level, being, on any Notes Calculation Date, an amount equal to 2.30 per cent. of the Principal Amount Outstanding of the Notes, at the Issue Date.

If and to the extent that the Available Revenue Funds on any Notes Calculation Date exceed the amounts required to meet items ranking higher than item (m) in the Revenue Priority of Payments, the excess amount will be used to credit the Reserve Account (but not to the Subordinated Loan Reserve Ledger), to the extent required, until the balance standing to the credit of the Reserve Account (for such purpose ignoring amounts standing to the credit of the Subordinated Loan Reserve Ledger) equals the Reserve Account Second Target Level, being, on any Notes Calculation Date, an amount equal to 4.00 per cent. of the Principal Amount Outstanding of the Notes, at the Issue Date.

To the extent that the balance standing to the credit of the Reserve Account (excluding any amounts standing to the credit of the Subordinated Loan Reserve Ledger) on any Notes Payment Date exceeds the Reserve Account Second Target Level (after payments pursuant to the Revenue Priority of Payments would have been made on such date), such excess shall be drawn from the Reserve Account (other than from the Subordinated Loan Reserve Ledger) on such Notes Payment Date and shall form part of the Available Revenue Funds on that Notes Payment Date.

On the Notes Payment Date on which all amounts of interest and principal due in respect of the Notes (other than the Class E Notes) have been or will be paid, the Reserve Account First Target Level and the Reserve Account Second Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account (excluding any amounts standing to the credit of the Subordinated Loan Reserve Ledger) will thereafter form part of the Available Revenue Funds.

Subordinated Loan Reserve Ledger
On the Issue Date, the Seller and the Issuer have entered into a Subordinated Loan Agreement pursuant to which the Seller has granted a loan to the Issuer in an amount equal to the Outstanding Principal Amount of the Subordinated Loan Mortgage Receivables as at the Issue Date, being an amount equal to EUR 7,690,910. The Issuer will deposit such amount on the Reserve Account with a corresponding credit to the Subordinated Loan Reserve Ledger.

Amounts credited to the Subordinated Loan Reserve Ledger will be available on any Notes Payment Date, in case a Realised Loss under item (c)(i) of such definition has occurred in relation to the Subordinated Loan Mortgage Receivables during the immediately preceding Notes Calculation Period. The amount so debited from the Subordinated Loan Reserve Ledger on such Notes Payment Date shall form part of the Available Principal Funds on that Notes Payment Date.

On the Notes Payment Date on which there is a positive difference between the balance standing to the credit of the Subordinated Loan Reserve Ledger (after taking into account any drawing from such ledger on such date) and the aggregate Outstanding Principal Amount of the Subordinated Loan Mortgage Receivables on such Notes Payment Date, as a result of amongst other things (i) the entering into by an Future Insurance Savings Participant whose Savings Insurance Policies are connected to one or more Subordinated Loan Mortgage Receivables in replacement of the Seller in its capacity as Insurance Savings Participant of an Insurance Savings Participation Agreement with the Issuer and the Security Trustee (to the extent such Insurance Savings Participant has not previously entered into an Insurance Savings Participation Agreement with the Issuer and the Security Trustee), (ii) the repurchase or sale of one or more Subordinated Loan Mortgage Receivables by the Seller or to a third party, as applicable or (iii) the repayment of one or more Subordinated Loan Mortgage Receivables (save by means of set-off or defence to payments by a Borrower), the balance standing to the credit of the Subordinated Loan Reserve Ledger, or a part thereof, will be released and repaid and transferred by the Issuer to the Seller (or the Security Trustee, as the case may be) on that Notes Payment Date, in respect of (i) in an amount equal to the aggregate Outstanding Principal Amount of the relevant Subordinated Loan Mortgage Receivables relating to such Future Insurance Savings Participant, in respect of (ii) in an amount equal to the aggregate Outstanding Principal Amount of the relevant Subordinated Loan Mortgage Receivables then repurchased by the Seller or sold to a third party, as applicable, and in respect of (iii) in an amount equal to the aggregate Outstanding Principal Amount of the relevant Subordinated Loan Mortgage Receivables which have been repaid on such Notes Payment Date.

Swap Collateral Accounts

The Issuer will maintain with the Issuer Account Bank the Swap Cash Collateral Account to which any collateral in the form of cash may be credited by the Swap Counterparty pursuant to the Swap Agreement. If any collateral in the form of securities is provided to the Issuer by the Swap Counterparty, the Issuer will be required to open a Swap Securities Collection Account in which such securities will be held.

No withdrawals may be made in respect of any Swap Collateral Account other than:

(i) to effect the return of Excess Swap Collateral to the Swap Counterparty (which return shall be effected by the transfer of such Excess Swap Collateral directly to the Swap Counterparty, outside the Revenue Priority of Payments or, as applicable, the Post-Enforcement Priority of Payments) including any interest accrued on the Swap Cash Collateral Account which may be paid in accordance with the credit support annex; or

(ii) following the termination of the Swap Agreement where an amount is owed by the Swap Counterparty to the Issuer, the collateral (in case of securities after liquidation or sale thereof) (other than any Excess Swap Collateral) will form part of the Available Revenue Funds (for the avoidance of doubt, after any close out netting has taken place) provided that such amount may be first applied towards, or reserved for, an upfront payment to a replacement swap counterparty outside the Revenue Priority of Payments until one year after such termination has occurred.

Rating of 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 30 calendar days (of such reduction or withdrawal of such rating) to (a) transfer the balance standing to the credit of the relevant Issuer Accounts to an alternative issuer account 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 are not adversely affected as a result thereof.

Investment Account
If the Issuer invests in Eligible Investments it will open the Investment Account with the Investment Account Provider and deposit the Eligible Investment on such account

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 from the Reserve Account, (c) procuring that all payments to be made by the Issuer under the Swap Agreement, (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.

In the Administration Agreement, the Issuer will appoint Intertrust (Luxembourg) S.à. r.l. to act as Issuer Administrator and to provide the Issuer Services.

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 and by the Issuer upon the expiry of not less than twelve months' notice, subject to (*inter alia*) (i) written approval of the Security Trustee, which approval may not be unreasonably withheld, (ii) appointment of a substitute administrator and (iii) 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 Luxembourg legislation dated 9 March 2006, as amended implementing this Directive (the "**Market Abuse Law**") (the Market Abuse Directive and the Market Abuse Law are 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 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

The numerical information set out below relates to the Mortgage Receivables (excluding the Additional Mortgage Receivables) on the Cut-Off Date. All amounts are in euro. After the Closing Date the portfolio will change from time to time as a result of repayment, prepayment, substitution, amendment and repurchase of Mortgage Receivables.

Distribution of the Mortgage Pool by Current Loan Part Balance	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
0 to 49,999	19,604,319.75	4.06%	736	19.87%
50,000 to 99,999	72,675,308.03	15.04%	986	26.61%
100,000 to 149,999	105,477,606.33	21.83%	878	23.70%
150,000 to 199,999	78,484,950.29	16.24%	464	12.52%
200,000 to 249,999	56,478,722.40	11.69%	256	6.91%
250,000 to 299,999	30,745,876.95	6.36%	113	3.05%
300,000 to 349,999	31,380,650.24	6.49%	98	2.65%
350,000 to 399,999	18,055,547.89	3.74%	49	1.32%
400,000 to 449,999	15,548,772.21	3.22%	37	1.00%
450,000 to 499,999	5,577,760.56	1.15%	12	0.32%
500,000 to 549,999	12,442,119.66	2.57%	24	0.65%
550,000 to 599,999	7,941,812.72	1.64%	14	0.38%
600,000 to 649,999	8,670,733.46	1.79%	14	0.38%
650,000 to 699,999	6,661,920.32	1.38%	10	0.27%
700,000 to 749,999	726,048.35	0.15%	1	0.03%
750,000 to 799,999	1,551,500.00	0.32%	2	0.05%
800,000 to 849,999	2,410,000.00	0.50%	3	0.08%
950,000 to 999,999	975,000.00	0.20%	1	0.03%
1,000,000 to 1,049,999	1,000,000.00	0.21%	1	0.03%
1,050,000 to 1,099,999	1,073,000.00	0.22%	1	0.03%
1,100,000 to 1,149,999	3,329,789.51	0.69%	3	0.08%
1,200,000 to 1,249,999	2,400,000.00	0.50%	2	0.05%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Origination Year	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
1995	216,861.56	0.04%	4	0.11%
1996	0.00	0.00%	0	0.00%
1997	592,572.92	0.12%	9	0.24%
1998	6,118,724.11	1.27%	43	1.16%
1999	21,582,839.86	4.47%	166	4.48%
2000	23,343,492.41	4.83%	196	5.29%
2001	23,254,606.29	4.81%	130	3.51%
2002	24,146,683.06	5.00%	182	4.91%
2003	23,230,007.11	4.81%	167	4.51%
2004	46,179,036.45	9.56%	326	8.80%
2005	59,627,617.32	12.34%	519	14.01%
2006	146,760,864.12	30.37%	1,281	34.57%
2007	67,694,445.10	14.01%	413	11.15%
2008	36,259,733.93	7.50%	204	5.51%
2009	2,086,343.71	0.43%	30	0.81%
2010	921,387.37	0.19%	19	0.51%
2011	860,483.93	0.18%	9	0.24%
2012	231,348.75	0.05%	5	0.13%
2013	104,390.67	0.02%	2	0.05%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Mortgage Type	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
Annuity	3,127,941.72	0.65%	45	1.21%
Hybrid	7,645,845.74	1.58%	82	2.21%
Interest Only	300,373,093.03	62.16%	2,327	62.81%
Investment	78,329,655.07	16.21%	354	9.55%
Life	89,676,467.85	18.56%	852	23.00%
Linear	2,610,045.81	0.54%	24	0.65%
Savings Insurance	1,448,389.45	0.30%	21	0.57%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Interest Rate Product Type	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
3 Months Euribor	129,816,973.67	26.87%	915	24.70%
Capped Euribor	2,069,388.98	0.43%	17	0.46%
Fixed Interest	295,937,048.34	61.24%	2,425	65.45%
Standard Variable	55,388,027.68	11.46%	348	9.39%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Current Interest Rate	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
<= 0.99%	4,516,103.83	0.93%	15	0.40%
1.00% to 1.49%	101,711,064.81	21.05%	757	20.43%
1.50% to 1.99%	25,386,925.88	5.25%	158	4.26%
2.00% to 2.49%	272,268.13	0.06%	2	0.05%
2.50% to 2.99%	0.00	0.00%	0	0.00%
3.00% to 3.49%	280,254.36	0.06%	3	0.08%
3.50% to 3.99%	30,728,984.15	6.36%	190	5.13%
4.00% to 4.49%	133,890,367.77	27.71%	1,113	30.04%
4.50% to 4.99%	92,790,769.04	19.20%	698	18.84%
5.00% to 5.49%	59,828,768.90	12.38%	355	9.58%
5.50% to 5.99%	17,675,607.05	3.66%	178	4.80%
6.00% to 6.49%	11,432,347.63	2.37%	164	4.43%
6.50% >=	4,697,977.12	0.97%	72	1.94%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Reset Year	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
Unspecified	100,000.00	0.02%	1	0.03%
2009	8,160,178.48	1.69%	49	1.32%
2010	10,940,424.43	2.26%	74	2.00%
2011	7,763,637.01	1.61%	59	1.59%
2012	5,319,222.43	1.10%	33	0.89%
2013	890,604.38	0.18%	9	0.24%
2014	50,714,296.87	10.50%	383	10.34%
2015	55,193,080.50	11.42%	379	10.23%
2016	151,478,464.01	31.35%	1,412	38.11%
2017	68,318,594.15	14.14%	449	12.12%
2018	28,658,219.57	5.93%	183	4.94%
2019	4,125,548.19	0.85%	36	0.97%
2020	3,463,633.09	0.72%	32	0.86%
2021	8,380,261.72	1.73%	53	1.43%
2022	8,670,172.69	1.79%	47	1.27%
2023	2,835,529.13	0.59%	16	0.43%
2024	903,498.33	0.19%	8	0.22%
2025	1,030,988.65	0.21%	6	0.16%
2026	0.00	0.00%	0	0.00%
2027	2,677,852.24	0.55%	15	0.40%
2028	3,470,989.64	0.72%	24	0.65%
2029	10,835,210.78	2.24%	71	1.92%
2030	9,398,679.60	1.95%	62	1.67%
2031 >=	39,882,352.78	8.25%	304	8.21%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Final Maturity Year	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
2014	773,221.50	0.16%	7	0.19%
2015	1,270,412.90	0.26%	12	0.32%
2016	911,362.74	0.19%	8	0.22%
2017	224,008.46	0.05%	3	0.08%
2018	2,095,294.81	0.43%	19	0.51%
2019	5,118,738.92	1.06%	48	1.30%
2020	3,794,699.06	0.79%	35	0.94%
2021	835,240.18	0.17%	12	0.32%
2022	1,057,150.57	0.22%	17	0.46%
2023	2,680,601.56	0.55%	23	0.62%
2024	3,184,640.57	0.66%	30	0.81%
2025	3,014,621.47	0.62%	29	0.78%
2026	3,989,442.92	0.83%	42	1.13%
2027	3,048,991.30	0.63%	34	0.92%
2028	6,643,072.19	1.37%	55	1.48%
2029	17,124,416.23	3.54%	135	3.64%
2030	25,067,724.88	5.19%	211	5.70%
2031	30,192,394.10	6.25%	196	5.29%
2032	27,370,371.61	5.66%	213	5.75%
2033	26,718,453.85	5.53%	203	5.48%
2034	40,220,364.48	8.32%	283	7.64%
2035	50,052,979.89	10.36%	416	11.23%
2036	119,403,660.60	24.71%	1,041	28.10%
2037	68,854,046.75	14.25%	395	10.66%
2038	36,982,949.86	7.65%	195	5.26%
2039	2,228,280.70	0.46%	30	0.81%
2040	281,887.37	0.06%	10	0.27%
2041	35,000.00	0.01%	1	0.03%
2042	37,409.20	0.01%	2	0.05%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Remaining Term (Years)	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
<= 9.9	18,760,730.70	3.88%	184	4.97%
10.0 to 11.9	5,624,010.28	1.16%	54	1.46%
12.0 to 13.9	7,335,685.98	1.52%	78	2.11%
14.0 to 15.9	20,372,830.13	4.22%	163	4.40%
16.0 to 17.9	51,133,480.93	10.58%	400	10.80%
18.0 to 19.9	55,988,011.79	11.59%	418	11.28%
20.0 to 21.9	89,293,572.03	18.48%	673	18.16%
22.0 to 23.9	186,431,320.40	38.58%	1,466	39.57%
24.0 to 25.9	47,544,999.86	9.84%	252	6.80%
26.0 to 27.9	689,387.37	0.14%	15	0.40%
28.0 to 29.9	37,409.20	0.01%	2	0.05%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Seasoning (Years)	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
<= 4.9	5,098,454.43	1.06%	72	1.94%
5.0 to 5.4	13,852,808.37	2.87%	76	2.05%
5.5 to 5.9	25,642,808.76	5.31%	145	3.91%
6.0 to 6.4	29,784,686.06	6.16%	156	4.21%
6.5 to 6.9	44,569,704.13	9.22%	301	8.12%
7.0 to 7.4	61,729,275.58	12.77%	506	13.66%
7.5 to 7.9	79,653,472.18	16.48%	762	20.57%
8.0 to 8.4	30,749,986.86	6.36%	258	6.96%
8.5 to 8.9	27,297,162.96	5.65%	232	6.26%
9.0 to 9.4	24,393,898.88	5.05%	174	4.70%
9.5 to 9.9	18,900,893.14	3.91%	132	3.56%
10.0 to 10.4	13,899,534.86	2.88%	92	2.48%
10.5 to 10.9	10,030,059.94	2.08%	81	2.19%
11.0 to 11.4	12,262,802.70	2.54%	103	2.78%
11.5 to 11.9	12,260,652.42	2.54%	79	2.13%
12.0 to 12.4	11,768,859.74	2.44%	68	1.84%
12.5 to 12.9	11,017,779.46	2.28%	62	1.67%
13.0 to 13.4	8,481,580.29	1.76%	60	1.62%
13.5 to 13.9	14,582,097.16	3.02%	135	3.64%
14.0 to 14.4	13,813,156.31	2.86%	107	2.89%
14.5 to 14.9	7,211,123.57	1.49%	54	1.46%
15.0 >=	6,210,640.87	1.29%	50	1.35%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Payment Frequency	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
Monthly	483,211,438.67	100.00%	3,705	100.00%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Originator	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
Quion 10 B.V.	152,996,840.98	31.66%	1,644	44.37%
Ember Hypotheken 1 B.V.	112,754,535.00	23.33%	828	22.35%
Ember Hypotheken 2 B.V.	217,460,062.69	45.00%	1,233	33.28%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Months in Arrears	Current Balance	Current Balance (%)	Number of Loans	Number of Loans (%)
<= 0.0	478,131,809.38	98.95%	3,666	98.95%
0.1 to 1.0	3,222,904.15	0.67%	24	0.65%
1.1 to 2.0	1,856,725.14	0.38%	15	0.40%
Total:	**483,211,438.67**	**100.00%**	**3,705**	**100.00%**

Distribution of the Mortgage Pool by Region	Current Balance	Current Balance (%)	Number of Properties	Number of Properties (%)
Drenthe	5,749,450.30	1.19%	27	1.40%
Flevoland	13,603,951.61	2.82%	66	3.43%
Friesland	5,844,367.65	1.21%	34	1.77%
Gelderland	41,109,257.43	8.51%	168	8.73%
Groningen	10,513,185.32	2.18%	73	3.79%
Limburg	9,518,636.18	1.97%	47	2.44%
Noord-Brabant	44,490,425.65	9.21%	188	9.77%
Noord-Holland	192,824,094.05	39.90%	648	33.68%
Overijssel	21,747,880.71	4.50%	109	5.67%
Utrecht	49,353,316.28	10.21%	155	8.06%
Zeeland	5,953,524.96	1.23%	30	1.56%
Zuid-Holland	82,503,348.53	17.07%	379	19.70%
Total:	**483,211,438.67**	**100.00%**	**1,924**	**100.00%**

Distribution of the Mortgage Pool by Property Type	Current Balance	Current Balance (%)	Number of Properties	Number of Properties (%)
Apartment	91,770,232.07	18.99%	388	20.17%
Residential House	385,675,729.73	79.82%	1,516	78.79%
Other	5,765,476.87	1.19%	20	1.04%
Total:	**483,211,438.67**	**100.00%**	**1,924**	**100.00%**

Distribution of the Mortgage Pool by Current Loan-to-Foreclosure Value	Current Balance	Current Balance (%)	Number of Properties	Number of Properties (%)
Unspecified	853,125.00	0.18%	3	0.16%
0% to 19%	1,934,061.66	0.40%	41	2.13%
20% to 29%	5,823,674.64	1.21%	45	2.34%
30% to 39%	11,684,577.26	2.42%	84	4.37%
40% to 49%	19,438,710.67	4.02%	117	6.08%
50% to 59%	23,783,695.65	4.92%	122	6.34%
60% to 69%	30,281,194.88	6.27%	149	7.74%
70% to 79%	48,387,012.66	10.01%	183	9.51%
80% to 84%	18,017,657.27	3.73%	79	4.11%
85% to 89%	26,011,736.47	5.38%	101	5.25%
90% to 94%	22,282,847.38	4.61%	75	3.90%
95% to 99%	27,256,520.99	5.64%	87	4.52%
100% to 104%	30,084,760.27	6.23%	96	4.99%
105% to 109%	29,412,675.60	6.09%	93	4.83%
110% to 114%	20,560,648.79	4.26%	72	3.74%
115% to 119%	37,563,859.73	7.77%	124	6.44%
120% to 124%	86,454,255.12	17.89%	305	15.85%
125% >=	43,380,424.63	8.98%	148	7.69%
Total:	**483,211,438.67**	**100.00%**	**1,924**	**100.00%**

Distribution of the Mortgage Pool by Head Applicant Employment Type	Current Balance	Current Balance (%)	Number of Borrowers	Number of Borrowers (%)
Employed	345,250,025.81	71.45%	1,473	76.88%
Self-Employed	106,820,519.71	22.11%	268	13.99%
Unemployed	7,705,173.84	1.59%	39	2.04%
Other	16,099,576.13	3.33%	102	5.32%
Unknown	7,336,143.18	1.52%	34	1.77%
Total:	**483,211,438.67**	**100.00%**	**1,916**	**100.00%**

Distribution of the Mortgage Pool by Debt Service to Income	Current Balance	Current Balance (%)	Number of Borrowers	Number of Borrowers (%)
Unspecified	7,682,616.87	1.59%	34	1.77%
0.01 to 0.05	44,241,279.09	9.16%	251	13.10%
0.06 to 0.10	73,729,881.64	15.26%	278	14.51%
0.11 to 0.15	50,606,772.11	10.47%	227	11.85%
0.16 to 0.20	82,059,639.06	16.98%	356	18.58%
0.21 to 0.25	106,024,319.99	21.94%	429	22.39%
0.26 to 0.30	52,783,038.57	10.92%	181	9.45%
0.31 to 0.35	37,767,307.43	7.82%	94	4.91%
0.36 to 0.40	12,592,115.69	2.61%	32	1.67%
0.41 to 0.45	8,067,330.92	1.67%	17	0.89%
0.46 to 0.50	2,282,000.00	0.47%	4	0.21%
0.51 >=	5,375,137.30	1.11%	13	0.68%
Total:	**483,211,438.67**	**100.00%**	**1,916**	**100.00%**

Weighted Average Life

The average life of the Notes refers to the average amount of time that will elapse from the Issue Date to the date of payment of the relevant Noteholders in reduction of the Principal Amount Outstanding of such Notes and gives a sense of the behaviour of principal cash flows.

The average lives of the Notes will be influenced by, among other things, the actual rates of repayment and prepayment of the Mortgage Loans. The average lives of the Notes are subject to factors largely outside the control of the Issuer. However, calculations of the possible average lives of the Notes can be made based on certain assumptions.

The following tables were prepared based on the characteristics of the Mortgage Loans and the following additional assumptions:

(a) the Issuer exercises its option to redeem the Notes on the First Optional Redemption Date, in the first scenario, or the Issuer does not exercise its option to redeem the Notes on or after the First Optional Redemption Date, in the second scenario;
(b) there is no exercise of the Clean-Up Call Option, the Seller Call Option, the Seller Subordinated Mortgage Receivables Repurchase Option and no redemption of the Notes for tax reasons;
(c) the Mortgage Loans are subject to a CPR of between 0 per cent. and 10 per cent. per annum as shown in the following tables relative to the then current principal balance of a pool of mortgage loans;
(d) the Outstanding Principal Amount of the Mortgage Receivables, less the relevant Participations (if any) continue to be fully performing and there are no arrears or enforcements, i.e. no losses;
(e) the forward Euribor curve is obtained from Bloomberg on 12 February 2014; and
(f) the weighted average lives have been calculated on an actual/360.

The actual characteristics and performance of the Mortgage Loans are likely to differ from the assumptions and the tables below and must therefore be viewed with considerable caution.

Notes (other than the Class E Notes and the Class S Notes) redeemed on the First Optional Redemption Date

CPR	Class A	Class B	Class C	Class D
0%	5.1	5.2	5.2	5.2
2%	4.8	5.2	5.2	5.2
4%	4.6	5.2	5.2	5.2
6%	4.3	5.2	5.2	5.2
8%	4.1	5.2	5.2	5.2
10%	3.9	5.2	5.2	5.2

Notes (other than the Class E Notes and the Class S Notes) not redeemed on the First Optional Redemption Date

CPR	Class A	Class B	Class C	Class D
0%	18.4	23.1	23.2	23.4
2%	14.5	22.7	22.7	22.9
4%	11.4	21.8	22.2	22.5
6%	9.2	20.2	20.8	21.4
8%	7.5	18.2	19.0	19.9
10%	6.3	16.4	17.2	18.1

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 and some of the Mortgage Loans have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*). The mortgage rights secure the relevant Mortgage Loans and are vested over property situated in the Netherlands. The Mortgage Loans and the mortgage rights securing the liabilities arising therefrom are governed by 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) Savings Mortgage Loans ("*spaarhypotheken*");
(b) Switch Mortgage Loans ("*switch hypotheken*)
(c) Life Mortgage Loans ("*levenhypotheken*");
(d) Linear Mortgage Loans ("*lineaire hypotheken*");
(e) Annuity Mortgage Loans ("*annuïteiten hypotheken*");
(f) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*");
(g) Investment Mortgage Loans ("*beleggingshypotheken*"); and
(h) Mortgage Loans which combine any of the above mentioned types of mortgage loans.

Mortgage Loan Type	Description
Savings Mortgage Loans:	A portion of the Mortgage Loans will be in the form of Savings Mortgage Loans, which consist of Mortgage Loans entered into by the relevant Originator and the relevant Borrowers combined with a Savings Insurance Policy. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with a saving insurance company in connection with the relevant Savings Mortgage Loan. Under the Savings Mortgage Loan, no principal is paid by the Borrower prior to maturity of the Savings Mortgage Loan. Instead, the Borrower pays a Savings Premium on a monthly basis. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the relevant saving insurance company to the relevant Borrower is equal to the principal amount due by the Borrower to the relevant Originator at maturity of the Savings Mortgage Loan. The Savings Insurance Policies are pledged to the relevant Originator as security for repayment of the relevant Savings Mortgage Loan.
Switch Mortgage Loans:	A portion of the Mortgage Loans will be in the form of Switch Mortgage Loans. Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a Savings Investment Insurance Policy with an saving insurance company whereby the premiums paid are invested in Investment Alternatives and/or Savings Alternatives. It is the intention that the Switch Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The Borrowers have the possibility to switch ("*omzetten*") their investments in the Investment Alternative to and from the relevant Savings Alternative. The Savings Investment Insurance Policies are pledged to the relevant Originator as security for repayment of the relevant Switch Mortgage Loan.

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. It is the intention that the Life Mortgage Loans will be fully or partially repaid by means of the proceeds of the investments under the Life Insurance Policy. The Insurance Policies are pledged to the relevant Originator.

Linear Mortgage Loans: A portion of the Mortgage Loans 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 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 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. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans may have been granted up to an amount equal to 75 per cent. of the Foreclosure Value of the Mortgaged Asset at origination.

Investment Mortgage Loans: A portion of the Mortgage Loans will be in the form of Investment Mortgage 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 relevant Originator as security for repayment of the relevant Investment Mortgage Loan.

6.3 ORIGINATION AND SERVICING

Origination

Other than the Mortgage Loans acquired by Quion 10 B.V. under the Quion generic funding model, (i) which were transferred to Quion 10 B.V. by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation and (ii) in respect of which the Mortgage securing such Mortgage Loan no longer secures any other claims of the relevant originator after such contract transfer, the Mortgage Loans involved have been granted by the Originators (previously 100 per cent. subsidiaries of Banque Artesia Nederland N.V., as from 13 December 2013 100% subsidiary of Ember VRM S.à r.l.).

The only business activity of the Originators is holding mortgage loans. The registered address of each of the Originators is Fascinatio Boulevard 1302, 2909 VA Capelle aan den IJssel, The Netherlands.

All Mortgage Loans are administered and serviced by each Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. (each a 100 per cent subsidiary of Quion Groep B.V., jointly and individually referred to as "**Quion**") in their capacity as Sub-servicer. Each of the Sub-servicers provides collection and other services to and on behalf of the Originators on a day-to-day basis in relation to the Mortgage Loans. The duties of each of the Sub-servicers include the collection of payments of principal, interest and other amounts in respect of the Mortgage Loans and the implementation of arrears procedures including the enforcement of the Mortgages.

Under the Servicing Agreement, the Seller acts as Servicer for the Issuer and has appointed Quion to act as Sub-servicers.

Underwriting rules

Quion has two different operating models: the generic funding model and specific funding models. In the generic funding Model, the underwriting criteria are set by Quion in consultation with the Originators. In specific funding models, the underwriting rules for mortgage loans are set by the Originators. Overall, the underwriting rules typically include the following:

(i) credit bureau information;

(ii) amount of debt that can be advanced against the borrower's monthly income and definition of income for the purposes of this calculation as well as minimum income level;

(iii) type of employment: on a temporary or permanent basis;

(iv) loan-to-value limitations;

(v) loan purpose and property type;

(vi) foreclosure and market valuations;

(vii) status of borrower;

(viii) whether or not the NHG Guarantee is applicable; and

(ix) the Code of Conduct.

Mortgage Loans granted by Quion 10 B.V. have been assessed under the generic funding model. Mortgage Loans originated by Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. have been assessed under a specific funding model.

Origination process

Banque Artesia Nederland N.V., with respect to Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. and Quion Hypotheekbemiddeling B.V., with respect to Quion 10 B.V., carried out all activities regarding the requests for mortgages, including the offering, the review and acceptance of the requests and amendments to the mortgages. As such, the Originators were not actively involved in the acceptance process and acted as lender of record of the loans on the basis of the loan files provided by Banque Artesia Nederland N.V. and Quion Hypotheekbemiddeling B.V.

The origination for Quion 10 B.V. as well as the origination for Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. was mainly done through intermediaries.

The origination process starts when a borrower opted for one of the Originators' mortgage products advised by an intermediary. The intermediary has all borrower brochures available, as well as an extensive manual outlining the mortgage lending criteria and conditions and application forms. Quion hypotheekbemiddeling B.V. provided the intermediaries with an IT application enabling the intermediary to make all necessary calculations, check the mortgage loan criteria and send the application electronically to the relevant Originator. An application could also be faxed to them.

If the application complies with all underwriting conditions, Banque Artesia Nederland N.V., with respect to Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. and Quion Hypotheekbemiddeling B.V., with respect to Quion 10 B.V., will submit an offer to the intermediary. This offer is valid for 3 weeks. The borrower must accept, sign and return the offer after which the offer will be valid for 3 months. The required documentation was allowed to be sent after the 3 week term. A maximum extension of 3 months after the initial offer period of 3 months is possible if the borrower pays a fee of 0.25 per cent per month.

As soon as Banque Artesia Nederland N.V., with respect to Ember Hypotheken 1 B.V. and Ember Hypotheken 2 B.V. and Quion Hypotheekbemiddeling B.V., with respect to Quion 10 B.V., received the signed application, the origination department entered the loan specifics also in the mortgage origination system of Quion ("**HYPOS**" and as from 2010 "**QSP**"). Quion did a fraud check based on a score of fraud indicators and also checked the SFH system as well as the BKR.

When all documents have been received and finally approved by the acceptance department, the mortgage processing department will file all relevant documents with the administration. At the same time notification is sent to the intermediary, who then informs the borrower. As soon as this has been done, everything had also been recorded in the administration system of Quion ("**HYPAS**" and as from 2010, QSP), after which Quion informed the civil law notary. Subsequently the civil law notary would fax the date of closing to Quion, as relevant. The money is then transferred from the account of the lender to the civil law notary who temporarily places the money in a separate account. The civil law notary is responsible for the execution of the mortgage deed, after which all relevant documents are sent to Quion, as relevant.

Collections

Quion is authorised by each of the Originators who have been authorised by the borrower, to draw the monthly payments from the borrower's bank account through direct debit directly into the respective Originators' bank account and the Collection Foundation Accounts. The computer system of Quion automatically collects the payments on the day before the first business day of each month in arrears. Payments information is monitored daily by the mortgage servicing department of Quion.

IT

The central backup system generates a daily automatic back up of QSP and the central file servers. In the afternoon a backup is made of all the changes until 17.00 Central European Time, while at night a complete backup is generated. The backup tapes and other material (except for QSP) are also stored with Escrow Europe B.V. and preserved by BLT Depot Foundation. The BLT Depot Foundation aims to improve the continuity of the interests of the Seller in its capacity as Servicer and the Sub-servicers - in

terms of the administrative files - to secure the quarterly run-time version of the software for the administration and management and control systems. The Issuer and Security Trustee shall enter into the Issuer Escrow Agreement between BLT Depot Foundation and Escrow Europe B.V. within one month after the Transfer Date in the form attached to the Servicing Agreement. In the Servicing Agreement the Servicer has confirmed that, in case of a bankruptcy of the Sub-servicers, Quion Escrow B.V. will continue to provide for the use of QSP toward the Issuer and the Security Trustee.

Arrears management

Introduction

The arrears management process for Mortgages Loans starts earlier and is more flexible and proactive than for regular prime mortgages:

- Immediate client contact after a missed payment;
- Focus on client relation;
- Strict and firm follow up;
- Use all means of communication and contact;
- Use personal visits and budget counselling; and
- Secure collateral.

Daily process

In case of arrears, a day after the arrears have come into existence Quion (on behalf of the relevant lender) will send a letter to the borrower to remind the borrower of the payment due. Furthermore, within 8 business days after the arrears have come into existence, Quion (on behalf of the relevant lender) will send a formal collection letter.

Between the 5th and 10th day Quion will make a service call in which the borrower is informed of the arrears and will be asked whether or not he is aware thereof. The borrower will be asked to state the cause of the arrears. After this service call, Quion will make an initial judgement on whether the arrears is structural or not. Payment arrangements will be made as well. If the borrower does not answer the service calls a message (if possible) will be left and a text message will be sent with a request for contact.

If the borrower does not respond, Quion will try, within the 10 to 30 days after the arrears to contact the borrower by repeatedly making service calls and sending letters, telegrams, e-mails and text messages. In addition, Quion will call the borrower's intermediairy agent and employer and search on the internet for information (social media and housing websites), consult the registries of the Chamber of Commerce and the Land Registry and, ultimately, paying visits to borrowers.

30 days after the arrears have come into existence, Quion will assess the situation and - if applicable qualify the borrower and the due payments as being late. Being 'late' means that the payment is 30 or more days in arrears or, in some cases, 60 days or more in arrears or that there are special circumstances, such as recent unemployment or divorce. Following such qualification, Quion will attempt to create a good contact with the borrower, to be well informed about his situation and to conclude a payment scheme or any other treatment which Quion deems fit for borrower and acceptable to the relevant lender. Quion will aim to preserve the ownership by the borrower of the property. If preservation of ownership is not possible the objective will be to limit losses as much as possible.

If preservation of ownership by the borrower is no longer feasible and a sale of the property is inevitable, the borrower will be requested to cooperate and to grant a power of attorney to the relevant civil law notary for a private sale of the property. Quion will assist with the sale of the property and will achieve that the power of attorney will be granted by the borrower in an earliest possible stage. In addition, Quion will have a real estate agent value the property. Quion will, together with the relevant lender, consider and determine the sale price. Should the power of attorney not be granted and/or a private sale of the property appears not to be feasible, the property will be sold by public auction. Quion will lead and observe both the public and the private sale of the property.

Foreclosures

As the relevant Originator has, as a first ranking mortgage, an 'executorial title' ("*executoriale title*"), it does not have to obtain permission from the court prior to foreclosure if the Borrower fails to fulfil his/her obligations and no other solutions are reached. The relevant Sub-servicer can, on behalf of the relevant Originator, sell the property either through a public sale (auction) or private sale (where it has been provided with a mandate by the Borrower). If the proceeds do not fully cover the Originators' claims, the outstanding amount still has to be paid by the Borrower.

Outstanding Amounts

If amounts are still outstanding after the sale of the property has been completed, the relevant Sub-servicer, on behalf of the relevant Originator, continues to manage the remaining receivables if it considers it likely that it will be able to recover such losses. These amounts still have to be repaid by the Borrower. If possible a settlement agreement will be entered into between the Borrower and the relevant Sub-servicer, on behalf of the relevant Originator. If the Borrower does not comply with the settlement agreement or does not wish to cooperate with the relevant Sub-servicer on finding a solution to repay the unpaid amounts, other measures can be taken, such as attachments on assets of the debtor.

6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified a range of relatively complex mortgage loan products[1]. Generous tax incentives have resulted in various loan structures. Most of these structures share the common characteristic of bullet repayment of principal at maturity. Historic practices and culture have also shaped the Dutch residential mortgage market in quite a unique way[2].

Most mortgage loan products reflect the tax deductibility of mortgage loan interest and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high LTV values and the extensive use of interest-only mortgage loans (which only need to be redeemed at maturity)[3]. 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.

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. More focus on transparency and financial predictability have resulted in simpler mortgage loan products in recent years.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a term between 5 and 15 years. Rate term fixings differ by vintage however. Historically low mortgage 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). More recently, a steep mortgage interest rate curve has shifted borrower's preferences to a shorter rate term fixing[4]. Compared to countries where floating mortgage rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations[5].

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. 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.

Tax deductibility and regulation

Prior to 2001, all interest payments on mortgage loans were deductible in full from taxable income. As from January 2001, tax deductibility was made conditional 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 highest marginal tax rate was reduced from 60% to 52% in 2001. 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 these limitations that came into force in 2001, tax deductibility of mortgage loan interest payments has been further restricted for borrowers that relocate to a new house and refinance their mortgage loan as from 1 January 2004. Under this 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

[1] Due to new regulation, borrowers have been restricted to annuity or linear mortgage loans since January 2013 if they want to make use of tax deductibility. See paragraph "Recent regulatory changes" below
[2] Rabo Credit Research, Dutch RMBS: a Primer (2013)
[3] Dutch Association of Insurers, Dutch Insurance Industry in Figures (2012)
[4] Dutch Central Bank, statistics, interest rates, table T1.2.
[5] Maarten van der Molen en Hans Stegeman, "De ongekende stabiliteit van de Nederlandse woningmarkt" (2011)

the mortgage loan that equals the purchase price of the new house less the realised net profit on the old house. Other housing related taxes partially unwind the benefits, but even despite restrictions implied in the past, tax relief on mortgage loans is still substantial. More meaningful restrictions to tax deductibility have been imposed per 1 January 2013 (see recent regulatory changes).

Underwriting standards follow from the Code of Conduct for Mortgage Lending, which is the industry standard. Since 1 August 2011, the requirements for mortgage lending have been tightened by the Financial Markets Authority (*AFM*). This has resulted in a revised Code of Conduct for Mortgage Lending (*Gedragscode Hypothecaire Financieringen*). It limits 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 (2%). 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.[6] 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 led to additional borrowing capacity[7].

Recent regulatory changes

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 tax relief (the linear option is also possible). Tax benefits for mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged. Grandfathering of these tax benefits is possible in case of refinancing and/or relocation. However, any such mortgage loans will again be tested against the Code of Conduct for Mortgage Lending, with the most important condition being that no more than 50% of the mortgage loan may be repaid on an interest-only basis. Furthermore, under a proposal currently pending before Dutch parliament (*Wet maatregelen woningmarkt 2014*), the coalition agreement for the current 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 for the highest (fourth) tax bracket annually at a rate of 0.5%, from of 52% to 38% eventually.

In addition, the maximum LTV will be gradually lowered to 100% in 2018, by 1% per annum (2013: max LTV: 105% including transfer tax). This guideline has been inserted in special underwriting legislation, which has become effective per 1 January 2013. This new legislation overrules the Code of Conduct for Mortgage Lending currently.

The transfer tax (stamp duty) was temporarily lowered from 6% to 2% on 1 July 2011. With effect from 15 June 2012, it will remain permanently at 2%[8].

Finally, interest paid on any outstanding debt from a mortgage loan remaining after the sale of a home (negative equity financing) can be deducted for tax purposes for a period of up to 10 years. This measure will be in place from 2013 up to and including 2023.

[6] 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
[7] M.T. van der Molen, “Aanschaffen woning is makkelijker” (2012)
[8] Dutch government, Updated Stabilisation Package (2012)

Recent developments housing market[9]

Existing house prices (PBK-index) rose for the first time in three years on a quarterly basis, albeit by a modest 0.4%. This is in line with the rise in sales numbers. Compared to a year ago, however, prices have fallen (-5%), and by comparison with the peak in 2008, the price drop amounts to 20%. In the third quarter of 2013, considerably more houses changed hands than in the second quarter. The Land Registry registered a total of 28,925 transactions, which was over 30% more than in the previous quarter. Moreover, the 12-month average rose by over 5% for the first time since 2006.

Forced sales

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[10]. 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 forced sales was therefore limited compared to the number of owner-occupied houses.

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. The number of forced sales in the Netherlands reported by the Land Registry (Kadaster) rose from 695 in 2002 to about 2,000 forced sales from 2005 onwards. This increase was mainly the result of a structural change in the Dutch mortgage loan market during the nineties: instead of selling single income mortgage loans only, lenders were allowed to issue double income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry recorded 2,488 forced sales in 2012. In the first half of 2013 the number of forced sales amounted to 954, compared to 1301 in the same period in 2012. Recent numbers on forced sales could be distorted by the fact that originators increasingly attempt to circumvent such sales, for example by selling the property in the normal market using an estate agent.

Recent research confirms that the number of households in payment difficulties in the Netherlands is low from an international perspective and that problems mainly have 'external' causes such as divorce or unemployment as opposed to excessively high mortgage debt[11].

The proportion of forced sales is of such size that it is unlikely to have a significant impact on house prices. The Dutch housing market is characterised by a large discrepancy between demand and supply, which mitigates the negative effect of the economic recession on house prices. In the unforeseen case that the number of forced sales were to increase significantly, this could have a negative effect on house prices. Decreasing house prices could in turn increase loss levels should a borrower default on his mortgage loan payment obligations.

Even though in a relative sense the increase over the last years is substantial, the absolute number of forced sales is still small compared to the total number of residential mortgage loans outstanding. There is no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding[12] and the current average mortgage loan principal amount it is estimated that the total number of residential mortgage loans outstanding in the Netherlands exceeds 3 million. A total of approximately 2,500 forced sales per year since 2005 therefore corresponds to approximately 0.1% of the total number of residential mortgage loans outstanding.

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[9] Rabobank Economic Research Department, Dutch Housing Market Quarterly, June 2013
[10] Comparison of S&P 90+ day delinquency data
[11] Standard & Poor's, Mortgage lending business supports some European banking systems (2010)
[12] Dutch Central Bank, statistics, households, table T11.1

Chart 1: Total mortgage debt
Source: Dutch Central Bank

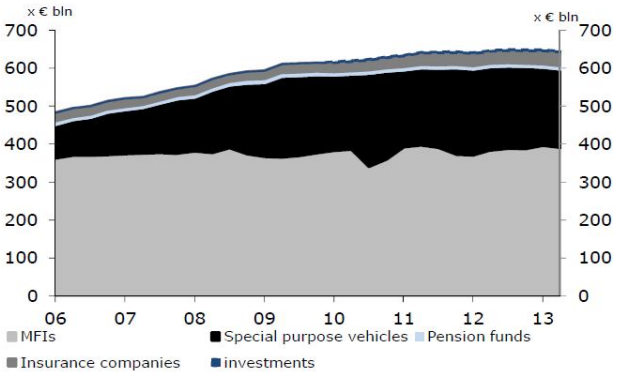


Chart 2: Transactions and prices
Source: Statistics Netherlands

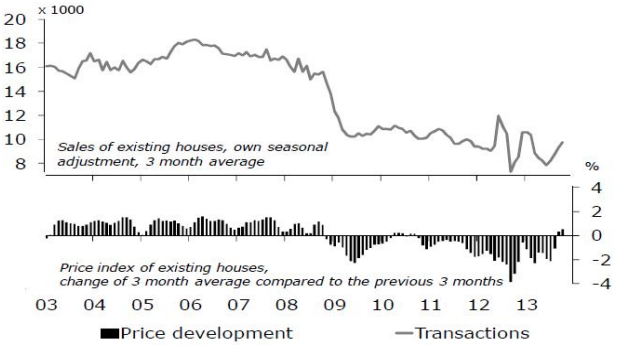


Chart 3: Price index development
Source: Statistics Netherlands

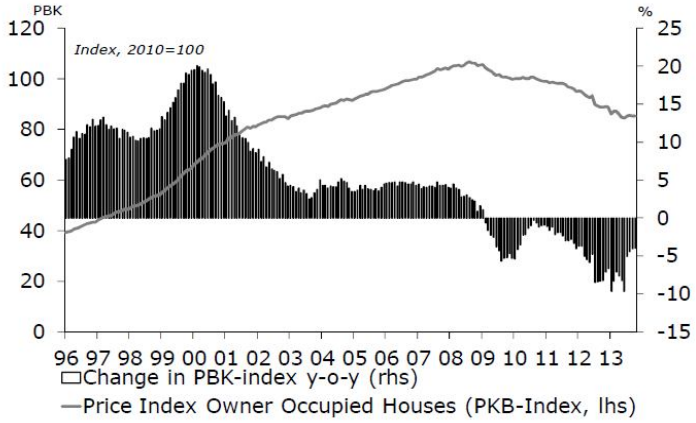


Chart 4: Interest rate on new mortgages
Source: Dutch Central Bank

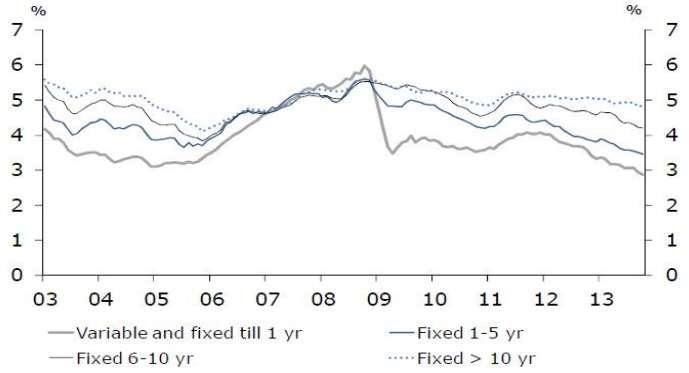
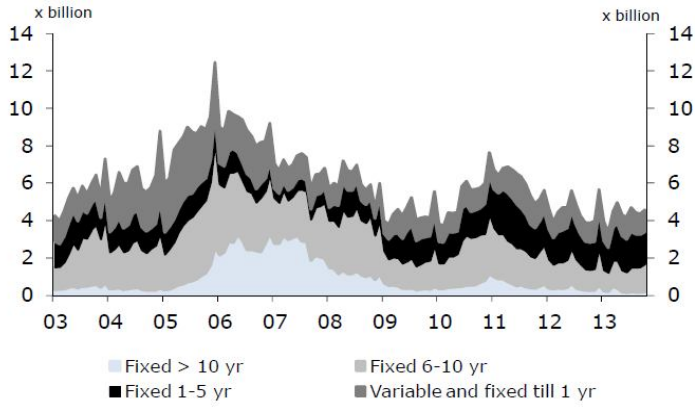


Chart 5: Volume of new mortgages by term
Source: Dutch Central Bank



6.5 NHG GUARANTEE PROGRAMME

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

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

Financing of Stichting WEW

Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.85 per cent (0.70 per cent until 31 December 2012) of the principal amount of the mortgage loan. Besides this, the scheme provides for liquidity support to Stichting WEW from the Dutch State and the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, (i) in respect of all loans issued before 1 January 2011, the Dutch State will provide subordinated interest free loans to WEW of up to 50 per cent of the difference between Stichting WEW's own funds and a pre-determined average loss level and municipalities participating in the NHG Guarantee scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the difference, and (ii) in respect of all loans issued on or after 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 100 per cent of the difference between WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy ("*faillissement*"), suspension of payments ("*surseance van betaling*") or liquidation ("*ontbinding*") of Stichting WEW) to meet its obligations under guarantees issued.

Terms and Conditions of the NHG Guarantees

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

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

The NHG has specific rules for the level of credit risk that will be accepted. The creditworthiness of the applicant must be verified with the BKR, a central credit agency used by all financial institutions in the Netherlands. All financial commitments over the past five years that prospective borrowers have entered

into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages ("*Stichting Fraudepreventie Hypotheken*", "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

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

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

Claiming under the NHG Guarantees
When a borrower is in arrears with payments under a mortgage loan for a period of 2 months, a lender informs Stichting WEW in writing within 30 days of the outstanding payments, including the guarantee number, the borrower's name and address, information about the underlying security, the date of the start of late payments and the total of outstanding payments. If an agreement cannot be reached, Stichting WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of Stichting WEW is required in case of a private sale unless the property is sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless Stichting WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

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

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

Additional loans
Furthermore, on 1 July 2005 provisions were added to the NHG Conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request Stichting WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan

have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, inter alia, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.

Main NHG Underwriting Criteria (*Normen*) for 2013
With respect to a borrower, the underwriting criteria include but are not limited to:

- The lender has to perform a the BKR check. "A" and "A1" registrations are allowed in certain circumstances.

- As a valid source of income the following applies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers or during a probational period ("*proeftijd*") a three year history of income statements, for self-employed three year annual statements.

- The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with a fixed interest term of less than 10 years on the basis of a percentage determined by the Dutch Association of Mortgage Lenders ("*Contactorgaan Hypothecair Financiers*"), which is in turn based on the market interest on loans to the Dutch State with a remaining life of 10 years, plus such margin as may be determined by the Dutch Association of Mortgage Lenders ("*Contactorgaan Hypothecair Financiers*"). This margin is fixed for the time being at 1 percentage point. The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the borrower. The mortgage lender shall calculate the borrowing capacity for a mortgage loan with a fixed interest term of 10 years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

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

- As of 1 July 2012, the maximum amount of the mortgage loan is €320,000. This amount is reduced to €290,000 as of 1 July 2013 and to €265,000 as of 1 July 2014. When relating to the improvement of an existing property the maximum loan amount is €265,000.

- The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter, as of 1 January 2013:

    - For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, (iii) 5 per cent of the amount under (i) plus (ii). In case an existing property can be bought without paying transfer taxes ("*vrij op naam*"), the purchase amount under (i) is multiplied by 97 per cent.

    - For the purchase of a property to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 5 per cent of the amount under (i).

- As of 1 January 2013, for new borrowers the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximal term of 30 years.

- The maximum loan amount that is interest only is 50 per cent. of the original property value.

- A risk insurance policy should cover at least the amount by which the mortgage loan exceeds 80% of the market value of the mortgaged asset.

The NHG Criteria have been changed considerably for loans originated as of 1 January 2014. However, no Further Advances with the benefit of a 2014 NHG Guarantee are expected to be originated by any of the Originators and the Seller will be required to repurchase the relevant Mortgage Receivables relating to such Further Advance.

7. PORTFOLIO DOCUMENTATION

7.1 PURCHASE, REPURCHASE AND SALE

On 13 December 2013, the Seller purchased and accepted assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto including all ancillary rights (*nevenrechten*), such as mortgage rights (*rechten van hypotheek*) and rights of pledge (*pandrechten*) from the Originators by means of a mortgage receivables purchase agreement and a deed of assignment and registration of the deed of assignment with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto were transferred from the relevant Originator to the Seller (Assignment I). Assignment I has and will not be notified to the Borrowers and the relevant Insurance Companies, except upon the occurrence of certain events. Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the relevant Originator.

On the Transfer Date, the Issuer has purchased and accepted assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of the Mortgage Receivables Purchase Agreement and the Deed of Assignment and registration of the Deed of Assignment with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred from the Seller to the Issuer (Assignment II). Assignment II has and will not be notified to the Borrowers and the relevant Insurance Companies, except upon the occurrence of any Assignment Notification Event. Until notification of Assignment I and of Assignment II the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the relevant Originator.

The Mortgage Receivables were sold to the Issuer from and including the Cut-Off Date; however, (i) all repayments and prepayments in relation to the Mortgage Receivables payable in respect of the period from and including the Cut-Off Date up to but excluding the Securitisation Cut-Off Date (the "**First Principal Funds**") and (ii) all interest payments and prepayment penalties in relation to the Mortgage Receivables payable in respect of the period from and including the Cut-Off Date up to but excluding the Issue Date (the "**First Revenue Funds**"), were paid or are payable on the senior notes held by GIFS Capital Company, LLC and the subordinated notes held by the Seller under the Pre-Securitisation Financing Transaction.

On the 19th of March 2014, the Issuer will purchase and accept assignment of a limited number of the Mortgage Receivables (the Additional Mortgage Receivables) and the Beneficiary Rights relating thereto including all ancillary rights (*nevenrechten*), such as mortgage rights (*rechten van hypotheek*) and rights of pledge (*pandrechten*) from the Seller. The Originators and the Seller, each respectively for itself and for the Originators with respect to the Mortgage Receivables and the Mortgage Loans originated by it only, have represented and warranted the matters as set forth in Section 7.2 (*Representations and Warranties*) with respect to such Additional Mortgage Receivables. As from such date, any reference to Mortgage Receivables will be deemed to include a reference to the Additional Mortgage Receivables.

The Servicer will pay, or the Seller will pay or procure that the Collection Foundation will pay, to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the relevant Mortgage Receivables.

Purchase Price

The purchase price of the Mortgage Receivables (other than the Additional Mortgage Receivables) paid by the Issuer to the Seller is confidential but was financed pursuant to the Pre-Securitisation Financing Transaction by means of the issuance by the Issuer of notes with a notional amount equal to the Outstanding Principal Amount of the Mortgage Receivables on the Transfer Date, comprising senior notes issued to GIFS Capital Company LLC, in an aggregate notional amount of EUR 354,000,000 and subordinated notes issued to the Seller in an aggregate notional amount of EUR 127,625,000.– The obligation of the Seller to pay the subscription amount for the subordinated notes to the Issuer was set-off against the obligation of the Issuer to the Seller to pay (part of) the purchase price in respect of the

Mortgage Receivables. The Issuer's obligation to pay the remaining purchase price to the Seller was set off as part of a three-party set-off agreement with the Seller and GIFS Capital Company LLC, pursuant to which (i) the obligation of the Seller to redeem EUR 354,000,000 notional amount of senior notes issued by the Seller to GIFS Capital Company LLC on 13 December 2013 to finance in part the Seller's acquisition of the Mortgage Receivables from the Originator was also set off against (ii) the obligation of GIFS Capital Company LLC to pay to the Issuer the subscription price for the EUR 354,000,000 notional amount of the senior notes issued by the Issuer to GIFS Capital Company LLC on the Transfer Date.

The purchase price to be paid in respect of the Additional Mortgage Receivables by the Issuer to the Seller will be set-off (to the extent available) with the repurchase price payable by the Seller to the Issuer for the Mortgage Receivables to be repurchased by the Seller from the Issuer on the 19th of March 2014, which no longer satisfy the Mortgage Loan Criteria.

Repurchase

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable and the Beneficiary Rights relating thereto on the Mortgage Collection Payment Date immediately following, or, in case of (ii) below, if the Other Claim or Further Advance will be granted earlier, on the date immediately preceding the date on which such Other Claim or Further Advance is granted, or in case of (vi) below, if the Originator has agreed to replace an existing Mortgage Loan with a new mortgage loan pursuant to the *meeneemregeling* (porting facility) prior to such date, on the date immediately preceding the date on which such replacement is effectuated:

(i) the expiration of the fourteen (14) days 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) the date on which an Originator agrees with a Borrower to grant an Other Claim, including a Further Advance; or;

(iii) the date on which an Originator agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the Foreclosure Procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not be required to purchase the Mortgage Loan; or

(iv) the date on which an Insurance Savings Participant (or in case of the Seller acting as Insurance Savings Participant, the relevant savings insurance company) complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Savings Alternative to a Savings Switch; or

(v) the date on which an Insurance Savings Participant (or in case of the Seller acting as Insurance Savings Participant, the relevant savings insurance company) complies with a request from the Borrower under the terms of a Switch Mortgage Loan with an Investment Alternative to switch to a Savings Alternative; or

(vi) the date on which the Originator has agreed to replace an existing Mortgage Loan with a new mortgage loan pursuant to the *meeneemregeling* (porting facility) to which the same Mortgage Conditions apply as the existing Mortgage Loan, if the Current Loan to Original Foreclosure Value Ratio of the new mortgage loan is higher than the Current Loan to Original Foreclosure Value Ratio of the existing Mortgage Loan; or

(vii) the date on which (a) an NHG Mortgage Loan or the relevant Loan Part no longer has the benefit of an NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Originator or the Servicer, provided that the Seller shall not be obliged to purchase such Mortgage Receivable if after foreclosure following a claim made under an NHG Guarantee, Stichting WEW does not pay the full amount of such Mortgage Receivable due to (x) the difference in the redemption structure of the such Mortgage Loan or the relevant Loan Part and the redemption structure set forth in the NHG Conditions or (y) the higher than expected foreclosure costs which are outside the control of the Servicer or (z) the occurrence of any other events not due to misconduct by or negligence of the Servicer and/or (b) an Originator, while it is entitled to make a claim under the NHG Guarantee relating to such Mortgage Loan or the relevant Loan Part, subject to the NHG Conditions, will not make such claim.

(viii) in respect of a Mortgage Receivable originated by Quion 10 B.V., the date on which (i) the interest on such Mortgage Receivable will be reset, if the interest rate in respect of such Mortgage Receivable is reset and the Mortgage Loan shall according to the Mortgage Conditions be transferred to another legal entity or (ii) an amendment of the terms of the Mortgage Loan upon the request of a Borrower is refused by Quion 10 B.V. and the Mortgage Loan shall, according to the Mortgage Conditions be transferred to another legal entity.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable together with unpaid interest accrued up to but excluding the date of sale and assignment of the Mortgage Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), except that in the event of a repurchase set forth in item (vii)(b) above, the purchase price shall be equal to the amount that was not reimbursed under the relevant NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Originator or the Servicer.

Clean-Up Call Option

If on any Notes Payment Date, the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Issue Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables (but not some only), by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Notes Payment Date.

If the Seller exercises the Clean-Up Call Option, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion. If the Seller exercises the Clean-Up Call Option, the Issuer shall be required to apply the proceeds of such sale to redeem the Notes, other than the Class S Notes, in accordance with the Conditions.

The purchase price of the Mortgage Receivables in the event of a sale by the Issuer shall be at least equal to the higher of (i) the market value of such Mortgage Receivables on the relevant date of sale and (ii) an aggregate amount for all Mortgage Receivables that is sufficient for the Issuer to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes at their Principal Amount Outstanding, and to pay all accrued (but unpaid) interest on the Notes (other than the Class E Notes) and other amounts due ranking higher or equal to the Notes (other than the Class E Notes and the Class S Notes) in the relevant Priority of Payments.

Seller Call Option

On each Optional Redemption Date, the Seller has the option (but not the obligation) to repurchase all Mortgage Receivables (but not some only), by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Optional Redemption Date.

If the Seller exercises the Seller Call Option, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party

appointed by the Seller at its sole discretion. If the Seller exercises the Seller Call Option, the Issuer shall be required to apply the proceeds of such sale to redeem the Notes, other than the Class S Notes, in accordance with the Conditions.

The purchase price of the Mortgage Receivables in the event of a sale by the Issuer shall be at least equal to the higher of (i) the market value of such Mortgage Receivables on the relevant date of sale and (ii) an aggregate amount for all Mortgage Receivables that is sufficient for the Issuer to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes at their Principal Amount Outstanding, and to pay all accrued (but unpaid) interest on the Notes (other than the Class E Notes) and other amounts due ranking higher or equal to the Notes (other than the Class E Notes and the Class S Notes) in the relevant Priority of Payments.

Seller Subordinated Loan Mortgage Receivables Repurchase Option

On each Notes Payment Date, the Seller has the option (but not the obligation) to repurchase one or more of the Subordinated Loan Mortgage Receivables, by delivery of a notice to the Issuer at least ten (10) calendar days before the relevant Notes Payment Date.

If the Seller exercises the Seller Subordinated Loan Mortgage Receivables Repurchase Option, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the relevant Subordinated Loan Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion. The purchase price for the relevant Subordinated Loan Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the relevant Subordinated Loan Mortgage Receivable together with unpaid interest accrued up to but excluding the date of sale and assignment of the Mortgage Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) and will be set-off with the obligation of the Issuer to repay a corresponding amount to the Seller under the Subordinated Loan Agreement.

Sale of Mortgage Receivables

Under the terms of the Trust Deed, the Issuer has the right 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, other than the Class S Notes, at their respective Principal Amount Outstanding, in full, subject to, in respect of the Class D Notes, Condition 9(b) (*Principal*).

Pursuant to the Trust Deed, the Issuer has the right to sell and assign all but not some of the Mortgage Receivables if the Tax Call Option (in accordance with Condition 6(e)) is exercised, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes, other than the Class S Notes, at their respective Principal Amount Outstanding, in full, subject to, in respect of the Class D Notes, Condition 9(b) (*Principal*).

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 (but not some only) 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 (but not some only) on the scheduled date of such sale.

The purchase price of the Mortgage Receivables in the event of a sale by the Issuer shall be at least equal to the higher of (i) the market value of such Mortgage Receivables on the relevant date of sale

and (ii) an aggregate amount for all Mortgage Receivables that is sufficient for the Issuer to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes at their Principal Amount Outstanding, and to pay all accrued (but unpaid) interest on the Notes (other than the Class E Notes) and other amounts due ranking higher or equal to the Notes (other than the Class E Notes and the Class S Notes) in the relevant Priority of Payments.

Assignment Notification Events
If:

(a) a default is made by the Seller or an Originator in the payment on the due date of any amount due and payable by the Seller or an Originator under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party and such failure is not remedied within fifteen (15) Business Days after having knowledge of such failure or default or notice thereof has been given by the Issuer or the Security Trustee to the Seller; or

(b) the Seller or an Originator fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Documents to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within thirty (30) Business Days after having knowledge of such failure or default or 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 or an Originator under the Mortgage Receivables Purchase Agreement, other than the representations and warranties contained in Clause 7.1 hereof, or under any of the other Transaction Documents to which the Seller or an Originator 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 provided for in any Transaction Document, untrue or incorrect in any material respect; or

(d) the Seller or an Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into (preliminary) suspension of payments ((*voorlopige) surseance van betaling; sursis de paiement*), or for bankruptcy (*faillissement; faillite*) 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 or an Originator 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; dissolution*) and liquidation (*vereffening; liquidation volontaire ou judiciaire*) or being converted in a foreign entity (*omzetting*) or legal demerger (*juridische splitsing*) or its assets are placed under administration (*onder bewind gesteld*); or

(f) the Seller or an Originator 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) at any time it becomes unlawful for the Seller or an Originator to perform all or a material part of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party; or

(h) a Pledge Notification Event has occurred, or

(i) the Collection Foundation has been declared bankrupt ("*faillissement*") or been subjected to suspension of payments ("*surseance van betaling*") or analogous insolvency procedures

under any applicable law,

(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, or shall procure that the relevant Originator shall on its behalf, unless the Security Trustee delivers an Assignment Notification Stop Instruction, forthwith (*inter alia*):

i. notify or ensure that the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee are notified of Assignment I and Assignment II to the Issuer, or, at its option, the Issuer shall be entitled to make such notifications itself;

ii. instruct the relevant Originator to notify the relevant Insurance Company (other than the Savings Insurance Participants) 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 (other than the Savings Insurance Participants) 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 (other than the Savings Insurance Participants) to make any payments under the relevant Life Insurance Policy to such Originator, to convert the instruction given to the Insurance Companies (other than the Insurance Savings Participants) to pay the insurance proceeds under the relevant Life Insurance Policy in favour of such Originator 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;

iii. the Issuer shall, if so requested by the Security Trustee, forthwith make the appropriate entries in the Land Registry relating to Assignment I and Assignment II, also on behalf of the Issuer, or, at its option, the Security Trustee shall be entitled to make such entries itself, for which entries the Seller herewith grant an irrevocable power of attorney to the Issuer and the Security Trustee; and

iv. instruct the civil law notary to release the escrow list of loans to 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.

In the event the Security Trustee does not deliver an Assignment Notification Stop Instruction and the Seller proceeds with the Assignment Actions, each of the Originators shall, unless the Security Trustee instructs otherwise, perform any of the Assignment Actions in relation to Assignment II also in relation to Assignment I and, *inter alia*, notify or ensure that the relevant Borrowers, the relevant Insurance Companies and any other relevant parties indicated by the Originators and/or the Seller are notified of Assignment I to the Seller to the Security Trustee, or, at its option, the Seller shall be entitled to take such Assignment Actions in relation to Assignment I itself.

"**Assignment Notification Stop Instruction**" means that upon the occurrence of an Assignment Notification Event, the Security Trustee shall, after having notified the Credit Rating Agencies, be entitled to deliver a written notice 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.

7.2 REPRESENTATIONS AND WARRANTIES

Each of the Originators and the Seller, each respectively for itself and for the Originators with respect to the Mortgage Receivables and the Mortgage Loans originated by it only, has represented and warranted on the Transfer Date to the Issuer and the Security Trustee 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 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 Transfer Date;

(b) each of the Beneficiary Rights 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 Transfer Date;

(c) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables and the Beneficiary Rights relating thereto;

(d) it (i) has full right and title (*titel*) to the Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) it has power (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables and to assign the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Mortgage Receivables and the assignment of the Beneficiary Rights relating thereto are in effect and (iii) the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned and pledged;

(e) subject to any security created pursuant to the documents entered into in the Pre-Securitisation Financing Transaction (which shall be released on the Issue Date) and the Transaction Documents, the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments (*beslagen*) and no option to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto has been granted by it in favour of any third party with regard to the Mortgage Receivables and the Beneficiary Rights relating thereto;

(f) each Mortgage Receivable is secured by (i) a first ranking or (ii) a first and sequentially lower ranking mortgage right (*hypotheekrecht*) on a Mortgaged Asset used for a residential purposes in the Netherlands and is governed by Dutch law and each Mortgage Loan is originated in the Netherlands;

(g) each Mortgage Loan is denominated in euro;

(h) other than in respect of Mortgage Loans originated by Ember Hypotheken 1 B.V. prior to 2003 and by Ember Hypotheken 2 B.V., each Mortgage Loan contains provisions that in case of assignment of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow, *pro rata*, the Mortgage Receivable if it is assigned to a third party;

(i) none of the Mortgage Loans originated by Ember Hypotheken 1 B.V. prior to 2003 and by Ember Hypotheken 2 B.V. contains any explicit provision on the issue whether in case of assignment of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow the Mortgage Receivable if it is assigned to a third party;

(j) each Mortgaged Asset concerned was valued by an independent qualified valuer when application for a Mortgage Loan was made in accordance with the then prevailing guidelines of the relevant Originator and in accordance with the Code of Conduct. Valuations by an independent qualified valuer are not older than twelve months prior to the date of the mortgage application by the Borrower. In certain cases, Mortgaged Assets are exempted from valuation requirements;

(k) each Mortgage Loan, Mortgage Receivable and each Mortgage and Borrower Pledge securing such Mortgage Receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower *vis-à-vis* the relevant Originator;

(l) all Mortgages and Borrower Pledges in respect of each Mortgage Receivable (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledge respectively and, to the extent relating to the Mortgages, are entered into the Land Registry, and (ii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the relevant Originator on behalf of the Borrower, together up to an amount equal to at least 50 per cent. of such Outstanding Principal Amount, therefore in total up to an amount equal to 150 per cent. of the Outstanding Principal Amount of the Mortgage Receivable upon origination;

(m) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, (i) subject to the general terms and conditions as attached as **Schedule 4a** to the Mortgage Receivables Purchase Agreement and (ii) substantially in the forms of one of the forms of mortgage deeds as attached as **Schedule 4b** to the Mortgage Receivables Purchase Agreement;

(n) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements and the Mortgage Conditions and do not contravene any applicable law, rule or regulation prevailing at the time of origination in all material respects, including mortgage credit and consumer protection legislation, the Code of Conduct and the relevant Originator's standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a lender of Dutch residential mortgages;

(o) with respect to Investment Mortgage Loans, to the best of its knowledge the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Originator and has been notified to the entity where the Borrower Investment Accounts are held and no right of re-pledge has been vested and the 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 by law obliged to ensure that the securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in the Dutch Giro Securities Transfer Act (*Wet Giraal Effectenverkeer*, the "**Wge**") or, if they do not qualify as such, by a separate depository vehicle;

(p) the Originators have not offered any Insurance Policies;

(q) each of the Mortgage Loans to which an Insurance Policy is connected has the benefit of a valid right of pledge on the rights under such Insurance Policy and either (i) the relevant Originator has been validly appointed as beneficiary (*begunstigde*) under such Insurance Policies upon the terms of such Mortgage Loans, which has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of such Mortgage Receivable;

(r) all receivables under a mortgage loan (*hypothecaire lening*) which are secured by the same Mortgage are sold and assigned to the Issuer pursuant to this Agreement;

(s) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts;

(t) to the best of its knowledge, the Borrowers are not in any material breach of any provisions of their Mortgage Loans other than in respect of a breach of payment obligations under the

Mortgage Loans as listed in Schedule 7 attached to the Mortgage Receivables Purchase Agreement;

(u) with respect to the Mortgage Receivables secured by a mortgage right on a long lease (*erfpacht*), the Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the relevant Originator provide that certain provisions should be met and (b) becomes immediately due and payable if the long lease terminates for whatever reason;

(v) it is a requirement under the Mortgage Conditions that each of the Mortgaged Assets had, at the time the Mortgage Loan was advanced, the benefit of building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);

(w) the Mortgage Conditions applicable to the Mortgage Loans provide that all payments by the Borrowers should be made without any set-off or deduction;

(x) each Mortgage Loan meets the Mortgage Loan Criteria;

(y) none of the Mortgage Loans qualifies as a bank savings mortgage loan (*bankspaarhypotheek*);

(z) the Life Insurance Policies, Savings Insurance Policies and the Risk Insurance Policies are in full force and effect;

(aa) in respect of each Mortgage Loan to which a Life Insurance Policy is connected through the Borrower Insurance Pledge (i) the Mortgage Loan and the Life Insurance Policy were not marketed as one combined mortgage and life insurance product under one name (ii) the Borrowers were free to choose the relevant Insurance Company, (iii) there is no connection between the relevant Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the Beneficiary Rights under the relevant Life Insurance Policy and (iv) the Insurance Company is not a group company of the relevant Originator;

(bb) each Mortgage Loan was originated by the relevant Originator (other than the Mortgage Loans acquired by Quion 10 B.V. under the Quion generic funding model, (i) which were transferred to Quion 10 B.V. by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation and (ii) in respect of which the Mortgage securing such Mortgage Loan no longer secures any other claims of the relevant Originator after such contract transfer);

(cc) with respect to each Mortgage Loan or relevant Loan Part which is indicated as having the benefit of an NHG Guarantee in the List of Loans at the Transfer Date, (i) the NHG Guarantee is granted for the full Outstanding Principal Amount of the relevant NHG Mortgage Loan or relevant Loan Part at origination and constitutes legal, valid and binding obligations of the Stichting WEW, enforceable in accordance with its terms (ii) the NHG Guarantee was in compliance with all NHG Conditions applicable to it at the time of origination of the Mortgage Loans or relevant Loan Part, (iii) the Seller is not aware of any claim under any NHG Guarantee granted by Stichting WEW in respect of the Mortgage Loan or relevant Loan Part that should not be met in full and in a customary manner and (iv) each such Mortgage Loan meets in all material respect the NHG Conditions (including the maximum amount of loan at the time of origination) and procedures of the relevant Originator, including Borrower income requirements, prevailing at the time of origination;

(dd) the relevant Originator or it has no Other Claim *vis-à-vis* any Borrower;

(ee) the principal sum was in case of each of the Mortgage Loans fully disbursed to the relevant Borrower whether or not through the relevant civil law notary and no amounts are held in

deposit with respect to any construction amounts, premia and interest payments (*bouw-, rente en premiedepots*);

(ff) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the close of business of the day immediately preceding the Cut-Off Date is equal to EUR 483,211,439;

(gg) all payments in respect of the Mortgage Receivable by the Borrowers are made in arrear in monthly instalments and are executed by way of direct debit procedures;

(hh) the notarial Mortgage Deeds (*minuut*) relating to the Mortgages are kept by a civil law notary at the time of execution of the relevant Mortgage Deed and it is not aware that the Mortgage Deeds are not kept by a civil notary in the Netherlands and are registered in the appropriate registers, while the Loan Files, which include certified copies of the notarial Mortgage Deeds, are kept by it or on behalf of it by the Servicer;

(ii) none of the Borrowers had a BKR registration upon origination unless such registration was at least one (1) year old and had been completely resolved prior to the Mortgage Loan being granted;

(jj) none of the Borrowers holds a savings account, current account or term deposit with the Originators;

(kk) it can be determined in the relevant Originator's administration which Beneficiary Rights relate to which Mortgage Receivables;

(ll) in the Netherlands, the Mortgage Loans are not subject to withholding tax;

(mm) the particulars of each Mortgage Receivable as set forth in the list of Mortgage Receivables attached as Schedule 1 to the Mortgage Receivables Purchase Agreement and the escrow list of loans are correct and complete other than in respect of any minor non-material deviations;

(nn) at the Cut-Off Date the number of Borrowers is not less than 1,000;

(oo) the Mortgage Loans do not include self-certified mortgage loans or equity-release mortgage loans;

(pp) no Mortgage Loan contains a requirement for the Borrower to consent to the transfer of the rights of the relevant Originator under such Mortgage Loan as contemplated by this Agreement;

(qq) no Mortgage Loan has been terminated or frustrated, nor has any event occurred which would make any Mortgage Loan subject to force majeure (*overmacht*) or any right of rescission and no right or entitlement of any kind for the non-payment of the full amount of each Mortgage Loan when due has been agreed with the Borrower;

(rr) the weighted average Current Loan to Original Foreclosure Value Ratio of the Mortgage Loans as at the Cut-Off Date was not greater than 110 per cent.;

(ss) (a) no Mortgage Loan has more than one scheduled payment outstanding due and payable, (b) no Mortgage Loan is more than thirty (30) days in arrears other than in respect of the Relevant Mortgage Loans as listed in **Schedule 7** to the Mortgage Receivables Purchase Agreement and (c) in respect of the Relevant Mortgage Loans as listed in **Schedule 7** to the Mortgage Receivables Purchase Agreement, no Mortgage Loan is more than sixty (60) days and above in arrears;

(tt) as far as it is aware, no Mortgage Loan has been entered into fraudulently by the Borrower;

(uu) no Mortgage Loan has been passed to the claims or legal department or referred to external lawyers other than in respect of the issue by the relevant Originator of letters demanding payment which are issued in the ordinary course of the relevant Originator's business;

(vv) none of the Mortgage Loans include any obligation on the relevant Originator to make Further Advances or increase the outstanding loan amount;

(ww) as far as it is aware, no Borrower is subject to bankruptcy or other insolvency proceedings or is deceased on the Cut-Off Date;

(xx) no proceedings (other than proceedings in respect of foreclosures) have been taken against the Borrowers by any Originator;

(yy) no Mortgage Loan has been varied, amended, modified or waivered in any material way which would adversely affect its terms or its enforceability or collectability;

(zz) no Mortgage Loan has been entered into as a consequence of any conduct constituting fraud, misrepresentation, duress or under influence by the relevant Originator, its directors, officers, employees or agents or by any other person acting on the relevant Originator's behalf;

(aaa) in respect of each Mortgage Loan of which the Mortgage Interest Rate is subject to a floating rate, it has not reset the applicable margin over Euribor below the margin applicable to such Mortgage Loan on the Cut-Off Date;

(bbb) none of the Mortgage Loans are flexible and payment holidays are not permitted under the relevant Mortgage Conditions;

(ccc) other than statutory privacy limitations, there are no confidentiality provisions in the Mortgage Loans that would restrict the Issuer's (or its assignee's) right as owner of the Mortgage Receivables resulting therefrom; and

(ddd) the relevant Originator has accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans.

In addition, on 19 March 2014, in relation to the assignment of the Additional Mortgage Receivables, the representation and warranties in Section 7.2 (*Representations and Warranties*) (other than the representation and warranties under item (ff)) will be made by the Originators and the Seller in respect of the Additional Mortgage Receivables and the Additional Mortgage Loans, each respectively for itself and for the Originators with respect to the Additional Mortgage Receivables and the Additional Mortgage Loans originated by it only, provided that any references in Section 7.2 (*Representations and Warranties*) to Cut-Off Date should read as a reference to Securitisation Cut-Off Date.

In addition, on the Issue Date,

(i) the representation and warranties in Section 7.2 (*Representations and Warranties*) (other than the representation and warranties under items (c) and (d)) will be repeated by the Originators and the Seller in respect of the Mortgage Receivables and the Mortgage Loans (other than the Additional Mortgage Receivables and the Additional Mortgage Loans), each respectively for itself and for the Originators with respect to the Mortgage Receivables and the Mortgage Loans originated by it only, provided that any references in Section 7.2 (*Representations and Warranties*) to Cut-Off Date should read as a reference to Securitisation Cut-Off Date (other than in relation to the representation and warranty set forth in item (ff));

(ii) the Seller and the Issuer will represent and warrant to the Security Trustee that, as at the Issue Date, (x) it has not been notified of anything affecting the title of the Issuer to the Mortgage Receivables (other than the Additional Mortgage Receivables) and the Beneficiary Rights

relating thereto since the Transfer Date and (y) it has not been notified of anything affecting the title of the Issuer to the Additional Mortgage Receivables and the Beneficiary Rights relating thereto since 19 March 2014;

(iii) the representation and warranties in Section 7.2 (*Representations and Warranties*) (other than the representation and warranties under items (c), (d) and (ff)) will be repeated by the Originators and the Seller in respect of the Additional Mortgage Receivables and the Additional Mortgage Loans, each respectively for itself and for the Originators with respect to the Additional Mortgage Receivables and the Additional Mortgage Loans originated by it only, provided that any references in Section 7.2 (*Representations and Warranties*) to Cut-Off Date should read as a reference to Securitisation Cut-Off Date; and

(iv) (i) the Seller represents and warrants to the Issuer and the Security Trustee and (ii) the Issuer represents and warrants to the Security Trustee that: the aggregate Outstanding Principal Amount of all Mortgage Receivables (including the Additional Mortgage Receivables) on the close of business of the day immediately preceding the Securitisation Cut-Off Date is equal to EUR 473,323,541.

7.3 MORTGAGE LOAN CRITERIA

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

(a) the Mortgage Loans are either in the form of:
   a. Savings Mortgage Loans;
   b. Switch Mortgage Loans;
   c. Life Mortgage Loans;
   d. Annuity mortgage loans;
   e. Linear mortgage loans;
   f. Interest-only mortgage loans;
   g. Investment Mortgage Loans; or
   h. a combination of any of the above mentioned types;

(b) the Mortgage Loan has been originated between 1995 and 2013;

(c) the Borrower is natural person, a resident of the Netherlands and not an employee of the relevant Originator or any of the companies in the Originator's group;

(d) each Mortgage Receivable is secured by a first-ranking Mortgage (*eerste recht van hypotheek*) or, in the case of Mortgage Loans secured on the same Mortgaged Asset, first and sequentially lower ranking Mortgages over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands;

(e) at least one (interest) payment has been made in respect of the Mortgage Loan;

(f) no Mortgage Loan or part thereof qualifies as a bridge loan (*overbruggingshypotheek*);

(g) as far as the Seller or the relevant Originator is aware, having made all reasonable inquiries, each of the Mortgaged Assets is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;

(h) at the time of origination, the Principal Amount Outstanding of each of the Mortgage Receivables did not exceed 150 per cent. of the Original Foreclosure Value of the Mortgaged Asset upon the relevant valuation date;

(i) in respect of all interest-only Mortgage Loans, or in case of a combination of types of Mortgage Loans, the interest-only loan part at the time of origination, did not exceed 75 per cent. of the Original Foreclosure Value of the Mortgaged Asset;

(j) each Mortgage Loan, or all such Mortgage Loans secured on the same Mortgaged Asset, has an Outstanding Principal Amount of not more than EUR 2,437,428;

(k) the Mortgage Loans with a fixed interest period have either a fixed interest period of 1, 5, 6, 7, 10, 15 or 20 years;

(l) no Mortgage Loan is connected to a municipality guarantee or "*overheidssubsidies*";

(m) the Mortgage Loan will not have a legal maturity beyond 2042;

(n) each Mortgage Loan was granted in the ordinary course of the Originator's' business; and

(o) each Mortgage Loan was originated in The Netherlands.

7.4 PORTFOLIO CONDITIONS

N/A

7.5 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 (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 Servicer has, in accordance with the terms of the Servicing Agreement, initially appointed each of Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. as its Sub-servicer and back-up servicer, to carry out (part of) the activities described above.

In the Servicing Agreement, Venn will agree to provide advisory services to the Issuer on a day-to-day basis, including, advice in respect of the determination of the Mortgage Interest Rates, advice relating to actions to be considered in respect of Relevant Mortgage Loans which are reasonably expected to default and providing instructions to the Servicer.

The Servicing Agreement may be terminated by the Security Trustee or the Issuer 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 the Servicer no longer is an admitted institution of Quion Groep N.V. and has the benefit of the license of Quion Groep B.V. as intermediary ("*bemiddelaar*") under the Wft. In addition the Servicing Agreement may be terminated by the Servicer and by the Issuer upon the expiry of not less than twelve months' notice, subject to (*inter alia*) (i) written approval of the Security Trustee, which approval may not be unreasonably withheld (ii) appointment of a substitute servicer and (iii) a 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.

7.6 SUB-PARTICIPATION AGREEMENTS

Insurance Savings Participation Agreements
Under the Insurance Savings Participation Agreements the Issuer will grant to each of the Insurance Savings Participants an Insurance Savings Participation in the Savings Mortgage Receivables and Switch Mortgage Receivables, provided that this will only apply to a Switch Mortgage Receivables to which a Savings Alternative is connected.

On the Signing Date, Delta Lloyd Levensverzekering N.V. and the Seller acting in its capacity as Insurance Savings Participant agree to participate in the Transaction and to enter into an Insurance Savings Participation Agreement with the Issuer and the Security Trustee. If, after the Signing Date, a Future Insurance Savings Participant elects to participate, it will on the relevant Participation Date enter into an Insurance Savings Participation Agreement and such Future Insurance Savings Participant will replace the Seller acting in its capacity as Insurance Savings Participant. Such Future Insurance Savings Participant will (either directly or via the Issuer by means of set-off) pay to the Seller acting as Insurance Savings Participant an amount equal to the relevant Participation (or such amount as agreed between them) and will vis-à-vis the Issuer acquire the same Participation as the Seller and the Issuer will be fully discharged vis-à-vis the Seller with respect to such Participation.

Insurance Savings Participation
In the Insurance Savings Participation Agreements, each of the Insurance Savings Participants will undertake to pay to the Issuer:

(i) on the Issue Date the Initial Insurance Savings Participation in relation to each of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative at the Issue Date; and

(ii) on each Mortgage Collection Payment Date an amount equal to the amount received by the Insurance Savings Participant as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies or Savings Investment Insurance Policies provided that in respect of each relevant Savings Mortgage Receivable or Switch Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Insurance Savings Participation in such relevant Mortgage Receivable would exceed the Outstanding Principal Amount of such relevant Mortgage Receivable.

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

In consideration for the undertaking of each Insurance Savings Participant described above, the Issuer will undertake to pay to each Insurance Savings Participant on each Mortgage Collection Payment Date an amount equal to the Insurance Savings Participation in each of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative in respect of which amounts have been received during the relevant Mortgage Calculation Period or, in case of the first Mortgage Collection Payment Date, during the period which commences on the Securitisation Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date (or if the amount received is less than the Insurance Savings Participation such lesser amount) (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivable or Switch Mortgage Receivable, (ii) in connection with a repurchase of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings

Alternative pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale pursuant to the Trust Deed of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative to the extent such amounts relate to principal (the "**Insurance Savings Participation Redemption Available Amount**").

Reduction of Insurance Savings Participation
If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, based upon a default in the performance, whether in whole or in part, by an Insurance Savings Participant (other than the Seller) or a Future Insurance Savings Participant or, for whatever reason, an Insurance Savings Participant (other than the Seller) or a Future Insurance Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with the Savings Alternative, the Insurance Savings Participation of the relevant Insurance Savings Participant in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with the Savings Alternative, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Insurance Savings Participation Redemption Available Amount shall be adjusted accordingly.

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

(i) declare that the obligations of the Insurance Savings Participant under the Insurance Savings Participation Agreement are terminated; and

(ii) declare the Insurance Savings Participation to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Insurance Savings Participation Redemption Available Amount or, as the case may be, the Insurance Savings Participation Enforcement Available Amount received or collected by the Issuer or, as the case may be, the Security Trustee under the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative.

Termination
If one or more of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed or (iii) in respect of Switch Mortgage Loans in case of a Savings Switch, and the Issuer has sufficient funds available to repay the Insurance Savings Participation, the Insurance Savings Participation in such Savings Mortgage Receivables and Switch Mortgage Receivables will terminate and the Insurance Savings Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables will be paid by the Issuer to the relevant Insurance Savings Participant. If the Seller wishes to repurchase one or more of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, the Issuer will ensure that the arrangements in respect of the investments of the Savings Premia which applied immediately prior to the entering into by the Insurance Savings Participant of the relevant Insurance Saving participation Agreement, will be resumed in respect of such Mortgage Receivables (to the extent applicable). Furthermore, if the Issuer wishes to sell and assign one or more of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative to a third party, the Issuer will use its best efforts to ensure that the acquirer of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative will enter into a participation agreement with the relevant Insurance Savings Participant in a form similar to the Insurance Savings Participation Agreement. The Insurance Savings Participation envisaged in the Insurance Savings Participation Agreement shall

terminate if at the close of business of any Mortgage Collection Payment Date the relevant Insurance Savings Participant has received the Insurance Savings Participation in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable.

On the Issue Date, the Seller and the Issuer have entered into a Subordinated Loan Agreement pursuant to which the Seller has granted a loan to the Issuer in an amount equal to the Outstanding Principal Amount of the Subordinated Loan Mortgage Receivables as at the Issue Date, to mitigate the risk for the Issuer with respect to the Subordinated Loan Mortgage Receivables. Notwithstanding such agreement, the Seller intends to use reasonable efforts to procure that any Future Insurance Savings Participant enters into an Insurance Savings Participation Agreement with the Issuer. If and for as long as a Future Insurance Savings Participant will not enter into an Insurance Savings Participation Agreement with the Issuer, the Seller may repurchase the Subordinated Loan Mortgage Receivables in relation to any such Insurance Company on any Notes Payment Date.

8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the board of directors of the Issuer passed on or about 17 March 2014.

2. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The estimated expenses relating to the admission to trading of the Notes on the Irish Stock Exchange are approximately EUR 4,491.20.

3. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 102441818 and ISIN: XS1024418185.

4. The Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 102442342 and ISIN XS1024423425.

5. The Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 102443462 and ISIN XS1024434620.

6. The Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 102443845 and ISIN XS1024438456.

7. The Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 103303753 and ISIN XS1033037539.

8. The Class S Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code102444256 and ISIN XS1024442565.

9. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 20 November 2013.

10. There are no legal, arbitration or governmental proceedings and neither 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;
    (iv) the Paying Agency Agreement;
    (v) the Trust Deed;
    (vi) the Parallel Debt Agreement;
    (vii) the Transaction Pledge Agreements;
    (viii) the Servicing Agreement;
    (ix) the Administration Agreement;
    (x) the Issuer Account Agreement;
    (xi) the Master Definitions Agreement;

(xii) the Insurance Savings Participation Agreements;
(xiii) the Subordinated Loan Agreement;
(xiv) the Swap Agreement; and
(xv) Receivables Proceeds Distribution Agreement.

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 other than as set forth in this Prospectus 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. U.S. tax legend:

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

15. The Issuer, or the Issuer Administrator on its behalf, will provide the following post-issuance transaction information on the transaction described in this Prospectus, which information, once made available, will remain available until the Class A Notes are redeemed in full:

a. on a quarterly basis, a Portfolio and Performance Report, which includes information on the performance of the Mortgage Receivables, including the arrears and the losses, and which can be obtained at www.dutchsecuritisation.nl (or any other website as disclosed by the Issuer);

b. on each Notes Payment Date, a Notes and Cash Report, which includes information on the Mortgage Receivables and on the Notes, which will contain a glossary of the defined terms, and which can be obtained at www.dutchsecuritisation.nl (or any other website as disclosed by the Issuer); and

c. prior to the issue date, loan-by-loan information, which information can be obtained at the website of the European DataWarehouse http://www.eurodw.eu/edwin.html and will be updated within one month after each Notes Payment Date.

16. The Issuer, or the Issuer Administrator on its behalf, confirms that it will undertake that:

(A) it will disclose in the first Notes and Cash Report the amount of the Notes:

(I) privately-placed with investors which are not the Seller;
(II) retained by the Seller; and
(III) publicly-placed with investors which are not the Seller;

(B) in relation to any amount initially retained by the Seller, but subsequently placed with investors which are not the Seller, it will (to the extent permissible) disclose such placement in the next Notes and Cash Report.

17. The independent external auditors at PricewaterhouseCoopers, *Société coopérative* are members of the Luxembourg *insitut des réviseurs d'enterprises*;

18. Deloitte LLP conducted an agreed-on procedures review with respect to the Mortgage Receivables on 10 October 2013.

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: all paragraphs relating to retention and disclosure requirements under the CRR, paragraph *Portfolio Information* in Section 1.6 (*Overvie*w), Section 3.4. (*Seller / Originators*), 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*), Section 6.4 (*Dutch residential mortgage market*) and Section 6.5 (*NHG Guarantee Programme*). 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 and sections is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

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; and*
· 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.

1 *DEFINITIONS*

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

+ "**Acceleration Start Date**" means the Notes Payment Date falling in April 2019;

+ "**Additional Mortgage Loan**" 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 deed of assignment between the Seller, the Issuer and the Security Trustee, dated 19 March 2014, to the extent not transferred or otherwise disposed of by the Issuer;

+ "**Additional Mortgage Receivables**" means any and all rights of the relevant Originator, the Seller, or the Issuer (as the case may be) against the Borrower under or in connection with an Additional Mortgage Loan, including any and all claims of the relevant Originator, the Seller or the Issuer (as the case may be) on the Borrower as a result of the Additional Mortgage Loan being terminated, dissolved or declared null and void;

* "**Administration Agreement**" means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Transfer Date as amended and restated on the Signing Date;

+ "**AIFMD**" means the Directive No 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010;

+ "**AIFMR**" means the Commission Delegated Regulation No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

+ "**AIFMR Regulatory Requirements**" means Section 5, Chapter II (Articles 51 and 52 (inclusive)) of the AIFMR;

* "**All Moneys Mortgage**" means any mortgage right ("*hypotheekrecht*") which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator 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 relevant Originator;

* "**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 relevant Originator 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 relevant Originator;

"**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;

"**Arranger**" means The Royal Bank of Scotland plc;

+ "**Assignment I**" has the meaning ascribed thereto in Section 2 (*Risk Factors*);

+ "**Assignment II**" has the meaning ascribed thereto in Section 2 (*Risk Factors*);

+ "**Assignment Action**" 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**" has the meaning ascribed thereto in Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

+ "**Available Class S Redemption Funds**" has the meaning ascribed thereto in Condition 6(h) (*Definitions*);

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

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

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

+ "**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;

* "**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 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 relevant Originator has *vis-à-vis* the relevant Insurance Company in respect of an Insurance Policy, under which the relevant Originator has been appointed by the Borrower as beneficiary/insured ("*begunstigde*") in connection with the relevant Mortgage Receivable;

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

+ "**Blended Note Spread**" means an amount equal to the weighted average margin for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on the first day of the relevant Interest Period;

"**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 relevant Originator 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) for the purposes of determining Euribor on the Notes in accordance with Condition 4(e), a TARGET 2 Settlement Day and (ii) for any other purposes, 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, Luxembourg, Dublin and London;

"**Class A Notes**" means the EUR 412,659,000 class A mortgage-backed notes 2014 due 2044;

+ "**Class B Interest Deficiency Ledger**" means the Interest Deficiency Ledger relating to the Class B Interest Notes;

"**Class B Notes**" means the EUR 11,790,000 class B mortgage-backed notes 2014 due 2044;

+ "**Class C Interest Deficiency Ledger**" means the Interest Deficiency Ledger relating to the Class C Interest Notes;

"**Class C Notes**" means the EUR 11,790,000 class C mortgage-backed notes 2014 due 2044;

"**Class D Notes**" means the EUR 11,790,000 class D mortgage-backed notes 2014 due 2044;

+ "**Class D Interest Deficiency Ledger**" means the Interest Deficiency Ledger relating to the Class D Interest Notes;

"**Class E Notes**" means the EUR 23,581,000 class E mortgage-backed notes 2014 due 2044;

+ "**Class E Notes Interest Amount**" has the meaning ascribed thereto in Condition 6(h) (*Definitions*);

+ "**Class E-S Notes Purchase Agreement**" means the notes purchase agreement between the Seller and the Issuer relating to the Class E Notes and the Class S Notes, dated the Signing Date;

+ "**Class E Notes Repayment Trigger**" has the meaning ascribed thereto in Condition 6(h) (*Definitions*);

"**Class S Notes**" means the EUR 10,848,000 class S notes 2014 due 2044;

+ "**Class S Redemption Amount**" has the meaning ascribed thereto in Condition 6(h) (*Definitions*);

* "**Clean-Up Call Option**" means the right of the Seller to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables outstanding which right may be exercised on any Notes Payment Date on which the Outstanding Principal Amount of the Mortgage Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Issue Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables;

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

* "**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*) as amended from time to time;

+ "**Collection Foundation**" means Stichting Ember Hypotheken, a foundation ("*stichting*") incorporated in the Netherlands, and registered with the Trade Register ("*Handelsregister*") of the Chamber of Commerce ("*Kamer van Koophandel*") at Amsterdam, The Netherlands under number 59974052;

+ "**Collection Foundation Accounts**" means the bank accounts designated as such in the Receivables Proceeds Distribution Agreement;

+ "**Collection Foundation Account Pledge Agreement**" means the pledge agreement between, among others, the Issuer and the Security Trustee dated the Signing Date;

+ "**Collection Foundation Agreements**" means the Collection Foundation Account Pledge Agreement and the Receivables Proceeds Distribution Agreement;

+ "**Common Safekeeper**" means, in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, Euroclear Bank S.A./N.V. and in respect of the Class E Notes and the Class S Notes, Bank of America National Association, 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;

* "**Coupons**" means the interest coupons appertaining to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 Issue 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:

(c) 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**");

(d) 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

(e) 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;

+ "**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended from time to time, and includes any regulatory technical standards and any implementing technical standards issued by the European Banking Authority or any successor body, from time to time;

+ "**CRR Regulatory Requirements**" means Part 5 (Articles 405 to 410 (inclusive)) of the CRR;

* "**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;

"**Cut-Off Date**" means 30 November 2013;

* "**Deed of Assignment**" means the deed of assignment in the form set out in the Mortgage Receivables Purchase Agreement, dated 19 December 2013;

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

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

+ "**Domiciliation Agent**" means Intertrust (Luxembourg S.à r.l., a private limited liability company ("*société à responsabilité limitée*"), existing and organised under the laws of the Grand Duchy of Luxembourg;

+ "**Domiciliation, Management and Administration Agreement**" means the domiciliation, management and administration agreement between the Issuer, the Shareholder and the Domiciliation Agent dated 13 December 2013;

"**DSA**" means the Dutch Securitisation Association;

+ "**Eligible Investments**" has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

+ "**Eligible Investments Minimum Ratings**" has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

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

+ "**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

(i) on the Pledged Assets, other than the Savings Mortgage Receivables and the Switch Mortgage Receivables with a Savings Alternative, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; plus

(ii) on each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, including, without limitation, amounts recovered under or in connection with the trustee indemnification, but only to the extent such amounts exceed the Insurance Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative; 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; and

(c) 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, less a part pro rata to the proportion the aggregate Insurance Savings Participation in all Savings Mortgage Receivables and Switch Mortgage Receivable with a Savings Alternative bears to the Outstanding Principal Amount of all Mortgage Receivables;

in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors, other than to any Insurance Savings Participant, pursuant to the Trust Deed and (ii) a part pro rata to the proportion the Outstanding Principal Amount of all Mortgage Receivables minus the aggregate Insurance Savings Participation in all Savings Mortgage Receivables and the Switch Mortgage Receivable with a Savings Alternative bears to the Outstanding Principal Amount of all Mortgage Receivables of 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; for the avoidance of doubt, the Enforcement Available Amount shall exclude (i) any amounts provided by the Swap Counterparty as collateral (if any) unless it may be applied in accordance with the Trust Deed, any Tax Credit and any other amounts standing to the credit of the Swap Collateral Account and (ii) any amounts recovered from the Reserve Account and credited to the Subordinated Loan Reserve Ledger which are or may be required to be released or repaid to the Seller under the Subordinated Loan Agreement;

"**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*);

+ "**Euribor 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) with reference to Euribor, listed as such, at the Transfer Date, in the list of loans attached to the Mortgage Receivables Purchase Agreement and including any Mortgage Loan which after the relevant interest reset date bears a floating rate of interest with reference to Euribor, but excluding any of the aforementioned Mortgage Loans which after the relevant interest reset date becomes a Non-Euribor Mortgage Loan;

+ "**Euribor Reference Banks**" 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 Effectenverkeer B.V.;

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

+ "**EU Savings Directive**" has the meaning ascribed thereto in Section 4.6 (*Taxation*);

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

+ "**Excess Available Principal Funds**" means after the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full, (i) prior to the Final Maturity Date on each Notes Payment Date on which the Principal Amount Outstanding of the Class E Notes is an amount equal to or less than 10% of the Principal Amount Outstanding of the Class E Notes as at the Issue Date, any Available Principal Funds remaining on such Notes Payment Date which have not been applied towards redemption of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and redemption of the Class E Notes (up to an amount higher than 10% of the Principal Amount Outstanding of the Class E Notes as at the Issue Date) or (ii) in respect of the Final Maturity Date, after the Class E Notes have been redeemed in full, any Available Principal Funds remaining on such Notes Payment Date which are not applied towards redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on such Notes Payment Date;

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

+ "**Excess Swap Collateral**" means, (x) in respect of the Early Termination Date (as defined in the Swap Agreement), collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued interest exceeds the value of the amounts owed by the Swap Counterparty (if any) to the Issuer (for the avoidance of doubt, calculated prior to any netting or set-off of an Unpaid Amount equal to the value of the collateral) and (y) in respect of any other valuation date under the Swap Agreement, collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued exceeds the value of the

Swap Counterparty's collateral posting requirements under the credit support annex forming part of the Swap Agreement on such date;

* "**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 July 2044;

"**First Optional Redemption Date**" means the Notes Payment Date falling in April 2019;

+ "**First Principal Funds**" has the meaning ascribed to it in Section 7.1 (*Purchase, Repurchase and Sale*);

+ "**First Revenue Funds**" has the meaning ascribed to it in Section 7.1 (*Purchase, Repurchase and Sale*);

"**Fitch**" means Fitch Ratings Ltd., and includes any successor to its rating business;

+ "**Foreclosure Procedures**" means the procedures to be complied with upon a default by the Borrower under a Mortgage Loan set out in the Mortgage Manual;

"**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;

+ "**Future Insurance Savings Participant**" means each Insurance Company with which a Borrower has taken out a Savings Insurance Policy or a Savings Investment Insurance Policy in connection with the relevant Savings Mortgage Loan, which on the Issue Date has not entered into an Insurance Savings Participation Agreement with the Issuer;

"**Global Note**" means any Temporary Global Note or Permanent Global Note;

+ "**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;

"**Initial Insurance Savings Participation**" means, in respect of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, purchased on the Transfer Date, an amount equal to the sum of the Savings Premium received by the relevant Insurance Savings Participant with accrued interest up to the first day of the month immediately preceding the month in which the relevant Mortgage Receivable is purchased;

"**Insurance Company**" means any insurance company established in the Netherlands;

"**Insurance Policy**" means a Life Insurance Policy and/or a Risk Insurance Policy and/or Savings Insurance Policy and/or Savings Investment Insurance Policy;

"**Insurance Savings Participants**" means each of (i) Delta Lloyd Levensverzekering N.V., a public company with limited liability ("*naamloze vennootschap*") incorporated under Dutch law, with registered office in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33001488, (ii) the Seller acting in its capacity as insurance savings participant (to the extent (a) it is not replaced by any Future Insurance Savings Participant or (b)

its participation is not reduced to zero) and (iii) any Future Insurance Savings Participant as from the relevant Participation Date

"**Insurance Savings Participation**" means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, an amount equal to the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative increased with the Insurance Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative;

* "**Insurance Savings Participation Agreement**" means the relevant insurance savings participation agreement between the Issuer, the Security Trustee and each Insurance Savings Participant respectively and dated the Signing Date or, in respect of a Future Insurance Savings Participant, if such Future Insurance Savings Participant elects to participate, dated the relevant Participation Date;

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

(a) amounts equal to the Insurance Savings Participation in each Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, or if the amount recovered is less than the Insurance Savings Participation, an amount equal to the amount actually recovered, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; and

(b) part of any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor under the Mortgage Receivables Purchase Agreement under or in connection with the trustee indemnification, whereby the relevant part will be equal to a part *pro rata* to the proportion the aggregate Insurance Savings Participation in all Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative bears to the Outstanding Principal Amount of all Mortgage Receivables:

in each case less the sum of (i) any amount paid by the Security Trustee to the Insurance Savings Participants pursuant to the Parallel Debt Agreement and (ii) a part *pro rata* to the proportion the aggregate Insurance Savings Participation in all Savings Mortgage Receivables and Switch Mortgage Receivable with a Savings Alternative bears to the Outstanding Principal Amount of all Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal adviser, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee, in connection with any of the Transaction Documents; for the avoidance of doubt, the Insurance Savings Participation Enforcement Available Amount shall exclude (i) any amounts provided by the Swap Counterparty as collateral (if any) unless it may be applied in accordance with the Trust Deed, any Tax Credit and any other amounts standing to the credit of the Swap Collateral Account and (ii) any amounts recovered from the Reserve Account and credited to the Subordinated Loan Reserve Ledger which are or may be required to be released or repaid to the Seller under the Subordinated Loan Agreement;

* "**Insurance Savings Participation Increase**" means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula: (P x I) + S, whereby:

P = Participation Fraction;

S = the amount received by the Issuer from the relevant Insurance Savings Participant on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, pursuant to the relevant Insurance Savings Participation Agreement; and

I = the amount of interest, due by the Borrower on the relevant Savings Mortgage Receivable and Switch Mortgage Receivables with a Savings Alternative and actually received by the Issuer in such Mortgage Calculation Period;

"**Insurance Savings Participation Redemption Available Amount**" has the meaning ascribed thereto in Section 7.6 (*Insurance Savings Participation Agreement*) of this Prospectus;

+ "**Interest Amount**" means, in respect of an Interest Period, the amount of interest payable on each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

+ "**Interest Deficiency Ledger**" means the interest deficiency ledger relating to the Class B Notes, the Class C Notes and the Class D Notes and comprising sub-ledgers for each such Class of Notes;

+ "**Interest Determination Date**" has the meaning ascribed to it in Condition 4 (*Interest*);

"**Interest-only Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;

"**Interest-only Mortgage Receivable**" means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;

* "**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the Notes Payment Date falling in July 2014 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 the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes as determined in accordance with Condition 4 (*Interest*);

+ "**Investment Account**" means the relevant investment account maintained by the Issuer with the Investment Account Provider;

+ "**Investment Account Provider**" means BNP Paribas Securities Services, Luxembourg Branch;

+ "**Investment Alternative**" means the alternative whereby the premiums paid are invested in certain investment funds selected by the Borrower;

"**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 any of the Notes and Cash Report and the Portfolio and Performance Report;

"**Issue Date**" means 20 March 2014 or such later date as may be agreed between the Issuer, the Seller and the Lead Manager;

"**Issuer**" means Cartesian Residential Mortgages 1 S.A., a public limited liability company ("*société anonyme*"), existing and organised under the laws of the Grand Duchy of Luxembourg,

"**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 BNP Paribas Securities Services, Luxembourg Branch;

* "**Issuer Account**" means any of the Issuer Transaction Accounts and the Swap Cash Collateral Account;

+ "**Issuer Account Pledge Agreement**" means issuer account pledge agreement between the Issuer, the Issuer Account Bank and the Security Trustee dated the Issue Date;

"**Issuer Administrator**" means Intertrust (Luxembourg) S.à r.l.;

+ "**Issuer Adviser**" means Venn Partners LLP;

+ "**Issuer Adviser Subordinated Fee**" means the fee due by the Issuer to the Issuer Adviser for its services under the Servicing Agreement equal to 0.05 per cent. per annum of the aggregate Outstanding Principal Amount of all Mortgage Receivables on the first day of the relevant Mortgage Calculation Period;

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

+ "**Issuer Account Pledge Agreement**" means the Luxembourg law governed issuer account pledge agreement between the Issuer, the Issuer Account Bank and the Security Trustee dated the Issue Date

+ "**Issuer Director**" means any of Mr. Hille-Paul Schut, Mr. Harald Thul and Mr. Joost Tulkens;

* "**Issuer Management Agreement**" means any of (i) the directorship agreement between the Issuer, Mr. Hille-Paul Schut and the Security Trustee, (ii) the directorship agreement between the Issuer, Mr. Harald Thul and the Security Trustee and (iii) the directorship agreement between the Issuer, Mr. Joost Tulkens and the Security Trustee, each dated 13 December 2013;

* "**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 Issue Date;

"**Issuer Rights**" means any and all rights of the Issuer under and in connection with the Mortgage Receivables Purchase Agreement, the Subordinated Loan Agreement, the Servicing Agreement, the Insurance Savings Participation Agreements, the Swap Agreement, the Administration Agreement and the Receivables Proceeds Distribution Agreement, collectively;

* "**Issuer Rights Pledge Agreement**" means the pledge agreement between, amongst others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Issue 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 and the Reserve Account;

+ "**Joint Security Right Arrangements**" has the meaning ascribed thereto in Section 2 (*Risk Factors*) of this Prospectus;

"**Land Registry**" means the Dutch land register ("*het kadaster*");

+ "**Lead Manager**" means The Royal Bank of Scotland plc;

"**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; (ii) a certified copy of the Mortgage Deed; and (iii) any other documents or agreements relating to that Mortgage Loan;

"**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*);

+ "**Luxembourg Prospectus Law**" has the meaning ascribed thereto in Section 4.3 (*Subscription and Sale*);

"**Management Agreement**" means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

* "**Master Definitions Agreement**" means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Transfer Date as amended and restated on the Signing Date;

"**Mortgage**" means a mortgage right ("*hypotheekrecht*") securing the relevant Mortgage Receivable;

* "**Mortgage Calculation Date**" means the fourth Business Day of each calendar month;

"**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) Issue Date and ends on (and includes) the last day of March 2014;

"**Mortgage Collection Payment Date**" means the fifth Business Day of each calendar month;

"**Mortgage Conditions**" means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;

"**Mortgaged Asset**" means (i) a real property ("*onroerende zaak"*), (ii) an apartment right ("*appartementsrecht"*) or (iii) a long lease ("*erfpachtsrecht*") situated in the Netherlands on which a Mortgage is vested;

+ "**Mortgage Interest Rates**" means the rates of interest from time to time chargeable to Borrowers under the Mortgage Loans;

+ "**Mortgage Loan Amendment**" an amendment by the relevant Originator 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 (including the Mortgage Loan 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 Section 7.3 (*Mortgage Loan Criteria*) 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, to the extent not transferred or otherwise disposed of by the Issuer and the Additional Mortgage Loans;

* "**Mortgage Receivable**" means any and all rights of the relevant Originator (and after Assignment I, the Seller, and after Assignment II or, in respect of the Additional Mortgage Receivables, after the assignment of the Additional Mortgage Receivables on 19 March 2014, the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the relevant Originator (or the Seller after Assignment I or the Issuer after Assignment II or, in respect of the Additional Mortgage Receivables, after the assignment of the Additional Mortgage Receivables on 19 March 2014) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

* "**Mortgage Receivables Purchase Agreement**" means the mortgage receivables purchase agreement between, the Originators, the Seller, the Issuer and the Security Trustee dated the Transfer Date and as amended and restated on the Signing Date;

+ "**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 in respect of repayment of principal 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 fire insurance policy and Insurance Policy, (iv) the proceeds of the NHG Guarantee and any other guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;

"**NHG Conditions**" means the terms and conditions ("*voorwaarden en normen*") of the NHG Guarantee as set by Stichting WEW as amended from time to time;

"**NHG Guarantee**" means a guarantee ("*borgtocht*") under the NHG Conditions granted by Stichting WEW;

+ "**NHG Mortgage Loan**" means a Mortgage Loan or the relevant Loan Part of a Mortgage Loan that has the benefit of an NHG Guarantee;

"**NHG Mortgage Loan Receivable**" means the Mortgage Receivable resulting from an NHG Mortgage Loan;

+ "**Non-Euribor Mortgage Loan**" means a Mortgage Loan which is not a Euribor Mortgage Loan and which is not in arrears for more than 30 days;

+ "**Non-Euribor Mortgage Receivable**" means a Mortgage Receivable resulting from a Non-Euribor Mortgage Loan;

+ "**Non-Euribor Mortgage Receivable Ratio**" means a ratio equal to the Outstanding Principal Amount of the Non-Euribor Mortgage Receivables divided by the Outstanding Principal Amount of all Mortgage Receivables;

"**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, the Class E Notes and the Class S Notes;

+ "**Notes and Cash Report**" means the notes and cash report which will be published by the Issuer Administrator on www.dutchsecuritisation.nl and which report will comply with the standard created by the DSA

"**Notes Calculation Date**" means, in relation to a Notes Payment Date, the third Business Day prior to such Notes Payment Date;

"**Notes Calculation Period**" means, in relation to a Notes Calculation Date, the three Mortgage Calculation Periods immediately preceding such Notes Calculation Date, except for the first Notes Calculation Period which will commence on the Issue Date and end on and include the last day of June 2014;

"**Notes Payment Date**" means the 18th day of each of April, July, October and January 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;

"**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 of the Mortgage Loan;

"**Originato**r" means any of (i) Quion 10 B.V, a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law, (ii) Ember Hypotheken 1 B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law and (iii) Ember Hypotheken 2 B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law;

+ "**Originator Collection Account**" means any of the bank accounts maintained by an Originator with the Originators Collection Account Bank to which payments made by the relevant Borrowers under or in connection with the Mortgage Loans will be paid;

+ "**Originators Collection Account Bank**" means ABN AMRO Bank N.V., a public company with limited liability ("*naamloze vennootschap*") organised under Dutch law and established in Amsterdam, the Netherlands;

"**Other Claim**" means any claim of the relevant Originator has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

"**Outstanding Principal Amount**" means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (b) of the definition in respect of such Mortgage Receivable, zero;

"**Parallel Debt**" has the meaning ascribed thereto in Section 4.7 (S*ecurity*) 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;

+ "**Participation Date**" means the date on which a Future Insurance Savings Participant enters into an Insurance Savings Participation Agreement with the Issuer;

* "**Participation Fraction**" means in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, an amount equal to the relevant Insurance Savings Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, on the first day of the relevant Mortgage Calculation Period;

"**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 ABN AMRO Bank N.V., a public company with limited liability ("*naamloze vennootschap*") organised under Dutch law and established in Amsterdam, the Netherlands;

"**Permanent Global Note**" means a permanent global note in respect of a Class of Notes;

* "**Pledge Agreements**" means the Issuer Account Pledge Agreement, the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement, collectively;

* "**Pledge Notification Event**" means any of the events specified in Clause 5.1 of the Issuer Rights Pledge Agreement;

+ "**Pledged Assets**" means the Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights;

+ "**Portfolio and Performance Report**" means the portfolio and performance report which will be published by the Issuer Administrator on www.dutchsecuritisation.nl and which report will comply with the standard created by the DSA;

"**Post-Enforcement Priority of Payments**" means the priority of payments set out as such in Section 5.2 (*Priority of Payments*) of this Prospectus;

"**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;

+ "**Pre-Securitisation Financing Transaction**" has the meaning ascribed to it in Section 3.1. (*Issuer*);

"**Principal Amount Outstanding**" has the meaning ascribed to it in Condition 6(h) (*Definitions*);

"**Principal Deficiency**" means the debit balance, if any, of the relevant Principal Deficiency Ledger;

* "**Principal Deficiency Ledger**" means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes, other than the Class S 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;

"**Prospectus**" means this prospectus dated 19 March 2014 relating to the issue of the Notes;

"**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;

"**Realised Loss**" has the meaning ascribed thereto in Section 5.3 (*Loss Allocation*) of this Prospectus;

+ "**Receivables Proceeds Distribution Agreement**" means the receivables proceeds distribution agreement between, among others, the Issuer, the Security Trustee, dated the Signing Date;

"**Redemption Amount**" means the principal amount redeemable in respect of each integral multiple of a Note, other than a Class S Note, as described in Condition 6(f) (*Redemption Amount and Class S Redemption Amount*);

"**Redemption Priority of Payments**" means the priority of payments set out as such in Section 5.2 (*Priority of Payments*) in this Prospectus;

"**Reference Agent**" means ABN AMRO Bank N.V., a public company with limited liability ("*naamloze vennootschap*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ "**Reference Mortgage Lenders**" means three (3) leading mortgage lenders in the Dutch mortgage market selected by the Servicer in good faith;

"**Regulation S**" means Regulation S under the Securities Act;

+ "**Relevant Class**" has the meaning ascribed thereto in Condition 10 (*Events of Default*);

+ "**Relibi Law**" has the meaning ascribed thereto in Section 4.6 (*Taxation*);

+ "**Reporting Services Agreement**" means the reporting services agreement between the Issuer and BNP Paribas dated the Issue Date;

+ "**Reporting Services Provider**" means BNP Paribas;

"**Requisite Credit Rating**" means the rating of (i) 'F1' (short-term issuer default rating) and 'A' (long-term issuer default rating) by Fitch and (ii) 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;

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

+ "**Reserve Account First Target Level**" means on any Notes Payment Date an amount equal to 2.30 per cent. of the Principal Amount Outstanding of the Notes, excluding the Class S Notes, at the Issue Date;

+ "**Reserve Account Second Target Level**" means on any Notes Payment Date an amount equal to 4.00 per cent. of the Principal Amount Outstanding of the Notes, excluding the Class S Notes, at the Issue Date;

+ "**Residual Entities**" has the meaning ascribed thereto in Section 4.6 (*Taxation*);

"**Revenue Priority of Payments**" means the priority of payments set out as such in Section 5.2 (*Priority of Payments*) of this Prospectus;

+ "**Revenue Shortfall Amount**" means, on any Notes Payment Date, after the application of amounts available from the Reserve Account, excluding any amounts standing to the credit of the Subordinated Loan Reserve Ledger, the amount by which the Available Revenue Funds falls short to pay item (a) up to and including item (e) of the Revenue Priority of Payments;

"**Risk Insurance Policy**" means the risk insurance ("*risicoverzekering*") which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;

"**RMBS Standard**" means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;

"**S&P**" means Standard & Poor's Credit Market Services Europe Limited, and includes any successor to its rating business;

+ "**Savings Alternative**" means the alternative whereby the Savings Premium is deposited into an account held in the name of the relevant Insurance Company with Quion 10 B.V.;

"**Savings Insurance Policy**" means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

"**Savings Investment Insurance Policy**" means an insurance policy taken out by any Borrower, in connection with a Switch Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

+ "**Savings Laws**" has the meaning ascribed thereto in Section 4.6 (*Taxation*);

* "**Savings Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company under a savings insurance policy;

"**Savings Mortgage Receivable**" means the Mortgage Receivable resulting from a Savings Mortgage Loan;

* "**Savings Premium**" means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the relevant savings insurance company on the basis of the Savings Insurance Policy or the Savings Investment Insurance Policy;

+ "**Savings Switch**" means in respect of a Switch Mortgage Loan with a Savings Alternative to switch whole or part of the premia accumulated in the Savings Alternative into the Investment Alternative;

"**Secured Creditors**" means (i) the Directors, (ii) the Servicer, (iii) the Issuer Administrator, (iv) the Paying Agent, (v) the Reference Agent, (vi) the Issuer Account Bank, (vii) the Noteholders, (viii) the Seller, (ix) the Insurance Savings Participants, (x) the Swap Counterparty, (xi) the Issuer Adviser, (xii) the Reporting Services Provider, (xiii) the Domiciliation Agent, (xiv) the Collection Foundation and (xv) the Subordinated Loan Provider;

+ "**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

+ "**Securitisation Act**" means the Luxembourg Act dated 22 March 2004 on securitisation, as amended;

+ "**Securitisation Cut-Off Date**" means the last date of the month prior to the Issue Date;

"**Security**" means any and all security interest created pursuant to the Pledge Agreements;

"**Security Trustee**" means Stichting Security Trustee Cartesian Residential Mortgages I, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ "**Security Trustee Director**" means Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") organised under Dutch law and established in Amsterdam, the Netherlands;

* "**Security Trustee Management Agreement**" means the security trustee management agreement between the Security Trustee, the Security Trustee Director of and the Issuer dated the Transfer Date and as amended and restated on the Signing Date;

"**Seller**" means Ember VRM S.à r.l., a private limited liability company ("*société à responsabilité limitée*"), existing and organised under the laws of the Grand Duchy of Luxembourg;

+ "**Seller Call Option**" means, on any Optional Redemption Date, the option (but not the obligation) of the Seller to repurchase the Mortgage Receivables;

+ "**Seller Rights**" means any and all rights of the Seller (to the extent these rights are independently transferrable claims) under the SPA to claim and receive payment or compensation from Banque Artesia Nederland N.V. in respect of any damage the Seller and/or any of the Originators sustained or suffered in the event of a Breach (as defined in the SPA) of the warranties set out in paragraph 7 of Schedule 1 of the SPA (such rights to receive payment or compensation in all cases to be subject to all limitations and conditions set out in the SPA);

+ "**Seller Subordinated Loan Mortgage Receivables Repurchase Option**" means, on any Notes Payment Date, the option (but not the obligation) of the Seller to repurchase one or more Subordinated Loan Mortgage Receivables;

+ "**Seller Rights Pledge Agreement**" means the pledge agreement between, the Seller and the Issuer, dated the Signing Date, pursuant to which a right of pledge is created in favour of the Issuer over the Seller Rights;

+ "**Senior Subscription Agreement**" means the senior notes subscription agreement between the Seller, the Lead Manager and the Issuer relating to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes dated the Signing Date;

"**Servicer**" means the Seller in its capacity as Servicer under the Servicing Agreement;

* "**Servicing Agreement**" means the servicing agreement between the Servicer, the Swap Counterparty, the Issuer, the Issuer Adviser and the Security Trustee dated the Transfer Date and as amended and restated on the Signing Date;

"**Shareholder**" means Stichting Holding Cartesian Residential Mortgages 1, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ "**Shareholder Director**" means Intertrust Management B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") organised under Dutch law and established in Amsterdam, the Netherlands

* "**Shareholder Management Agreement**" means the shareholder management agreement between the Shareholder, the Shareholder Director and the Security Trustee dated the Transfer Date and as amended and restated on the Signing Date;

+ "**Signing Date**" means on or about 18 March 2014 or in respect of a Future Insurance Savings Participant, if such Future Insurance Savings Participant elects to participate, the relevant Participation Date;

+ "**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;

+ "**SPA**" means the share sale and purchase agreement for the sale and purchase of all the issued shares in the capital of each of the Originators between the Seller and Banque Artesia Nederland N.V., dated 11 December 2013;

+ "**Stabilising Manager**" means The Royal Bank of Scotland plc;

"**Stichting WEW**" means Stichting Waarborgfonds Eigen Woningen;

+ "**Subordinated Loan Agreement**" means the subordinated loan agreement between the Seller, the Issuer and the Security Trustee dated the Signing Date;

+ "**Subordinated Loan Mortgage Receivables**" means the Mortgage Receivable resulting from a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative to which a Savings Insurance Policy taken out with a Future Insurance Savings Participant in respect of which no Participation Date has occured is attached;

+ "**Subordinated Loan Reserve Ledger**" means the subordinated loan reserve ledger, a ledger of the Reserve Account;

+ "**Subordinated Notes**" means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes;

"**Sub-servicer**" means any of (i) Quion Hypotheekbemiddeling B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law, (ii) Quion Hypotheekbegeleiding B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law and (iii) Quion Services B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under Dutch law and (iv) any subsequent sub-agent of the Servicer;

+ "**Sub-Servicing Letter**" means the issuer sub-servicing letter between the Sub-servicers and the Originators dated the Transfer Date as amended and restated on the Signing Date;

* "**Swap Agreement**" means the swap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) and any transaction thereunder between the Issuer, the Swap Counterparty and the Security Trustee dated the Signing Date;

+ "**Swap Cash Collateral Account**" means the bank account of the Issuer designated as such in the Issuer Account Agreement and any further account opened to hold Swap Collateral in the form of cash;

"**Swap Collateral**" means, at any time, any asset (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;

* "**Swap Collateral Accounts**" means the Swap Cash Collateral Account and the Swap Securities Collateral Account;

"**Swap Counterparty**" means BNP Paribas, a public limited liability company ("s*ociéte anonyme*") organised under the laws of France;

+ "**Swap Counterparty Subordinated Payment**" means any termination payment due and payable as a result of the occurrence of (i) a Swap Event of Default where the Swap Counterparty is the Defaulting Party or (ii) an Additional Termination Event arising pursuant to the occurrence of a Rating Event (all as defined in the Swap Agreement);

+ "**Swap Event of Default**" means an event of default as defined in the Swap Agreement;

+ "**Swap Mortgage Receivable**" means a Non-Euribor Mortgage Receivable which is not in arrears for more than 30 days;

+ "**Swap Mortgage Receivables Notional Amount**" means the Outstanding Principal Amount of all Swap Mortgage Receivables, less with respect to each Swap Mortgage Receivable which qualifies as a Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, the Insurance Savings Participation in such Swap Mortgage Receivable;

+ "**Swap Observation Period**" has the meaning ascribed thereto in the Swap Agreement;

+ "**Swap Securities Collateral Account**" any bank account opened to hold Swap Collateral in the form of securities.

+ "**Swap Transaction**" means any of the swap transactions entered into under the Swap Agreement;

"**Switch Mortgage Loan**" means any Mortgage Loan or part thereof that is in the form of a switch mortgage loan offered by the relevant Originator, under which loan the Borrower does not pay principal towards redemption of the principal amount outstanding prior to the maturity but instead takes out a Savings Investment Insurance Policy;

"**Switch Mortgage Receivable**" means a Mortgage Receivable resulting from a Switch Mortgage Loan;

"**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(e), 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 Class E Notes, Condition 9(b) (*Principal*);

+ "**Tax Credit**" means any tax credit obtained by the Issuer as further described in the Swap Agreement;

"**Temporary Global Note**" means a temporary global note in respect of a Class of Notes;

+ "**The Royal Bank of Scotland plc**" means The Royal Bank of Scotland plc, a public company with limited liability incorporated under the laws of Scotland with registered office in Edinburgh;

"**Transaction Documents**" means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Deed of Assignment, the Deposit Agreement, the Administration Agreement, the Issuer Account Agreement, the Servicing Agreement, the Insurance Savings Participation Agreements, the Transaction Pledge Agreements, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Domiciliation, Management and Administration

Agreement, the Reporting Services Agreement, the Sub-Servicing Letter, the Swap Agreement, the Collection Foundation Agreements, the Subordinated Loan Agreement, the Trust Deed and the Seller Rights Pledge Agreement;

+ "**Transaction Pledge Agreements**" means the Pledge Agreements, the Collection Foundation Account Pledge Agreement and the Seller Rights Pledge Agreement;

+ "**Transfer Date**" means 19 December 2013;

"**Trust Deed**" means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Signing Date;

"**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

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.

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, the Class E Notes or the Class S Notes, as applicable;

a "**Class A**", "**Class B**", "**Class C**", "**Class D**", "**Class E**" or "**Class S**" 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;

"**creditors process**" means an executory attachment (*saisie exécutoire*) or conservatory attachment (*saisie conservatoire*);

"**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;

a "**guarantee**" includes any guarantee which is independent from the debt to which it relates and excludes any suretyship (*cautionnement*) within the meaning of Articles 2011 and seq. of the Luxembourg Civil Code;

"**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, any regulatory technical standard, official statement of practice or guidance 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 (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order, regulatory technical standard, official statement of practice or guidance or other legislative measure of the relevant government, supranational, local government, statutory or regulatory body or court as the same may have been, or may from time to time be, amended;

a "**lien**" or "**security interest**" includes any *hypothèque, nantissement, gage, privilege, sûreté réelle, droit de rétention*, and any type of security in rem or agreement or arrangement having a similar effect and any transfer of title by way of security;

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 "**person being unable to pay its debts**" includes that person being in a state of *cessation de paiements*;

"**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;

a "**receiver**", "**administrative receiver**", "**administrator**", "**trustee**", "**custodian**", "**sequestrator**", "**conservator**" or similar officer includes, without limitation, a *juge délégué*, *commissaire*, *juge-commissaire*, *mandataire ad hoc*, *administrateur provisoire*, *liquidateur* or *curateur*;

"**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;

"**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); and

a winding-up, administration or dissolution includes, without limitation, bankruptcy (*faillite*), insolvency, liquidation, composition with creditors (*concordat préventif de faillite*), moratorium or reprieve from payment (*sursis de paiement*), controlled management (*gestion controlee*), fraudulent conveyance (*action paulienne*), general settlement with creditors, reorganization or similar laws affecting the rights of creditors generally.

In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

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 "**Initial Purchase Price**"
NA "**Principal Paying Agent**";

REGISTERED OFFICES

ISSUER

Cartesian Residential Mortgages 1 S.A.
6, rue Eugène Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg

SELLER AND SERVICER

Ember VRM S.à r.l.
11-13 Boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

ORIGINATORS

Quion 10 B.V.
Fascinatio Boulevard 1302
2909 VA Capelle aan den IJssel
The Netherlands

Ember Hypotheken 1 B.V.
Fascinatio Boulevard 1302
2909 VA Capelle aan den IJssel
The Netherlands

Ember Hypotheken 2 B.V.
Fascinatio Boulevard 1302
2909 VA Capelle aan den IJssel
The Netherlands

SECURITY TRUSTEE

Stichting Security Trustee Cartesian Residential Mortgages 1
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

ISSUER ADVISER

Venn Partners LLP
21-22 Grosvenor Street
London, W1K 4QJ
United Kingdom

ISSUER ADMINISTRATOR

Intertrust (Luxembourg) S.à r.l.
6, rue Eugène Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg

ISSUER ACCOUNT BANK

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich,
L-5826 Hesperange,
Grand Duchy of Luxembourg

SWAP COUNTERPARTY

BNP Paribas
16 Boulevard des Italiens
75009 Paris
France

SUB-SERVICERS

Quion Hypotheekbemiddeling B.V.
Fascinatio Boulevard 1302
2909 VA Capelle aan den IJssel
The Netherlands

Quion Hypotheekbegeleiding B.V.
Fascinatio Boulevard 1302
2909 VA Capelle aan den IJssel
The Netherlands

Quion Services B.V.
Fascinatio Boulevard 1302
2909 VA Capelle aan den IJssel
The Netherlands

PAYING AGENT AND REFERENCE AGENT

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

LISTING AGENT

Investec Capital & Investments (Ireland) Limited
The Harcourt Building
Harcourt Street, Dublin 2
Ireland

ARRANGER AND LEAD MANAGER

The Royal Bank of Scotland plc
135 Bishopsgate
London, EC2M 3UR
United Kingdom

LEGAL AND TAX ADVISERS TO THE SELLER, THE ISSUER

as to Dutch law:

NautaDutilh N.V.
Strawinskylaan 1999
1077 XV Amsterdam
The Netherlands

as to Luxembourg law:

NautaDutilh Avocats Luxembourg
2, rue Jean Bertholet
L-1233 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISER TO THE ARRANGER AND LEAD MANAGER

as to Dutch law:
Freshfields Bruckhaus Deringer LLP
Strawinskylaan 10
1077 XZ Amsterdam
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COMMON SAFEKEEPER

In respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes

Euroclear Bank S.A./N.V.
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In respect of the Class E Notes and the Class S Notes

Bank of America National Association, London Branch
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